TRANSFORMATION

ANNUAL REPORT

2012-13

HCL INFOSYSTEMS LTD.

CORPORATE INFORMATION

BOARD OF DIRECTORS	**Chief Executive Officer & Managing Director*** Harsh Chitale **Whole-time Director** J.V. Ramamurthy **Directors** V.N. Koura E.A. Kshirsagar D.S. Puri Nikhil Sinha Ajay Vohra Pradeep K. Khosla Dhirendra Singh
CHIEF FINANCIAL OFFICER	Sandeep Kanwar
COMPANY SECRETARY	Sushil Kumar Jain
AUDITORS	Price Waterhouse, Gurgaon
BANKERS	State Bank of India Canara Bank HDFC Bank Ltd. ICICI Bank Ltd. Societe Generale Standard Chartered Bank State Bank of Patiala The Hongkong and Shanghai Banking Corporation Limited
REGISTERED OFFICE	806, Siddharth, 96, Nehru Place, New Delhi - 110 019
CORPORATE OFFICE	E-4,5,6, Sector XI, Noida-201 301 (U.P.)

*Effective from 1st October, 2013

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CEO's Message

Dear Shareholders,

Greetings!

We are all aware of the current challenging economic environment which has impacted businesses across sectors. Economic growth slowdown, rupee depreciation, decline in capital spends and delay in decision making by customers have adversely impacted us. We have taken cognisance of this challenging business environment and changing market trends and have been preparing for the future by investing in new growth opportunities and re-tooling our existing businesses.

Our company registered consolidated revenue of Rs. 9297 Cr. in FY13, which represents a drop of Rs. 1559 Cr. from prior year (FY 12 Revenue was Rs. 10856 Cr.). Almost all of this drop came from a decline in revenue of distribution of mobile phones (Drop of Rs. 1669 Cr. from FY12 to FY13). Our all other businesses put together registered an increase in sales of close to 3%.

I am happy to let you know that our Enterprise Services business, which is one of the growth pillars for future, won many large IT Infrastructure Managed Services deals totaling to a TCV of nearly Rs. 260 Cr. in India, Singapore and the Middle East.

Our Systems Integration business secured orders in excess of Rs. 2500 Cr. in the year and ended the year with carried forward order book of close to Rs. 2900 Cr.

Challenges faced by our Computing business were partly mitigated by five-fold growth registered by our Tablet business, which grew to Rs. 260 Cr. in this year.

Our strategy of expanding our product portfolio in Distribution business yielded encouraging results, as our business in categories other than mobile phones almost doubled this year.

One of our new businesses, HCL Learning, adopted a judicious expansion approach and we are already beginning to see the dividends of that growth strategy. While some of our peers in this space have been fraught with profitability challenges, we achieved a positive PBIT in this year and have one of the lowest NPAs in the industry. Our other new business, Care, has emerged as one of the few scaled players with integrated service delivery capabilities in the after-sales service market in this country. On the back of partnerships with many leading Consumer Electronics and Appliances OEMs and more than 150 "Touch" Stores throughout the country, we are well placed to capture this large market opportunity.

Our efforts for a lean and cost-efficient organization resulted in annualised savings impact of nearly Rs. 37 Cr. We also took a significant leap forward in our transformation journey by initiating a restructuring exercise to align our diverse businesses into different subsidiaries. This restructuring will allow us to focus on our core strengths, make each of our businesses more agile to market conditions and improve visibility on the operational and financial performance of each business. We hope to get all the necessary statutory and regulatory clearances for the restructuring within first half of FY14.

Our growth strategy and cost efficiency measures resulted in an Operating Profit before exchange rate differences and provision for doubtful debts of Rs. 57 Cr. and generated Rs. 257 Cr. cash from operating activities in this year. However, exchange rate fluctuations of Rs. 73 Cr. (including Rs. 27 Cr. of increase in cost of sale due to exchange fluctuation), impairment of over-due receivables of Rs. 66 Cr. and Rs. 52 Cr. increase in finance cost adversely impacted our profitability. We do foresee some of these challenges to continue in the coming year as well, as we see continued FX volatility and delays in government sector projects and receipt of payments. We are now working consciously to reduce over the medium term our dependence on business segments that are exposed to these macro economic factors.

We are certainly disappointed with the financial results of our company in FY13. However, we are confident that most of the factors that have impacted our performance over the last 24 months are transient factors and the fundamentals of our business remain strong. We continue to have one of the best distribution network in the country, one of the best account coverage for sale of IT Solutions and services into enterprises and the widest support services reach in the country, as evident from the growth of our new businesses. We are confident that our various growth programs and our new optimized business structure will help us navigate successfully the current transient challenges and emerge strongly as a value creating enterprise over the next 2-3 years.

With Warm Regards
Harsh Chitale

Distinctions

- Bagged ‘Partner of the Year Award’ for the Asia Pacific & Japan region as part of CA Technologies Partner for Impact Awards, held at the Annual User Conference, CA World '13 in Las Vegas. HCL Infosystems was honored for its commitment and expertise in taking CA Technologies solutions portfolio to market, and its efforts in driving new contracts and business opportunities.

- Office Automation (OA) Business bagged the Silver Award for Technical Proficiency in Color Category at the 15th Quality Service Campaign conducted by Toshiba-APAC among 29 participants from various countries.

- Bagged “Corporate - Best Government to Citizens (G2C) Initiative of the Year” award at the e-Maharashtra Summit 2013. HCL Infosystems was awarded the honor for implementing turnkey ICT solutions in design, supply, installation, automation, integration, and subsequent maintenance of India’s first state-of-the-art Border Check Post (BCP) project undertaken by the Maharashtra Government.

- Bagged the “Winner Award” for driving “Asha Growth” at the Nokia IMEA Partner Conference in Berlin.

- Bagged Mee Seva Award for Excellence in Delivery from the Government of Andhra Pradesh. HCL Infosystems was awarded the honor for its outstanding contribution in the successful implementation of Mee Seva, an integrated service delivery initiative.

- HCL Learning bagged the following awards:

    - HCL My EduTab wins ‘Best Tablet Providers in Education’ Award at the World Education Awards 2012.

    - Bagged the prestigious Shiksha Ratan Award at the State Education Summit 2013 for Best Smart Class Service Provider for its flagship product DigiSchool.

Financial highlights

Revenue and Profitability (Consolidated)

₹/Crores

YEAR ENDED JUNE 30	2013	2012	2011	2010	2009
Total Revenue	**9365**	10897	11548	12159	12378
PBIDT	**63**	215	347	411	417
Interest	**137**	85	80	39	45
Depreciation	**52**	46	38	26	21
Profit (Loss) before Tax	**(126)**	84	229	346	351
Provision for Tax	**(46)**	14	60	104	111
Profit (Loss) after Tax (PAT)	**(80)**	70	169	242	240
Profit available for Appropriation	**666**	817	972	1033	951
Equity Dividend	**Nil**	67	176	171	111
Basic Earning Per Share (₹)*	**(3.59)**	3.23	7.67	11.92	14.02
PBIDT (%)	**0.7%**	2%	3%	3%	3%
Profit before Tax/Revenue (%)	**(1%)**	1%	2%	3%	3%
Return on Net worth (%)	**(4%)**	4%	9%	13%	21%
Return on Capital Employed (%) #	**0.4%**	6%	12%	16%	29%
Equity Dividend (%)	**Nil**	150%	400%	375%	325%

*** Based on equity shares of ₹ 2/- each on Balance Sheet date.**
 # Calculated on "PBIT"

Assets and Liabilities (Consolidated)

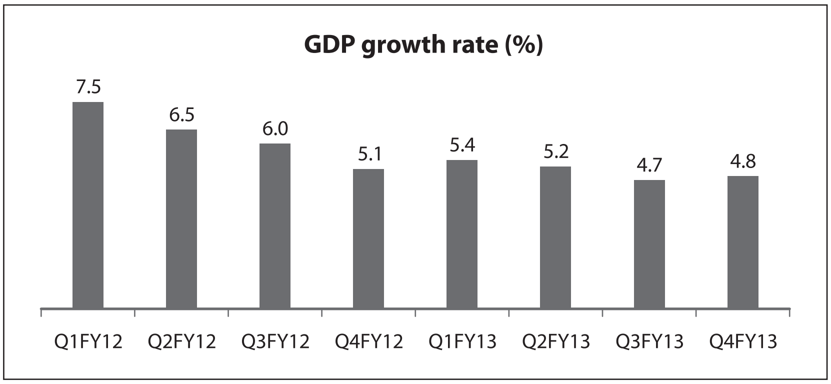
₹/Crores

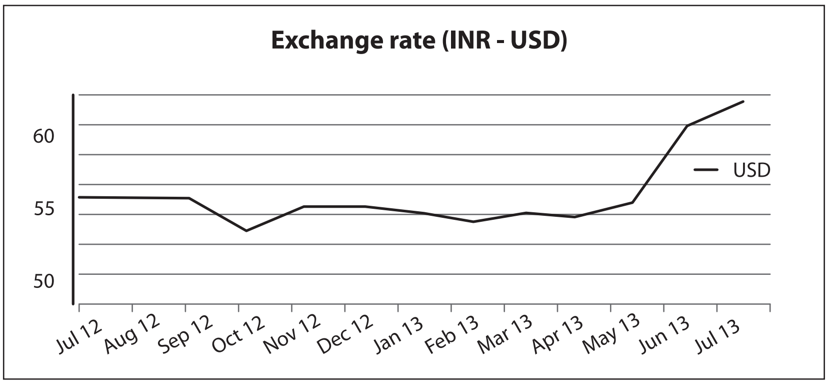
AS AT JUNE 30	2013	2012	2011	2010	2009
Sources of Funds					
Equity Funds	**45**	45	45	44	34
Share Warrant Application Money	**-**	-	-	18	-
Reserves and Surplus	**1790**	1866	1863	1831	1088
Minority Interest	**-**	0	4	-	-
Borrowings	**1094**	691	628	520	227
Other Current and Non Current Liabilities	**2749**	2424	2166	2356	2014
Total	**5678**	5026	4706	4769	3363
Application of Funds					
Net block	**411**	405	369	287	185
Investments	**919**	432	607	854	260
Deferred Tax Assets (Net)	**73**	27	22	13	6
Other Current and Non Current Assets	**4275**	4162	3708	3615	2912
Total	**5678**	5026	4706	4769	3363

Management Discussion and Analysis

1. Overview

As the world comes to terms with the "new normal" where the economic growth is muted and consumer spending is cautious, your Company has tried to weather these headwinds by investing in new growth opportunities and concurrently re-tooling its existing businesses. While it was a tough year for us, the challenges were primarily due to the wider macro-economic situation faced by the Indian industry at large. With annual GDP growth rate slowing down to a decade low of 5% and currency depreciating by double-digit percentage points, our IT Hardware and Solutions business bore the brunt of these macro-economic changes just like the rest of the industry.





The current economic situation has resulted in low IT spends and delays in project milestone sign-offs and release of payments by customers, in particular the government and public sector clients. Consequently, the profitability of our Hardware and Solutions business was hit due to high working capital costs and provisions for bad debts.

Revenue of our distribution business registered a decline in the FY13 due to sharp decline (decline of Rs. 1668 Crores) in sales of mobile phones distributed by us, as the portfolio of our Mobile phone principal underwent a complete transition during the year. However, this portfolio transition is now completed and we have registered a healthy quarter on quarter growth in sale of mobile phones in the last quarter of the financial year. Entire decline in sales of the company in FY13 (decline of Rs. 1532 Crores), came from decline in revenue in this business segment.

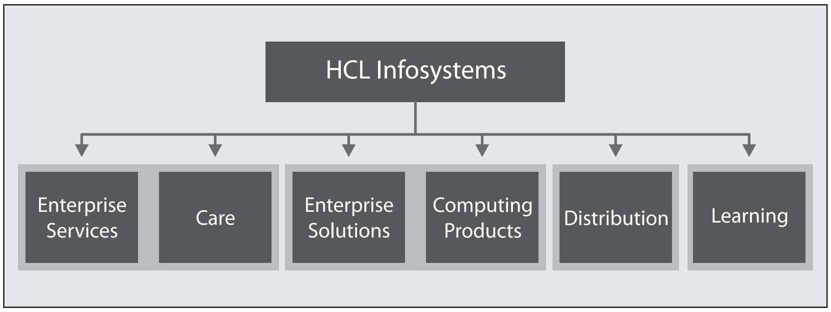
Despite the challenging environment, we are encouraged by the performance of our growth focus areas namely, Enterprise IT Services and Non-telecom Distribution, and some of our recently incubated businesses such as Mobility and Learning.

These businesses were able to win new clients, enter new markets and build a healthy pipeline for FY14.

As we enter FY14, we are cognizant of the worsening macro-economic situation with most estimates pegging the FY14 GDP growth at less than 5% and depreciating local currency. Continued delays in some of our slow moving public sector projects may lead to cost over-runs and high capital employed impacting our profitability in near term. While we are leaving no stone unturned to mitigate these risks, some of these factors are unpredictable and beyond our control and may hamper our profitability in the short term. While these short term challenges remain, we continue to remain upbeat about the long term potential of the market and our abilities to tap that potential.

2. Businesses performance and highlights

HCL Infosystems has interests across the following businesses:



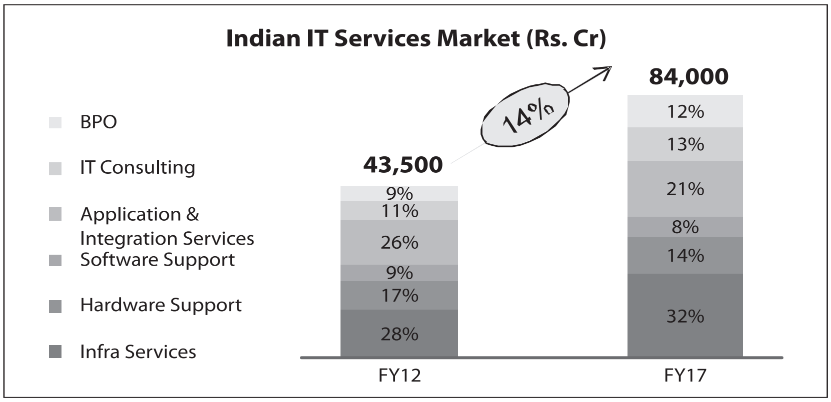
For the purpose of our financial reporting, the businesses have been arranged as per the following primary segments:

Segments	Businesses
Services	Enterprise Services, Care
Hardware Products and Solutions	Enterprise Solutions (Infra Solutions & SI) Computing Products (PCs & Tablets)
Distribution	Mobile Phone Distribution IT/CE-CD Products Distribution
Learning	Learning

2.1 SERVICES BUSINESS SEGMENT

(A) Enterprise Services business

Our Enterprise Services offerings include a wide spectrum of Enterprise IT and Office Automation Services including



Source: Management Estimates

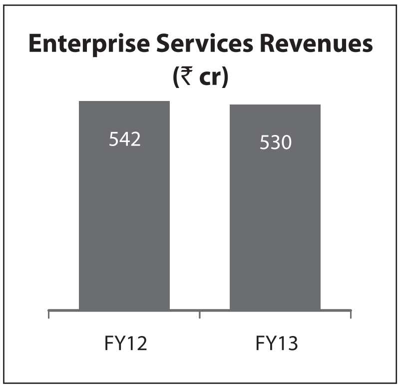
Infrastructure Managed Services, Breakfix Services, Managed Print Services, Cloud Computing, Systems Integration Services, and Applications Development and Maintenance.

With current estimated market size of more than Rs. 45,000 Cr, Indian domestic IT Services market holds promising potential. We have a strong focus on tapping the potential of this market and have been developing relevant service offerings and streamlining our sales engine for wider account coverage.

Infrastructure Managed Services: In this year, we expanded our reach to overseas geographies such as Singapore and the Middle East, invested in building our in-house next-generation IT Operations Centre at Puducherry. Consequently, we won multiple marquee deals across key industry verticals including BFSI, Manufacturing, Hospitality, & Utilities segments in the domestic market besides building a multi-million dollar order book in overseas geographies. The business achieved ISO 20000 certification for Service Delivery. Our HCL Blu Enterprise Cloud services business partnered with Sanovi to offer Disaster Recovery as a Service (DRaaS) through a Tier 4 Data Centre. Our Infrastructure Managed Services Business registered a healthy increase in its contract bank with a total IMS contract booking of TCV of Rs 260 cr in India, Middle East and Singapore.

Breakfix Services: With an extensive footprint across the country through close to 10,000 field engineers, we are one of the most preferred breakfix service providers in the country. Our client list includes some of the leading players in the banking, insurance, manufacturing, and public sector. Our breakfix services presence across length and breadth of the country is successfully able to match up to wide geographical footprint of these clients. In addition to multiple wins in our traditional industry verticals, this year also witnessed wins in new industry verticals such as Education and Healthcare. One such order was from Educomp Solutions Ltd., where we have been engaged to provide break-fix support and field repair services to ICT equipment supplied by Educomp in more than 100,000 class-rooms across the country.

Enterprise Application Services (EAS): Our Enterprise Applications Services portfolio now includes consulting and implementation services on various ERP, CRM, BI as well as be-spoke application development and maintenance. This business bagged the "Corporate – Best Government to Citizens (G2C) Initiative of the Year" award at the e-Maharashtra Summit 2013 for its project on implementation of turnkey ICT solution for Border Check Post (BCP) project undertaken by the Maharashtra Government. In addition, the team also won the prestigious "Golden Peacock Eco-Innovation Award" for e-NBA project along with the customer-National Board of Accreditation. Our Enterprise Apps Services business registered a growth of close to 20% y-o-y.



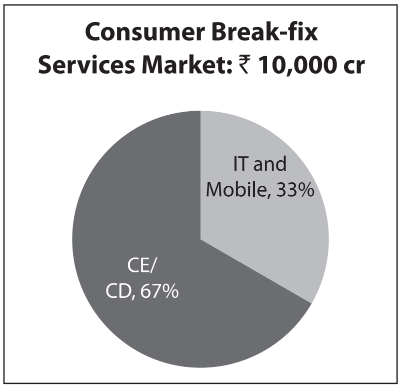
(Note: FY12 revenue included onetime revenue of Rs. 47 Cr on account of warranty provisions and a large Project for RGI- census work. Excluding these, Enterprise services business registered a growth of close to 7% y-o-y)

Given the healthy contract booking in FY13, we expect strong growth in Enterprise Services business in FY14.

(B) Care Business

Our Care business focuses on providing after-sale support services to consumers for a variety of products including mobile handsets, consumer electronics, appliances and consumer durables. In India, this industry is extremely fragmented with bulk of the business being done by small entrepreneurs who have taken up After market service franchise for some OEM or the other and it is only now that we are beginning to see emergence of organized sector in this space.

The Indian consumer electronics break-fix market opportunity is estimated at around Rs. 10,000 cr, including IT, mobiles and other consumer electronics and durables. The market is expected to grow at ~8-10% annually, driven by end-category growth as well as emergence of organized sector players offering integrated services.



Source: Management Estimates

We are one of the select large-scale players in the Indian market with an integrated service delivery model across the value chain including state-of-art but low cost repair factories, access to nation-wide field force for onsite service, integrated supply chain, contact centres for remote support and walk-in-centres.

Our Care business has been successful in evincing interest from many leading OEMs who have contracted whole or part of their after-sales service requirements to our Care business. In FY13, we won contracts from many leading players including Philips, Samsung, ZTE and Lenovo among others for services such as contact centre support, bring-in-maintenance, onsite support and spare parts management. The business also expanded its Blackberry support operations from 3 stores to 50 stores in North and East India. We also rapidly expanded our network of walk-in-centres under the brand 'Touch' to 150 stores through a mix of owned and franchisee-operated centres.

While the top-line of this business did see a dip in FY13 (drop in revenue from Rs. 63 Cr to Rs. 47 Cr), that was primarily due to decline in repair volumes of handsets for one of our Telecom Principals for which we operate a large repair factory. We now have a healthy bank of engagements as we enter FY14 and expect a significant growth in the coming financial year in this business.

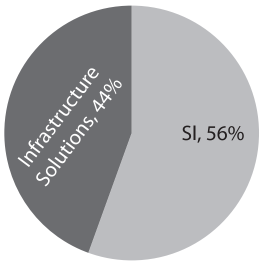
2.2 HARDWARE PRODUCTS & SOLUTIONS BUSINESS SEGMENT

(A) Enterprise Solutions Business

Our Enterprise Solutions offerings include broadly two types of solutions – **(1) Infrastructure Solutions:** Servers, storage, networking, information security products & office automation solutions **(2) SI Projects:** Large integrated systems consisting of Infrastructure and Applications integrated into a solution.

Total market size in India for these solutions is estimated to be close to Rs. 18,000 Cr. Growth of this market is tightly coupled to capital spend by various enterprises, and wider adoption of E-governance. We observed a sharp slowdown in this segment as a result of drop in Capital spends by enterprises as well as by the government and a slowdown in ongoing projects.

Enterprise Solutions Market Size: ₹ 18,000 cr



Source: Management Estimates

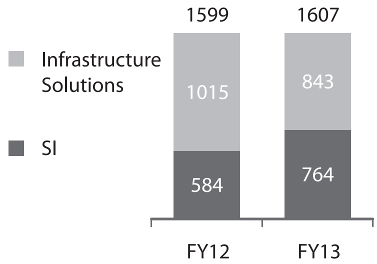
With a strong domain capabilities, end-to-end offering portfolio and nationwide geographical presence, HCL Infosystems is one of the largest Enterprise Solutions player in India. Our System Integration business has deep industry expertise across various verticals such as BFSI, Defence, E Gov, Healthcare, Homeland Security, TTL (Travel, Transport and Logistics), Power and Telecom and is currently involved in many prestigious projects.

FY13 was a challenging year for our Enterprise Solutions business. While on one hand our Systems Integration business registered >30% growth, Infrastructure Solutions business did register a decline with a ramp down in capital spend by enterprises as well as government. Large government projects continued to suffer from delays in project milestone sign-offs and in release of payments by customers, leading to cost overrun and increased interest cost due to higher working capital deployment in these projects. Exchange rate volatility added further pressure on the margins of this business.

Some of the highlights of the business in this challenging year were:

- Secured and started execution on one of the largest IT contracts in India – Contract from UIDAI (Unique Identification Authority of India) for building the IT infrastructure for Citizen's ID Repository and providing Managed Services to UIDAI.
- Bagged many other prestigious orders such as DCN (Defence Communications Network), ePDS project from the Union Territory of Andaman and Nicobar and Automated Data Flow for Corporation Bank and a Security Solution (Anti DDoS – Distributed Denial of Service) order from the Ministry of Communications and Information Technology, Government of India. During the year, total value of the orders bagged exceeded Rs. 2500 Crores.
- While we added close to Rs. 2500 Cr to the order book through these new wins, we also identified close to Rs. 990 Cr of project value for short closure due to various reasons (Customer's financial situation, anticipated change of scope, customer delays, etc.). As a result of this, we estimate that at the end of the year, we have a carried forward billable balance order book of close to Rs. 2900 Cr.
- During the year we saw increase in adoption of our solutions for Financial Inclusion (FI). As a part of our FI Solutions, we work with Banks in providing technology-based solutions and services for taking banking to the unbanked. There are two key drivers facilitating growth of the FI solutions market in India (1) Government thrust on widening the banking net by bringing in the `unbanked' into the formal banking system (2) Direct benefit transfer of government subsidy into the bank accounts of individuals. Our distinctive value proposition encompassing end to end solution consisting of Micro-ATM hand held device, back end IT solution, nationwide presence and program management capability has led to 24 banks signing us up as their Technology Services Partner for their FI Program. We have now established presence in 7,500 villages through more than 5,000 banking correspondents across India. This business is still in its nascent stage and contributed about Rs. 20 Crores in terms of revenue in FY13.

Enterprise Solutions Revenues (₹ cr)



(Note: Management estimates, as these are not audited and reported separately as Business Segments)

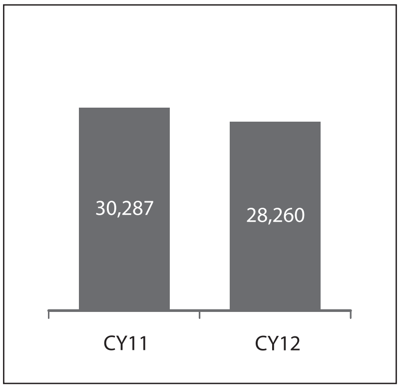
(B) Computing Products Business

HCL Computing products business consists of two broad product categories (1) PCs (this includes PCs, X86 servers and Thin clients sold in Consumer, SMB and Enterprise channels) and (2) Tablets

(a) PC Business

Last year has been one of the toughest ones for the PC industry globally as well as in India. Decline in IT spending, unfavourable exchange rate fluctuations, delay in capital spending decisions by government and enterprises and bearish consumer sentiments have adversely impacted the PC industry globally as well as in India. Increasing adoption of tablets as a computing device due to portability, ease of use and lower price, has also adversely impacted the PC as a category. Volume growth of PCs in India slowed down in FY13 and most analysts expect the market to remain challenged through FY14 as well.

Indian PC Market – Desktops + Laptops (Rs. Cr)



Source: IDC (Market size converted to INR at constant exchange rate of 1 USD = 55 INR)

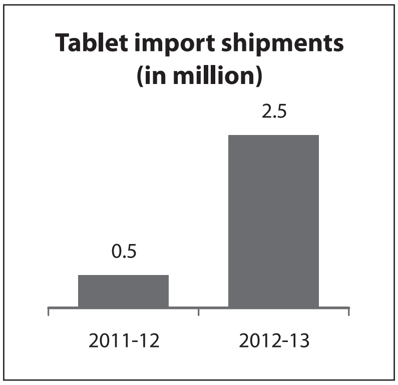
Last year, our Computing business successfully executed a large order of 200,000 laptops from ELCOT (Tamil Nadu), and won an order of 15,000 laptops from Chhattisgarh Government and large orders from many leading national banks. With respect to its product portfolio, the business unveiled its Ultrasmart ME Ultrabook™ and launched two new laptops – HCL ME 1055 and 1065 on Intel 3rd Generation Platform. It also launched three new models of HCL Beanstalk All-In-One (AIO) PCs. Profitability of some of the large orders that were executed by the PC business last year was adversely impacted by the sharp swing in the FX rate as the material cost in INR increased with the drop value of Indian currency, while the customer price remained fixed in INR.

Considering the state of the PC market, our Computing Products business has now started to move away from largely `Direct Sales' oriented go-to-market model to a business model that puts higher emphasis on sale through network of Channel Partners. This would enable us to variablize and optimize our SG&A, widen the reach of our products, lower our working capital requirements and earn a higher return on our sales efforts. Consequently, we have now on-boarded many channel new partners to distribute products in our portfolio and we expect bulk of our sale of computing products to come through channel partners starting Q2 FY13-14.

We expect that the outlook for the PC business may remain challenging due to shift to tablets, increasing commoditisation of PCs and adverse impact of currency volatility on a business with a high import dependence.

(b) Tablet Business

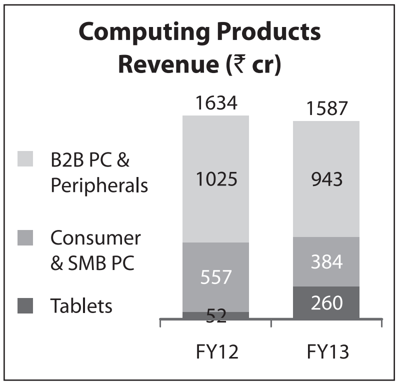
As per Management estimates, the tablet market in India is likely to be around Rs. 2,500 cr and expected to grow at 100-200% over the next 2-3 years.



Reading the market trend, we were one of the few PC OEMs in India to add a successful Tablet offering to our portfolio in FY12. In its second year itself, the 'ME' Tablets were successful in building a formidable recognition and market share not only in the Indian market but also in the Middle East. Our Tablet business grew five-fold in FY13 to more than Rs. 260 Cr. Some of the highlights of FY13 include:

- The business expanded its retail reach in India to 4500 outlets.
- Successful foray in the Middle East region with entry into eight countries.
- Multiple new product launches

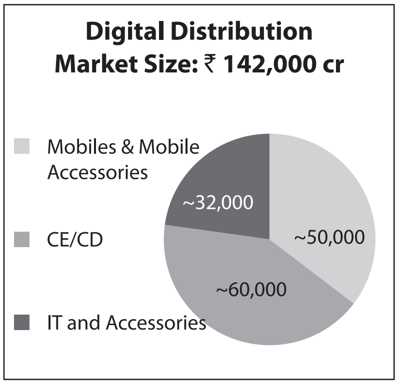
Encouraged by the customer response in both Indian and Middle Eastern market, the Company is now working towards expanding its product portfolio to cater to customers across all socio-economic and demographic segments.



(Note: Management estimates, as these are not Audited and reported separately as Business Segments)

2.3 DISTRIBUTION BUSINESS SEGMENT

We estimate that the total size of the market for digital products distributed in India stands at over Rs. 140,000 Cr and this market is expanding at a healthy growth rate of over 10-15% y-o-y with increasing average per capita income, urbanization and increasing penetration of digital products in our lifestyle.



Source: Management Estimates

Our Distribution business, distributes products across telecom, IT, office automation, consumer electronics product categories of various leading brands across the country in both rural and urban markets. HCLI's extensive distribution reach in Tier 3/4 towns and rural market makes it a preferred national distributor for many leading brands. A value based distribution offering including strategic consulting services, pre-sales support and other important elements like promotion & trade marketing sets HCLI's distribution apart from its competitors.

Distribution business is one of our growth focus areas and we have formulated a three-pronged strategy to achieve its growth objectives:

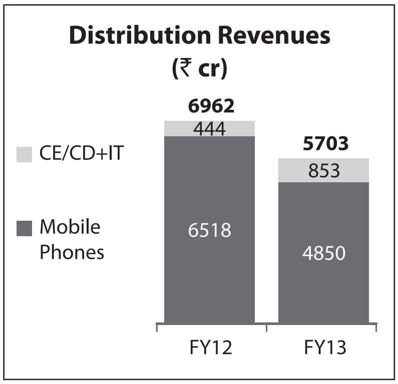
(a) *Product portfolio diversification:* In this year we signed up more than 22 principals across Consumer Electronics, IT and OA product categories.

(b) *Distribution coverage expansion:* We now have an extensive coverage across 80,000 retailers. We also have tie-ups with most of the leading national and regional Modern Trade retail chains in the country.

(c) *Strengthening the last mile:* We are investing in child warehouses and additional field force to expand our Direct-to-Micro Distributor and Direct-to-Retailer reach thereby strengthening our connect with the last leg of distribution.

The above strategy has begun to pay dividends as revenues from product categories other than phones in our Distribution business, almost doubled in FY13. Some of the new Distribution vendors that were added include Dell, Huawei, Lenovo, D-Link, Lexmark, JBL, Omron, Molex, ViewSonic, etc.

While our Mobile Phones Distribution did witness a decline in FY13, we believe that we are past the trough as the product portfolio of our Principal was going through a transition phase in FY13. The new product portfolio range is seeing a positive traction in the market. Consequently, our Telecom distribution revenues saw a Q-o-Q growth of 13% in Q4 FY13.



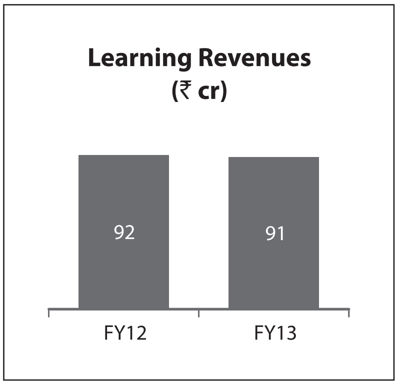
2.4 LEARNING BUSINESS SEGMENT

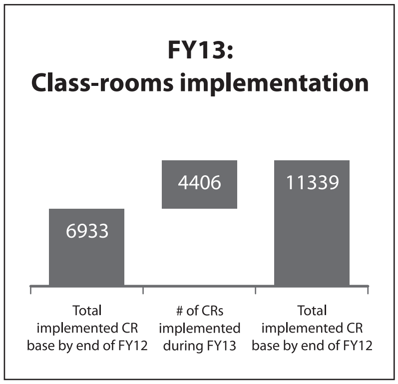
HCL Learning's offerings span across the value chain of *Technology Enabled education* encompassing multi-media solutions for classrooms (Digischool), vocational IT training (Career Development Centres), test preparation services (Xcelerate) and B2C offerings (Educational tablets, Content dongles).

Digital Class rooms is the largest category of Technology enabled Education solutions, making up almost 80% of the spend in the market. Management estimates that the installed base of the digital classrooms in India in June 2013 is at around 200,000 classrooms (out of total private schools class rooms of about 2 MN). This base is growing every year with net additions of around 40,000-50,000 classrooms per year. There remains large headroom for growth with digital classrooms constituting less than 10% of the total classrooms in private schools. Besides new class rooms, there is also an emerging market for replacement of the existing installed base as some of the installed base is now coming up for renewals (on an average, contracts come up for renewal, every 5 years). As the penetration of digital class rooms and interactive multi media content as a teaching aid in class rooms, has now reached a critical mass, we expect that B2C content for self learning by students (on tablets / PCs), will be the next category of solutions that is likely to emerge rapidly.

Since its inception in FY11, the Business has adopted a prudent and profitability-centric growth approach. We have one of the lowest industry NPAs and are well-poised to break-even in this business FY14. The acquisition of Edurix made in FY12 for content development has now enabled development of our B2C offerings in the form of content dongles and educational tablets and expansion to overseas markets such as Africa.

While our judicious approach towards market expansion led to a flat topline growth in FY13, our installed base of classroom implemented grew by 65%. This implies a significant growth in our annuity revenues in future from this expanded installed classroom base.





In the last one year, significant negative perceptions have emerged about the technology enabled learning space in India due to failing financial health of many other Learning and Education companies in India. However, we believe that financial challenges that are being faced by some of these peer companies are not reflective of market potential in general. We continue to see improvement across various operational and financial KPIs associated with HCL Learning and are positive about the market potential and are expanding our presence in this business.

3. Organization-wide transformation initiatives

In addition to specific business actions, your Company also undertook multiple organization-wide initiatives in FY 13 which would help foster value creation and improve business performance going forward.

3.1 Business Restructuring

As part of our transformation journey, we realized that our diverse businesses were in different stages of lifecycle maturity. While some of the new growth businesses were at stages of infancy requiring investments and capabilities acquisition, the more mature businesses needed re-tooling to be prepared for the changing business environment. Consequently, in FY13 we decided to restructure our organization and align our various businesses in different subsidiaries so that individual requirements of each business can be justly met and a tailored strategic approach can be adopted. The restructuring has been filed through a Scheme of Arrangement and is subject to requisite consent/ approval of the shareholders, lenders, creditors of the Company, and sanction of the Hon'ble High Court of Judicature at Delhi and the permission or approval of any other statutory or regulatory authorities that may be required. At this point, we are happy to inform you that various stages of restructuring program have been on track so far and we expect the final approval to come by H1 FY14. We are confident that the aligning of diverse businesses to separate subsidiaries will lead to:

- Focused management orientation to each of the businesses due to individual specialization and leadership vision;
- Greater visibility on the operational and financial performance of each business;
- Higher degree of independence as well as accountability for each of the business segments;
- Opportunities for strategic partnership for growth of the business; and
- Flexibility in fund raising for future growth and expansion

3.2 Productivity improvement and cost optimization

In view of the worsening macro-economic environment and challenging dynamics of computing hardware and solutions business, last year (FY13) we initiated many actions to reduce our direct as well as overhead costs. We streamlined our sales engine across multiple business units. We revisited our enabling functions' structure, processes and systems to create a more efficient back-end. These productivity improvement and cost optimization initiatives completed during FY13 would result in an annualized saving of Rs 37 Cr. We continue to look for additional opportunities to optimize our cost structure and similar such initiatives that are underway currently and are expected to yield an annualised cost reduction of close to Rs 15 Cr.

4. Quality Initiatives

In the Financial Year 2012-13, despite a challenging economic environment, your Company's focus on high levels of quality and best in class service continued.

Your company has a Corporate Quality Excellence Group (CQEG) that performs process improvement services ranging from process identification, definition, implementation & institutionalization and Quality Improvement Projects (QIPs) across all functions & divisions.

The CQEG launched a Companywide Integrated Quality Management System (iQMS), which combines Business Processes, Policies, Standards and Best Practices.

On the improvement initiatives front, our Quality Team has launched LeSS. LeSS has been designed to rope in the benefits of Lean and Six Sigma for improvement initiatives. Under the LeSS initiatives, Quality Improvement Projects (QIPs) are executed and individual certification programs are carried out.

On the Service Certification front, your Company achieved the Service Management System Certification (ISO 20000-1) for Infrastructure Managed Services business that forms a key component of our growth pillar- Enterprise Services Business.

Your Company has achieved ISO 9001:2008 (Quality Management Certification) and ISO 27001:2005 (Information Security Management Certification) for HCL Insys Pte. Ltd., our subsidiary in Singapore.

Your Company also achieved following re-certifications during the year:

- In Quality Management Stream (ISO 9001:2008), your Company was recommended for Continuation of its Certifications for Jaipur Development Centre, HCL Learning, Nokia Repair Factory and Info Structure Services.
- In Information Security Management Stream (ISO 27001), your Company was

recommended for Continuation of its Certifications for Data Centre.

- In Environmental Management Stream (ISO 14001:2004), your Company was recommended for Continuation of its Certifications for Manufacturing Facility and Repair Factory.

5. Business Risks and mitigation measures

Performance of our various businesses is impacted by various risks posed by many external conditions. In view of the worsening external environment for some of our businesses, and from the experience of some of the financial challenges faced in the recent past, your Company has revisited the **Enterprise Risk Management (ERM)** framework and strengthened it to address various risks to our businesses. The new framework looks at each business separately while identifying the risks and planning mitigating actions.

Risk Measurement is done through well defined metric(s) appropriately linked to the outcome. Monitoring of risk is done by tracking 'five quarter trend' of the identified metric. Based on the overall risk performance, the mitigation action is refined and re-planned. This framework forms an integral part of the quarterly management reviews. ERM framework is a tool that is used by each of the Business Leaders to keep track of "What can go wrong" in his/her business and manage that proactively to mitigate that risk.

Following table provides a glimpse of some of the key risks and their mitigation measures that the company tracks regularly at an overall level (in addition to the individual business risks tracked at the individual business level):

S. N.	Risk Category	Risk Description	Mitigation Action Plan
1	Regulatory risks	Non-compliance to factory's act, labour laws, Weights & Measures rules, etc. in a business that operates across different states with different laws and interpretations.	1. A checklist of regulatory compliances for each key manager and monthly/ quarterly compliance certification by each relevant manager. 2. Periodic audit of #1.
2	Fixed costs during market slow down	Drop in sales and GM earned while fixed costs in the business remain fixed.	1. Constant review of fixed costs. 2. Optimize or variablize fixed costs to the extent possible.
3	FX risk in import heavy businesses (Computing Products & Enterprise Solutions)	Unplanned Increase in cost of imports Mark to market losses on liabilities.	1. 100% compliance to Hedging policy approved by the Board. 2. Weekly review of the price list. 3. Cost estimation for future price determination based on forward costing of imports. 4. Increase % of purchases in INR.
4	Customer credit risk	Customer default in payments – specially channel partners, private schools, government/ PSUs in failing financial health.	1. Credit controller to approve bids to enterprise/ government/ SMB customers with a clear NO GO on `Restricted parties'. 2. Credit Controller to approve credit limit for each channel partner. 3. Credit Insurance of Credit offered to all the channel partners.
5	Delays in public sector decisions	Cost over runs, delays in mile stone sign offs and collections in Public sector projects (in Enterprise Solutions).	1. Stringent GO-NO discipline for bids to government sector to ensure that we are very selective in bids. 2. Contingency planning in estimation. 3. Tough Contract management discipline.
6	Interest rate & Credit availability risk	Hardening of interest rate increases costs, particularly for high working capital cycle businesses (e.g. Enterprise Solutions) Periods of Liquidity crunch in banking system, impacting access to short term funds.	1. Daily/ weekly cash flow management to reduce need for borrowings. 2. Meet WC related borrowings through appropriate. supplier credits. 3. Monitor Asset-Liability Mismatch and ensure that long term assets are funded through long term liabilities.
7	Technology Risks	A technology business is always exposed to sudden and un anticipated technology disruptions. This exposes the company to product obsolescence and potential missing of business opportunities.	Keep in check inventory in the entire supply chain, of products exposed to rapid technology churn (e.g. PCs, Tablets). Identify future technology trends and select some of them to set up a beachhead (e.g. Cloud, Mobility, Analytics and Open Source technologies in Enterprise Services).
8	Vendor / Partner Concentration risk	High degree of dependence on a particular supplier or a business partner, exposes us to swings in the business based on performance of the vendor/ partner (e.g. Nokia in our distribution business).	1. Portfolio diversification in distribution. 2. Vendor diversification to ensure dependence on a single supplier is eliminated where ever possible.

S.N.	Risk Category	Risk Description	Mitigation Action Plan
9	Employee attrition	As the job market heats up, there can be a potential increase in employee attrition, increasing cost as well as causing operational issues specially in businesses that are people dependent (all service businesses).	Comprehensive employee engagement program.
10	Key manager risk	Business disruption in the event of unplanned departure of any key manager.	Half yearly process of Talent Review to cover: 1. Retention risk assessment for top ~100 managerial positions. 2. Succession planning for top ~100 managerial positions. 3. Career plan/ Next best move planning for top talent.
11	Overall brand / perception damage due to negative publicity	Negative reports in media - print, online and social media damaging customer and stakeholder perception.	Pro-active engagement through positive news dissemination, increasing social media presence and resolving customer queries through social media.
12	Business Continuity in the event of a calamity	Disruption in business operation due to any natural or manmade disasters.	1. Data replication for SAP with RPO of 4 Hrs at BCP Site. 2. Capacity enhancement to take care of 50% of operation load during disaster. 3. DR strategy for other business applications, interfacing with SAP, to be formulized and periodically reviewed 4. Separate BCP for every business.

6. Internal control systems and their adequacy

Your Company has put in place adequate controls that are commensurate with the size and nature of operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use, executing transactions with proper authorization and ensuring compliance to corporate policies. These processes are continuously reviewed and revised as a part of the iQMS framework.

Your Company has an Internal Audit function designed to review the adequacy of internal control checks in the system and covers all significant areas of the Company's operations such as accounting and finance, procurement, employee recruitment, statutory compliances, IT processes, safeguarding of assets and their protection against unauthorized use, among others. The Internal Audit function performs the internal audit of the Company's activities based on an Internal Audit plan, which is reviewed each year in consultation with the Audit Committee.

This year your Company has also appointed **Ernst & Young LLP** to assist the in house internal audit team. The Audit Committee reviews the reports submitted by internal auditors. Suggestions for improvement are considered and the Audit Committee follows up on corrective action. Disciplinary action is taken, where required, for non compliance to corporate policies and controls.

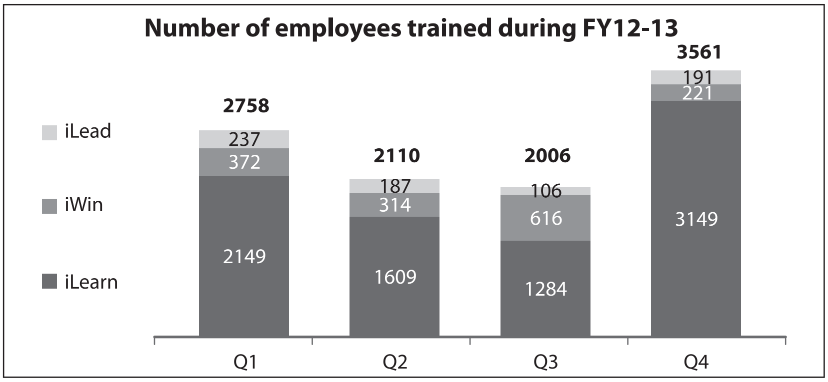
7. Human resource development

As a pioneer of the Indian IT Industry, HCL has consciously focused on people policies, practices & processes over the last 36 years. Our culture of intra-preneurship enables us to recruit, integrate, develop and retain the best talent required for driving business growth. In recognition of our innovative policies and practices, we were ranked among **Top 5 Employer 2012** by IDC – Dataquest. We have been consistently ranked within Top 5 for 8 years consecutively.

As on 30th June 2013, the employee strength of your Company stands at 7,123. Besides full time employees your company also engages over 8,000 apprentices and associates for various short term projects from time to time.

Talent Acquisition: Current top leadership team of the Company consists of a balanced mix of the top talent developed internally through multi-functional exposure within the company as well as talent hired from outside. Your Company continues to focus on attracting talent at entry level and runs a robust Management Trainee and Customer Engineer recruitment program with more than 200 campuses visited in the year.

Talent Development: Your Company continues to invest in enhancing skills and competencies for each individual with a focus on Role Based Trainings. Last year, we have completed 45,673 person-days of classroom training imparted across 495 programs. Apart from this, we provide blended learning opportunities to our people through experiential learning, online learning, etc. As a part of our Training & Development program, we have a unique 4 dimensional model with three schools: *iLearn* – for Technical & Domain Learning's, *iWin* – for Sales Training and *iLead* for Leadership Development. Our technical trainings are imparted at the state-of-art training facility at Hyderabad.



As part of leadership development and building the learning culture at HCL, we have linked a variable pay for all managers to Learning Credits linked to successful completion of learning initiatives.

Your Company conducted various leadership development programs focusing on developing behavioral, business management, people and personal effectiveness skills, including an increased spotlight on CXO development programs. To ensure people transition smoothly to next level roles, we carried forward our iLead Development Centre - 6 month customized development programs for over 200 participants at different levels.

Talent Review Process is streamlined to assess retention risk and succession plan for critical positions. Succession plan is in place for close to 100 positions in the company. As a part of the talent review process, we assess development plans and **`next best career move'** for about 150 senior managers in the Company. This is a robust process of identifying and developing top talent by providing growth opportunities. This ensures that the right leadership resources are available for organizational needs and priorities and reduces organizational risk through appropriate succession planning and retention risk management. This Company-wide process with **6 monthly Reviews includes:**

1. Organization Structure Review by business units and corporate functions for n, n-1, n-2 levels
2. Talent Assessment by Business Units: Assessing Potential and Readiness for progression
3. Retention Risk Assessment
4. Career growth plan
5. Succession Pipeline Review by CEO for succession planning

Succession plan for each of the Direct reports of the CEO is also presented and discussed in the Employee Compensation Committee of the Board of Directors.

Talent Management: As an enabler to our Business excellence initiative, ASPIRE, we had introduced a new Performance Management System. Performance is assessed on two dimensions - Results as well as Behaviors & Competencies.

BEHAVIOUR

RESULTS	Above Expectation	Meets Expectation	Below Expectation
100% & above	1	2	3
80-99%	4	5	6
Below 80%	7	8	9

9 Grid Matrix Evaluation provides a framework to identify, develop & resource talent correctly to reduce organizational risk through proper succession and retention risk planning. For junior management and individual contributors, variable pay is linked directly to individual performance on the 9 Grid Matrix. For middle management and senior management, variable pay is also linked to the performance of BU of the employee and performance of the organization in addition to individual performance.

The culture of reward and recognition is aided by our online recognition platform "applause", with over 60% of our people receiving on the spot appreciations and applause for going the extra mile. Our quarterly business unit wise awards & annual awards, with clearly defined criteria and processes, create a competitive and performance based work environment.

Talent Engagement: During the year, your Company conducted employee engagement survey, MyVoice, that presented high engagement score with close to 65% employees providing the feedback. HCLites rated high on engagement drivers of People, Work and Company Practices. Total Rewards, Opportunity and Quality of Life have been identified as areas for improvement and your Company is actively working on improving the scores on those parameters. Quarterly employee engagement initiatives such as fun contests, festivals celebration, sports, cultural activities and volunteering for social causes were organised by our empowered people action teams (EPATs) across various offices.

Attrition for the year was 15.92% and continues to be in-line with the industry-wide trends.

I am HCL

We launched "I am HCL" in March 2013 to increase customer orientation for all customer facing people. The program is about instilling a sense of professional responsibility and pride in each of our 10,000+ customer facing professionals and business associates. Objective of the program is to create a benchmark and reinforce the right behavior, discipline and habits. A series of activities including classroom workshops, online assessments, etc. have been initiated to make this program attractive to enable effective reach, and we aim to certify each and every HCLite in this program.

DISCLAIMER

Certain statements made in this report relating to the Company's objectives, projections, outlook, estimates, etc. may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such estimates or projections etc., whether expressed or implied. Several factors including, but not limited to economic conditions affecting demand and supply, government regulations and taxation, input prices, exchange rate fluctuation, etc., over which the Company does not have any direct control, could make a significant difference to the Company operations. The Company undertakes no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events, or otherwise. Readers are cautioned not to place undue reliance on any forward looking statements. The MD&A should be read in conjunction with the Company's financial statements included herein and the notes thereto. Information provided in this MD&A pertains to HCL Infosystems Limited and its subsidiaries on a consolidated basis, unless otherwise stated.

FINANCIAL COMMENTS ON CONSOLIDATED OPERATIONS FOR THE YEAR ENDED JUNE 30, 2013

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, and Generally Accepted Accounting Principles (GAAP) in India.

The Group's consolidated financial statements have been prepared in compliance with the Accounting Standard AS 21 on Consolidation of Accounts and presented in a separate section of the Annual Report.

The Management Discussion and Analysis on Financial performance relates to Consolidated Financial statements of the Company and its subsidiaries. This should be read in conjunction with the financial statements and related notes to the consolidated accounts for the year ended June 30, 2013.

RESULTS OF OPERATIONS

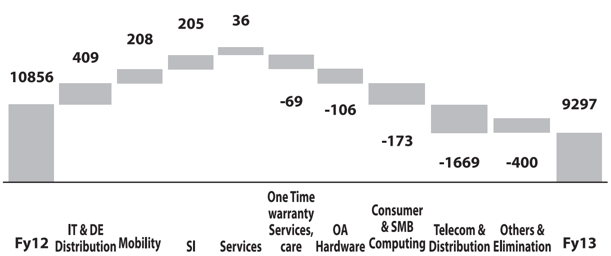
₹ Crores

Particulars	FY 13	FY 12
Revenue	**9,297**	**10,856**
Cost of Sales	8,289	9,752
Gross Margin	1,008	1,104
Personnel Costs	548	489
Administration, Selling & Others	403	395
Depreciation	52	46
Interest income on Lease Rental	41	28
Operating Other Income	11	18
Operating Profit before Exchange differences and Doubtful Debts provision	**57**	**220**
Provision for Doubtful Debts	66	66
Investment & Other Income	66	81
Borrowing costs	137	85
Profit Before Exchange differences and Tax	-80	150
Exchange differences	46	66
Tax Expense	-46	14
Minority Interest		-2
Profit After Tax	**-80**	**72**
EPS – Basic (In Rupees)	-3.6	3.2

Gross Business Income

Consolidated Revenues for the year were ₹ 9,297 crores as against ₹ 10,856 crores in the previous year.

Hardware products and solutions business grew by ₹ 147 crores mainly due to steady execution of UIDAI project and fivefold growth in Tablet business.



Gross Margin

Gross margin percentage increased by 60 bps to 10.8% in FY 13. In absolute terms, gross margins were ₹ 1008 crores as against ₹ 1104 crores in the previous year, mainly on account of drop in revenue.

Personnel Costs

Personnel costs increased from ₹ 489 crores in FY 2012 to ₹ 548 crores in FY 2013. The increase was mainly for new Systems Integration and Managed Services projects.

Administration, Selling and Other Expenses

Administration, Selling & other expenses were ₹ 403 crores in FY 2013 as against ₹ 395 crores in FY 2012.

Depreciation

Depreciation increased from ₹ 46 crores in FY 2012 to ₹ 52 crores in FY 2013.

Interest income on Lease Rental

Interest income on Leases increased from ₹ 28 crores in FY 2012 to ₹ 41 crores in FY 2013.This income is operational in nature as it is on assets offered to customers as a managed lease, as a part of our offering in Learning and Solutions businesses.

Operating Other Income

Operating other income, representing write back of provisions no longer required was ₹ 11 crores in FY 2013 as compared to ₹ 18 crores in FY 2013.

Operating Profit

Operating profit before exchange differences and doubtful debts was ₹ 57 crores in FY 2013.

Provision for Doubtful Debts

Continued delay in realisation of receivables including certain public sector clients, led to impairment provision of ₹ 66 crores during the year.

Investment & Other Income

Investment & Other income in FY 2013 was ₹ 66 crores as against ₹ 55 crores in FY 2012.

Gain on sale of Infinet was ₹ 26 crores in FY 2012.

₹ Crores

Particulars	FY 13	FY 12
Investment Income	50	49
Sale of Fixed Assets	8	2
Others	8	4
	66	**55**
Gain on Sale of Subsidiary- Infinet		26
	66	**81**

Finance Costs

Finance costs in FY 2012 were ₹ 137 crores as against ₹ 85 crores in FY 2012. The increase in finance cost was mainly due to increase in borrowings, acceptances level and increase in the average interest rates on borrowings and acceptance by 90 basis points from 7.6% to 8.5%.

Exchange Differences

The company uses foreign exchange forward contracts and options to mitigate the risk of movements in foreign exchange rates associated with payables and forecasted transactions in US Dollars.

During the year, Indian Rupee was volatile against US Dollar and depreciated by 7% (opening rate was INR 55.62/ USD and closing rate was INR 59.40/USD). The foreign exchange loss was ₹ 46 crores during the year.

Pursuant to notification u/s 211(3C) of the Companies Act , 1956 the Company has deferred exchange loss of ₹ 18 crores arising on translation of foreign currency items having a term of 12 months or more which will be amortised over the period of the item.

₹ Crores

Particulars	FY 13	FY 12
Realised Loss	75	43
Unrealised Loss/- Gain	-11	34
Loss deferred on Long term liability	-18	-11
	46	**66**

Tax Expense

Deferred tax asset of ₹ 46 crores created during the year mainly against unabsorbed depreciation and carried forward losses.

Profit after Tax

Profit after Tax for FY 2013 was negative ₹ 80 crores.

Earnings per Share

Basic EPS for FY 2013 was negative ₹ 3.6 per share as against ₹ 3.2 per share in FY 2012.

FINANCIAL CONDITION

₹ Crores

Particulars	FY 13	FY 12
EQUITY AND LIABILITIES		
Net Worth	1,835	1,911
Non Current Liabilities	603	299
Current Liabilities	3,241	2,816
Total	**5,679**	**5,026**
ASSETS		
Fixed Assets	411	404
Non-current Assets	497	452
Investments	919	432
Current Assets	3,852	3,738
Total	**5,679**	**5,026**

Net worth / Shareholders funds

Net Worth was ₹ 1835 crores as at June 30, 2013 as compared to ₹ 1911 crores as at the close of the previous year. The book value for FY 13 was ₹ 82 per share.

Non Current Liabilities

Non Current Liabilities increased from ₹ 299 crores as at June 30, 2012 to ₹ 603 crores as at June 30, 2013, mainly due to increase in Bank borrowings and Term loans by ₹ 394 crores while long term trade payables and acceptances reduced by ₹ 66 crores.

The Net Cash and Cash equivalents increased by ₹ 86 crores to ₹139 crores as at June 30, 2013 from ₹ 53 crores as at June 30, 2012.

₹ Crores

Particulars	FY 13	FY 12
Investments	919	432
Cash & Bank	313	303
Borrowings	-1093	-682
Net Cash and Cash equivalents	**139**	**53**

Current Liabilities

Current Liabilities were at ₹ 3241 crores as at June 30, 2013 as compared to ₹ 2816 crores as at June 30, 2012. The increase was mainly in Acceptances and trade payables.

Fixed Assets

Net block grew to ₹ 411 crores as at June 30, 2013 from ₹ 404 crores as at June 30, 2012.

Non Current Assets

Non- current assets, primarily comprising of long term lease rent recoverable mainly from Public Sector Undertakings and Government bodies, were at ₹ 497 crores as at June 30, 2013 as against ₹ 452 crores as at June 30, 2012.

Investments

The investment decisions of the company are guided by the tenets of Safety, Liquidity and Return. The Company constantly reviews the portfolio of investments and rebalances it in line with the changing risk/return scenario.

Investments in debt mutual funds & bonds as at June 30, 2013 were ₹ 919 crores as compared to ₹ 432 crores as at June 30, 2012.

Inventories

Inventories as at June 30, 2013 were ₹ 568 crores as against ₹ 707 crores as at June 30, 2012.

Inventory turnover on sales in financial year ended 2013 was at 16 times as against 15 times in the previous year.

Trade Receivables

Debtors as at June 30, 2013 were ₹ 1298 crores as against ₹ 1218 crores as at June 30, 2012. Debtors as number of days of sales in FY 2013 was at 51 days as compared to 41 days in the previous year

Cash and Bank

Cash in hand & Balances with Bank in collection / disbursement accounts were ₹ 313 crores as at June 30, 2013 as against ₹ 303 crores as at June 30, 2012.

Other Current Assets

Other current assets increased by ₹ 179 crores from ₹ 1217 crores as at June 30, 2012 to ₹ 1396 crores as at June 30, 2013. Contracts in progress for Systems integration projects increased by ₹ 100 crores, Lease rent recoverable by ₹ 36 crores and accrued revenue to be billed by ₹ 43 crores.

CASH FLOW STATEMENT

₹ Crores

Particulars	FY 13	FY 12
Cash from Operating Activities	257	239
Cash used in Investing Activities	(505)	(52)
Cash from/(used in) Financing Activities	267	(157)
Net Increase in Cash and Bank Balances	**19**	**30**

Cash inflow from Operating Activities was ₹ 257 crores in FY 13, mainly due to reduction in working capital.

Cash used in investing activities was ₹ 505 crores in FY 13, including net purchase of Investments ₹ 450 crores, net capital expenditure of ₹ 73 crores, increase in Lease rent recoverable of ₹ 43 crores net of inflows from investment income ₹ 61 crores.

Cash from financing activities was ₹ 267 crores in FY 13, representing increase in borrowings ₹ 403 crores and Interest paid ₹ 136 crores.

SEGMENT PERFORMANCE

In the previous year, Company was reporting "Computer Systems and Other Related Products and Services" and 'Telecommunication and Office Automation" as its primary segments. Considering the existing internal reporting structure, the Company has reorganized its primary business segments as "Hardware Products and Solutions business" (comprising of Hardware Solutions business, Computing products manufacturing facility and Channel business), "Services business", "Learning business" and "Distribution business", consequent to which segment disclosures for the current year and previous year have been presented based on revised segments. There is no change in the secondary segment reporting, which continues to be based upon geographical location of the customers.

Segment Revenue ₹ Crores

Particulars	FY 13	FY 12
Hardware Products and Solutions	3355	3208
Services	577	605
Distribution	5702	6963
Learning	91	92
Internet and Related Services (Discontinued)	-	23
Inter- Segment Elimination	-430	-51
Total	**9295**	**10840**

Hardware Products and Solutions

The segment operations comprise of Hardware Solutions business and Computing products manufacturing facility & Channel business. Hardware Solutions business includes sale of office automation products, hardware solutions & products sold to enterprises, government and providing Sytem Integration solutions in different Industry verticals. Computing products manufacturing facility and Channel business includes manufacturing of computer hardware systems and sale of hardware products through channel partners.

Segment revenue in FY 2013 was ₹ 3355 crores

Segment PBIT in FY 2013 was negative ₹ 133 crores. Segment PBIT excluding exchange fluctuation and impairment was negative ₹ 32 crores.

Falling rupee, decline in customer spending on IT hardware, delay in mile stone sign-offs resulting in cost over runs and receivables provisioning impacted the segment performance.

Capital employed in the segment as at June 30, 2013 was ₹ 1029 crores as against ₹ 1186 crores as at June 30, 2012.

Services

The segment operations comprise of offering IT infrastructure managed services, break fix services, cloud services, after sales support services, enterprise application services, software development & support services, office automation maintenance services, managed print services and Telecom & consumer electronics support services

Segment revenue in FY 2013 was ₹ 577 crores.

Segment PBIT in FY 2013 was ₹ 69 crores. Segment PBIT excluding exchange fluctuation and impairment was ₹ 76 crores.

Capital employed in the segment as at June 30, 2013 was ₹ 218 crores as against ₹ 153 crores as at June 30, 2012.

Distribution

The segment operations comprise of distribution of telecommunication and other digital lifestyle products

Segment revenue in FY 2013 was ₹ 5,702 crores, as against ₹ 6,962 crores in the previous year.

Segment PBIT in FY 2013 was ₹ 96 crores.

Capital employed in the segment as at June 30, 2013 was negative ₹ 54 crores as against positive ₹ 93 crores as at June 30, 2012.

Learning

The segment operations comprise of offering training services, educational contents and related hardware offerings for private schools, colleges and other educational institutes and vocational training

Segment revenue in FY 2013 was ₹ 91 crores, as against ₹ 92 crores in the previous year.

Segment PBIT excluding exchange fluctuation and impairment was break even as against negative ₹ 4 crores in the previous year.

Capital employed in the segment as at June 30, 2013 was ₹ 17 crores.

Report on Corporate Social Responsibility

Social Responsibility & Community Development

Being a socially responsible and sensitive corporate citizen has always been an integral part of our business at HCL Infosystems Ltd. Your company endeavors to manufacture products that are eco-friendly, attain sustainability, champion the cause of environment conservation and reach out to the various communities through a number of initiatives. During the year, HCL Infosystems emphasized on skill building of youth in remote locations of the country, assisted in education of underprivileged children, extended cooperation to the people in distress in various parts of the country, and all the while, remained committed to affirmative action.

Project Udaan – Providing opportunities for youth of Jammu and Kashmir, in partnership with NSDC: -

HCL Infosystems Limited partnered with National Skill Development Corporation (NSDC) to provide skills to youth, aiming at enhancing their employability.

- **Project Udaan – Providing opportunities for youth of Jammu and Kashmir, in partnership with NSDC: -**

  Project "Udaan" is a Joint Initiative of the Ministry of Home Affairs, Government of India and the State Government of Jammu and Kashmir. The project aims to provide skill based training and employment opportunities to unemployed graduates of Jammu and Kashmir. This is a critical step towards creation of an enabling environment for youth to achieve meaningful personal and professional growth.

  Under the proposed project, the Company will select and train 400 Engineers and Management graduates from the state of Jammu and Kashmir, over five years.

- Uttarakhand Manufacturing Unit provided training to students from Technical Institutes and Colleges in nearby city & towns for enhancing their practical knowledge. A total of 300 students benefitted from this initiative.

- HCL Infosystems Limited offered Merit-cum-Means Scholarships to over 40 students enrolled at NIIT Foundation's Training Centers in Madhya Pradesh's Chhindwara district. These scholarships benefited bright students from socially and economically weaker strata of the society, to learn IT and Soft Skills, thereby preparing them for careers in IT and IT enabled services (ITeS) industry.

- As a part of its commitment for sustainable growth of human resources in Electronic and Telecom Sector, HCL Infosystems Limited partnered with Telecom Skill Sector Council in defining various Occupational Standards under National Occupation Standards Initiative of National Skill Development Corporation.

Support to NGO's

1. HCL Infosystems employees supported education of 50 underprivileged children in SOS Children's Village, Puducherry. Our employees pledged their Diwali gifts to support education of these children for one academic year.

2. HCL Infosystems Limited supported various projects that benefit underprivileged children in various parts of the country. Through computer labs and computing devices in mobile schools, HCL's initiatives are helping many first generation learners to get connected to the digital world. In one such initiative, HCL Infosystems supported NGO Butterflies for "Chalta Firta School", a mobile education project that brings school education to the doorstep of out-of-school children. This Project is a part of the Sarva Shiksha Abhiyan and over 300 children accessed these Mobile Schools, over the year.

3. HCL Infosystems continued its support to 7 ICDS (Integrated Child Development Services) centers adopted near Uttarakhand Manufacturing Unit.

4. HCL Infosystems extended its support to Tihar Jail's inmates by providing them a platform to sell their products in HCL Infosystems premises in Noida.

Employee Volunteering

HCL Infosystems Limited encourages its employees to volunteer and contribute to various social causes.

- The Company encouraged employees to voluntarily donate blood during dedicated drives and campaigns organized at NOIDA, Hyderabad and Uttaranchal Manufacturing unit. A total of 500 units of blood were collected through various drives.

- HCL Infosystems' employees were periodically exposed to NGO's like 'Action Aid', 'Sukarya' and 'SOS Children's Village'. Many employees registered to support the causes of these NGO's, during the drives organized in various HCL Infosystems' premises in NOIDA.

- HCL Infosystems Limited has been a frontrunner in the transformation of India. Volunteers from HCL supported Chinmaya Mission in organizing 'The Transforming India' quiz. The national quiz was organized to enable youth internalize the theme of national transformation.

- Periodic environment awareness campaigns are a part of HCL Infosystems Limited's commitment to Environment conservation. During the last financial year, employees joined hands for various initiatives on the theme of e-waste collection, disposal and recycling.
- HCL Infosystems employees volunteered to be part of various workshops organized for enhancing English language for underprivileged children, at a neighborhood School in NOIDA. HCL's employees also organized workshops on painting at SOS Childrens' Village, Faridabad.
- HCL Infosystems employees donated clothes to an orphanage run by NGO 'Love for Action' in Noida.
- HCL Infosystems employees volunteered and supported conduction of admission test of Vidyagyan Schools at various locations spread across the state of Uttar Pradesh. This test enabled meritorious students from economically weak families, to apply for admission at VidyaGyan Schools in Sitapur and Bullandshehar, UP.

Response to natural calamities:

Employees of HCL Infosystems actively engaged with Corporate Disaster Resource Network (CDRN), Aid Matrix Foundation and NGO Pragya to carry out collection drives in various offices of your company. Large quantities of relief materials were collected during these drives to aid the flash flood victims in Uttarakhand in June 2013. CDRN organized regular dispatch of Collected Relief Material to various flood affected areas and camps and NGO Pragya reached out to the community in distribution of the relief material. The Company also donated Rs. 8.03 Lacs towards the Chief Minister - Uttarakhand Relief Fund.

Statement on non-discriminatory employment policy of the business entity

Equal Opportunities & Non Discrimination Policy: According to this policy, HCL Infosystems does not discriminate against any employee or job applicant on the basis of race, colour, religion, gender, age, sexual orientation, nationality, pregnancy status, marital status, family status and different ability. All employees or job applicants are judged on the principle of equal employment opportunity.

Initiatives for Affirmative Action

HCL Infosystems is working towards ensuring equal opportunities to all sections of the society. As a part of its commitment to "CII's Affirmative Action Code of Conduct", HCL Infosystems has taken proactive action in providing equal opportunity of employability, training and mentoring to all sections of the society.

HCL Concert Series

HCL Concert series is an initiative taken up by HCL in association with The Indian Habitat Centre, Delhi and The Music Academy, Chennai. Through this initiative, HCL provides a renowned platform to upcoming talent in Indian performing art. HCL strives to showcase excellence in Indian arts and culture to discerning audiences and the series promises to present hundreds of concerts featuring a variety of artists over several years of its continuation. So far, over 400 concerts have been successfully organized under concert series in the past 15 years.

Environment Sustainability Report

Highlights

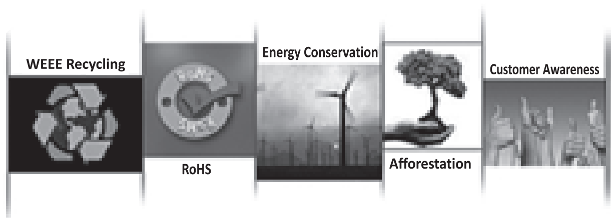
- Disclosure of **carbon footprint** as per global standards and setting the target to reduce it year on year.
- Collected and recycled more than 100 tons of e-waste in the last year
- Product design to support **minimal power** consumption.
- HCL was the **first Indian ICT** manufacturer to have all its **products RoHS compliant**. **HCL is** continuing to work towards elimination of toxic elements from products.
- HCL was the **First ICT** Company in India to launch **Green-Bag Campaign**. It was a no-cost-incurred e-waste collection drive from HCL.

HCL Infosystems on Environment Management - Our Commitment to Social Responsibility

We at HCL Infosystems, believe in building a symbiotic relationship between us and the manufacturers, consumers and recyclers with the aim to promote integration and sustainability in our operations so that there is least stress on the environment.

HCL Infosystems over the years has integrated and innovated products for its customer's giving key emphasis on product life cycle management, commencing from sourcing, manufacturing to installation and recovery at the end-of-life of the product to ensure protection of the environment, health and safety of all stakeholders.

In building a system to identify, develop and sustain the maintenance of an environment management system at corporate level we have formulated a program that we proudly refer to as **HCL's ecoSafe**.



HCL Infosystems' Environment Management Policy under HCL ecoSafe

Aim

The aim is to encapsulate knowledge, awareness, and key developments on all environmental issues faced by today's world and to incorporate these in HCL's operations by assuring our commitment in delivering quality products, solutions and services.

Objective

The key objective under HCL ecoSafe is targeted at integrating environmental management procedures into its business processes thereby protecting the environment, health, and safety of all its stakeholders. HCL Infosystems commits to manufacture products that are environment friendly in all respects and are free from hazardous chemicals.

Chemical Compliance

The HCL approach on chemical compliance has always been a pro active one. All our desktops, laptops and AIO's are RoHS compliant and more over all our laptops are PVC and BFR free.

HCL Infosystems Chemical Policy based on Precautionary Principle:

HCL Infosystems' vision is to avoid the use of substances in its products that could seriously harm the environment or human health and to ensure that the company acts responsibly and with caution.

HCL Infosystems believes that if reasonable scientific grounds indicate a substance (or group of substances) could pose significant environmental or human health risks, even if the full extent of harm has not yet been definitively established, precautionary measures should be taken to avoid use of the substance(s) in products unless there is convincing evidence that the risks are small and are outweighed by the benefits. HCL Infosystems considers these to be substances of concern that need to be eliminated in the long term and substituted or gradually phased out in the short term.

HCL Infosystems' methodology for Identifying Harmful Chemicals in Future:

At HCL Infosystems, we have a dedicated team that regularly monitors the following indicators for identifying clues/proofs about new Harmful Chemicals in Electronic Industry:

1. National Legislations
2. International Legislations
3. Concerns raised by International Community
4. Environment related Publications
5. Scientific Studies on the effects of Chemicals on Environment/Human-Health
6. Concerns raised by NGOs
7. Concerns raised by Study-groups

Product packaging material restriction

HCL Infosystems' objective is to use packaging materials in a way which has minimum impact on the environment. During the product development stage, product packaging is designed keeping in mind the following points:

a. Use of only recyclable material
b. Use of minimum possible size & weight in order to reduce material consumption
c. Use of recycled material wherever possible
d. Specifying the list of banned and restricted chemicals for packaging materials

HCL Infosystems is committed to re-use maximum material from waste material. We believe in recycling 100% of our waste generation. All the e-waste generated is recycled and further, from the recycling plant, the glass and plastic is supplied to respective manufacturers as their raw material.

HCL Infosystems on compliance to Restriction of Hazardous Substances (RoHS) under EU Directive (2002/95/EC)

RoHS is an important EU legislation intended to eliminate or severely curtail the use of six hazardous elements namely Lead, Cadmium, Hexavalent Chromium, Mercury, Poly Brominated Biphenyl (PBB) and Poly Brominated Diphenyl Ether (PBDE).

The presence of these elements in products is detrimental to the environment, health and safety of users and must be discontinued or reduced to acceptable safe levels. Although there are no direct compliance requirements on RoHS, HCL Infosystems has adopted a proactive stance on RoHS compliance keeping in mind the emerging requirements of the stakeholders.

With effect from 1st January, 2008 we have achieved total RoHS compliance for Desktops, Laptops, AIOs , Servers and Tablets.

Information provided along with the product

All the products carry the adequate information on customer health and safety. HCL Infosystems also mentions the hazardous constituents present in the product in the information booklet. The process for disposal of Waste of Electrical & Electronic Equipment (WEEE) is also mentioned in the information booklet. The symbol of crossed out wheeled bin placed on the product/product packaging indicates that the product should not be placed in municipal waste. The details on collection of e-waste and how to dispose old equipment is mentioned in detail on the website www.hclinfosystems.com.

Electronic Waste Management

The key objective of HCLInfosystems' 'E-Waste Policy' aims at providing efficient and easy product recovery options to its consumers to facilitate responsible product retirement of all its manufactured Electrical & Electronic Equipment (EEE) products. Waste of Electrical & Electronic Equipment has been a subject of concern globally and nationally. HCL Infosystems believes that the producers of electronic goods are responsible for facilitating an environment friendly disposal, once the product has reached the end of its life.

Recognizing the need to minimize the hazardous impact of e-waste on the environment, HCL Infosystems Limited as India's Premier Technology Company has formulated a comprehensive programme for the recovery and recycling of WEEE in an environmentally safe manner.

Separate Collection/Recovery:

HCL Infosystems' extends the recycling facility to its users regardless of the fact, when and where they have purchased the product. HCL Infosystems assures to all its customers that the entire process of recycling/disposal of WEEE will be carried out by an authorized recycling agency.

To improve the efficiency of the WEEE recycling system HCL Infosystems has adopted the following options:

a. 20 collection centres across India.

b. Help-desk for answering queries related to WEEE.

c. Increasing customer awareness on E-Waste recycling and participation of our valued customers through take-back schemes for old computers.

Green Bag Campaign

Under HCL Infosystems' Green Bag Campaign, we collect old equipments from HCL Infosystems' customers across India. We are not only reaching out to all our customers but are spreading awareness about proper recycling of electronic waste.

a. In all the products shipped, HCL includes the e-waste related FAQs and contact details of all its e-waste collection centers.

b. In all its user meets, HCL shares the e-waste management details with its customers.

c. Apart from corporate customers, HCL has extended its e-waste collection program to retail customers through its HCL collection points spread across the country.

We have been seeing a continuous improvement in e-waste collection since the last five years. Last year we have collected more than 38% of what we collected in the year 2011-2012.

Energy Management

Energy is one field where we have made a considerable improvement. Our Energy efforts can be categorized into two broad initiatives:

1. Energy Efficient Products

2. Energy Efficient Operations

Energy Saving

HCL Infosystems has been always working towards making products which consumes less energy. The results of various steps taken to reduce electricity consumption are there to see for everyone in our GHG Emission report. We have continuously managed to reduce the GHG consumption year on year from the past 4 years. All our laptops are BEE star compliant and our desktops are Energy star compliant.

HCL Infosystems is evaluating options on how to use more and more renewable source of energy. HCL Green Data Centre at Head Office, Noida became the first Data Centre Building in India to be LEED IC PLATINUM certified by the US-Green Building Council.

Directors' Report

To the Members,

Your Directors have pleasure in presenting their Twenty Seventh Annual Report together with the Audited Accounts for the financial year ended 30th June, 2013.

Financial Highlights

₹/Crores

Particulars	Consolidated		Standalone	
	2012-13	2011-12	**2012-13**	2011-12
Net Sales and other income	**9,364.68**	10896.76	**8,758.58**	10392.76
Profit before Interest, Depreciation and Tax	**63.40**	215.07	**57.09**	184.75
Finance Charges	**137.08**	84.62	**134.98**	80.09
Depreciation and Amortisation	**51.89**	46.06	**48.98**	43.12
Profit before Tax	**(125.57)**	84.39	**(126.87)**	61.54
Provision for Taxation: Current	**0.12**	20.32	**-**	19.61
For earlier years	**-**	-	**-**	-
Deferred	**(45.71)**	(5.93)	**(45.54)**	(5.93)
Net Profit after Tax (Before Minority Interest)	**(79.98)**	70.00	**(81.33)**	47.86
Minority Interest	**-**	(2.07)	**-**	-
Net Profit after Tax (After Minority Interest)	**(79.98)**	72.07	**(81.33)**	47.86
Profit available for appropriation	**666.39**	816.89	**679.42**	831.28
Appropriations				
Debenture Redemption Reserve	**-**	(12.00)	**-**	(12.00)
Interim Dividend	**-**	66.88	**-**	66.88
Proposed Dividend	**-**	-	**-**	-
Tax on Dividend (including Interim Dividend)	**-**	10.86	**-**	10.86
Transfer to General Reserve	**-**	4.79	**-**	4.79
Balance of Profit carried forward to next year	**666.40**	746.37	**679.42**	760.75

Performance

The consolidated net revenue of the Company was ₹ 9,364.68 Crores as against ₹10,896.76 Crores in the previous year. The consolidated profit/(loss) before tax was ₹ (125.57) Crores as against ₹ 84.39 Crores in the previous year.

Your Board of Directors do not recommend any dividend for the year under review.

Operations

A detailed analysis and insight into the financial performance and operations of your Company for the year ended 30th June, 2013, is appearing in the Management Discussion and Analysis Report, forming part of the Annual Report.

Scheme of Arrangement

During the year under review, your Board of Directors accorded their approval to a business restructuring plan consisting of a Composite Scheme of Arrangement (the Scheme) under the provisions of Section 391 and 394 of the Companies Act, 1956, with the objective of providing focused management orientation to each of the growth areas and creating a leaner organization for the mature hardware businesses.

The Scheme inter-alia envisages transfer of the Hardware Solutions Business, Services Business and Learning Business of the Company to separate wholly owned subsidiaries namely HCL System Integration Limited, HCL Care Limited and HCL Learning Limited, respectively and merger of HCL Infocom Limited, a wholly owned subsidiary with the Company.

Aligning these diverse businesses into distinct subsidiaries is expected to provide a focused approach best suited to each business depending on the market environment and lifecycle maturity of the business.

The Scheme has proposed January 1, 2013 as the Appointed Date for this restructuring to be effective.

The Equity Shareholders, Secured Creditors and Unsecured

Creditors of the Company have in their respective meeting convened as per the directions of the Hon'ble Delhi High Court, accorded their approval to the Scheme.

The Scheme is subject to sanction of the Hon'ble Delhi High Court and other regulatory approvals.

Changes in Capital Structure

During the year under review, no equity shares were allotted under the Employee Stock Option Scheme 2000 and the Employee Stock Based Compensation Plan 2005.

Awards & Recognition

- Bagged 'Partner of the Year Award' for the Asia Pacific & Japan region as part of CA Technologies Partner for Impact Awards, held at the Annual User Conference, CA World '13 in Las Vegas. Your Company was honored for its commitment and expertise in taking CA Technologies solutions portfolio to market and its efforts in driving new contracts and business opportunities.
- Bagged the Silver Award for Technical Proficiency in Color Category for Office Automation (OA) business at the 15th Quality Service Campaign conducted by Toshiba-APAC among 29 participants from various countries.
- Bagged "Corporate - Best Government to Citizens (G2C) Initiative of the Year" award at the e-Maharashtra Summit 2013. Your Company was awarded the honor for implementing turnkey ICT solutions in design, supply, installation, automation, integration and subsequent maintenance of India's first state-of-the-art Border Check Post (BCP) project undertaken by the Maharashtra Government.
- Bagged the "Winner Award" for driving "Asha Growth" at the Nokia IMEA Partner Conference in Berlin.
- Bagged Mee Seva Award for Excellence in Delivery from the Government of Andhra Pradesh. Your Company was awarded the honor for its outstanding contribution in the successful implementation of Mee Seva, an integrated service delivery initiative.
- Bagged the following awards for Learning business:
    - o HCL My EduTab wins 'Best Tablet Providers in Education' Award at the World Education Awards 2012.
    - o Bagged the prestigious Shiksha Ratan Award at the State Education Summit 2013 for Best Smart Class Service Provider for its flagship product DigiSchool.

Employee Stock Option Plan

<u>Employee Stock Option Scheme 2000</u>

Pursuant to the approval of the Shareholders at an Extra-Ordinary General Meeting held on 25th February, 2000 for grant of options to the employees of the Company and its subsidiaries (the ESOP 2000), the Board of Directors had approved the grant of 30,18,000 options including the options that had lapsed out of each grant. Each option confers on the employee a right for five equity shares of ₹ 2/- each.

<u>Employee Stock Based Compensation Plan 2005</u>

The Shareholders of the Company have approved the Employee Stock Based Compensation Plan 2005 through a Postal Ballot for grant of 33,35,487 options to the employees of the Company and its subsidiaries. The Board of Directors has granted 31,96,840 options including the options that had lapsed out of each grant. Each option confers on the employee a right for five equity shares of ₹ 2/- each at the market price as specified in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999, on the date of grant.

Fixed Deposits

The Company has not accepted/renewed any deposits from the public during the year and there were no fixed deposits outstanding either at the beginning or at the end of the year.

Listing

The equity shares of the Company are listed at The Bombay Stock Exchange Limited, Mumbai (BSE) and National Stock Exchange of India Limited, Mumbai (NSE).

The Company has paid the listing fee for the year 2013-2014 to BSE and NSE.

Directors

After a long association with HCL of over 15 years, Ms. Anita Ramachandran resigned from the position of Director of the Company w.e.f. 8th July, 2013. The Board places on record its appreciation for the contributions made by her during her tenure with the Company.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. D.S. Puri and Mr. E.A. Kshirsagar, Directors, retire from office by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment. A brief resume, details of expertise and other directorships/committee memberships held by the above Directors, form part of the Notice convening the Twenty Seventh Annual General Meeting.

Corporate Governance Report and Management Discussion and Analysis Statement

The Corporate Governance Report and the Management Discussion and Analysis Statement are attached and are to be read with the Directors' Report.

Insider Trading Regulations

As per the requirements under the SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, the 'Code of Conduct for prevention of Insider Trading' and the 'Code of corporate disclosures practices for prevention of Insider Trading' are in force.

Cost Auditor

For the financial year 2012-13, the Board of Directors of the Company had appointed, after recommendations of the Accounts and Audit Committee, M/s S. Mahadevan & Co., Cost Accountants as Cost Auditors for auditing the cost accounts of the Company. Their appointment was approved by the Central Government. In terms of The Companies (Cost Accounting Records) Rules 2011, as amended, the Compliance Report for the financial year June 30, 2012 as applicable has been duly filed.

Directors' Responsibility Statement

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956 and based on the representations received from the operating management, the Directors hereby confirm that:

a. in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;

b. appropriate accounting policies have been selected and applied consistently and that the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 30th June, 2013 and of the profit of the Company for the said period;

c. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. the annual accounts have been prepared on a going concern basis.

Auditors & Auditors' Report

M/s Price Waterhouse, Chartered Accountants, who are the statutory auditors of the Company hold office in accordance with the provisions of the Companies Act, 1956, upto the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. The proposed re-appointment, if made will be in accordance with the limits prescribed under Section 224(1B) of the Companies Act, 1956.

Personnel

Industrial Relations during the year under review continued to be peaceful and cordial. No man-days were lost due to industrial disputes. Your Company was ranked No. 4 in the Best IT Employer Survey conducted by IDC-Dataquest and ranked amongst Top fifty in the Best Companies to Work for 2012 conducted by Economic Times and Great Place to Work Institute.

The information as required to be provided in terms of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 has been set out in the annexure to the Directors' report. However, in terms of the provisions of section 219(1)(b)(iv) of the said Act, the Annual Report is being sent to the members of the Company excluding the said information. Any member interested in obtaining the said information may write to the Company Secretary at the registered office of the Company.

Additional information relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The additional information required in accordance with sub-section (1)(e) of Section 217 of the Companies Act, 1956, read with the Company (Disclosure of Particulars in the Report of the Board of Directors) Rules,1988, is appended to and forms part of this report.

Particulars of subsidiaries/associates/JVs

The following developments took place in the subsidiaries/associates/JVs of the Company:

(a) During the year, three new Companies namely HCL System Integration Limited, HCL Care Limited and HCL Learning Limited were incorporated on September 28, 2012, as wholly owned subsidiaries of the Company, for transfer of the Hardware Solutions Business, the Services Business and the Learning Business of the Company, respectively, pursuant to the Scheme of Arrangement of the Company.

(b) All cessation formalities have been completed with Jabel Ali Free Zone Authority, Dubai, for dissolution of Techmart Telecom Distribution FZCO, Dubai.

Financial Statements of the Subsidiary Companies

The Ministry of Corporate Affairs (MCA), Government of India, vide General Circular No.2/2011 dated February 8, 2011, has granted general exemption under Section 212 of the Companies Act, 1956, waiving the requirement to publish individual balance sheets, profit & loss accounts, directors' reports and auditors' reports of the subsidiaries and other documents otherwise required to be attached to the Company's accounts.

In terms of the above exemption, the accounts of the following subsidiaries have not been enclosed with the results:

- Digilife Distribution and Marketing Services Limited (formerly known as HCL Security Limited);
- HCL Infocom Limited;
- RMA Software Park Private Limited;
- Pimpri Chinchwad eServices Limited;
- HCL Computing Products Limited;
- HCL System Integration Limited;
- HCL Learning Limited;
- HCL Care Limited;
- HCL Insys Pte Limited, Singapore;
- HCL Investments Pte Limited, Singapore;
- HCL Infosystems MEA FZE, Dubai;
- HCL Infosystems LLC, Dubai;
- HCL Infosystems MEA LLC Abu Dhabi;
- HCL Infosystems Qatar WLL, Qatar;
- HCL Infosystems South Africa Pty Limited, South Africa; and
- HCL Touch Inc., US

However, the annual accounts of the subsidiary companies and the related detailed information shall be made available to the members of the holding and subsidiary companies seeking such information. The annual accounts of the subsidiary companies shall be kept open for inspection on all working days at the registered office of the Company and the respective subsidiary companies. The Company shall furnish a hard copy of details of accounts of subsidiary companies, upon receipt of a requisition from any shareholder. A summary of financials of the subsidiaries has been included in the Annual Report. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies.

Acknowledgements

The Directors place on record their appreciation for the continued co-operation extended by all stakeholders including various departments of the Central and State Government, Shareholders, Investors, Bankers, Financial Institutions, Customers, Dealers and Suppliers.

The Board also place on record its gratitude and appreciation of the committed services of the executives and employees of the Company.

On behalf of the Board of Directors

Sd/-	Sd/-
E.A. Kshirsagar	**Harsh Chitale**
(Director)	**(Chief Executive Officer and Whole-time Director)**

Place : Noida, U.P.
Date : 14th August, 2013

Annexure To Directors' Report

Information relating to Conservation of Energy, R&D, Technology Absorption and Innovation, and Foreign Exchange Earnings/Outgo forming part of the Directors' Report in terms of section 217(1)(e) of the Companies act, 1956.

A. Conservation of Energy

Energy conservation is an area where your company has made significant strides. Under HCL ecoSafe, the sustainable business initiative program undertaken by your company, energy conservation has been a key area of work to reduce power consumption in our products, manufacturing process and our operations. The efforts to conserve energy of the company can be categorized into two broad areas - Energy Efficient Products and Energy Efficient Operations.

HCL Infosystems has always worked towards making products which consumes less energy. All our laptops are BEE (Bureau of Energy Efficiency) star compliant and our desktops are Energy star compliant. HCL Labs, your company's R&D division has worked on products that are environment friendly. Your company's personal computing products are ROHS (Restriction of Hazardous Substances) compliant & the technology that reduces power consumption is built-in to be energy efficient.

All our manufacturing facilities practice various measures to reduce power consumption by using natural light during daytime, installing different capacity DG sets that consume optimum amount of diesel as per required load. Some of the specific activities initiated in our manufacturing are:

1. Replaced 60 No's of CRT monitors with TFT monitors; resulting in a power saving of 525 Units in a month and 6,300 Units in a year in the Pondicherry Manufacturing Unit.
2. Replaced 120 No's of CRT monitors with TFT monitors; resulting in a power saving of 1050 Units in a month and 12,600 Units in a year in the Uttaranchal Manufacturing Unit.
3. Replaced motor driven un-loader to natural gravitational force driven un-loader in conveyor line; resulting in a power saving of 150 Units per month and 1800 Units per year in the Uttaranchal Manufacturing unit.

HCL Infosystems has been evaluating options on how to use more and more renewable source of energy in its operations. HCL Green Data Centre at the company's Head Office, Noida became the first Data Centre Building in India to be LEED (Leadership in Energy and Environment Design) certified Data Center (from U.S. Green Building Council). HCLI has the highest certification level i.e. PLATINUM certification. The results of various steps taken to reduce the electricity consumption are there to see for everyone in our GHG Emission report. We have continuously managed to reduce our GHG consumption year on year from the last 4 years. Your Company regained the second spot for the Greenest companies as per the Greenpeace Survey - Guide to Greener Electronics, November 2011. The company scored well for its GHG emission levels from its entire operations, energy efficient products, hazardous substance free products and sustainable operations.

B. Research and Development

1. Product Innovation & Engineering

You would be happy to know that your company's R&D, HCL Labs continued to see more investment in the last financial year. Today, we have six R&D centres with a total strength of nearly 300 persons working on different spheres of technology. These six R&D centres are located at Noida, Jaipur, Chennai, Serdrapet, Thattanchavady and Mumbai.

We are one of the few IT companies with all our R&D centres registered & recognized by DSIR (Department of Scientific Industrial Research). These centres are working on development of new technologies that are relevant and contribute to areas that are playing an important role in the growth story of India. The focus has been on bringing out new solutions that can cater to diverse needs such as bridging the digital divide, enablement of education, financial inclusion, asset management, energy efficiency etc. During the last year your company developed a number of products, some of the key ones are listed below.

The emergence of tablets and smart phones, is changing the way people are accessing information and integrating them into their lives. To address this emerging opportunity, your company has invested in developing products around Mobility Applications which are critical to enable the mobile enterprise of today. The products developed include vernacular language enabled applications that cater to regional consumers and are relevant in the context of bridging the digital divide; i.e. bringing more citizens onto the digital highway. In terms of benefits, this strategy has paid good dividends as our Mobility business grew five fold in FY 2012-13.

Today, ICT technology is an intrinsic part of the infrastructure deployed to enable economic activity. Ensuring an uninterrupted connectivity between organizations and people require superior infrastructure. The operation of such infrastructure demands tools & services with capability to do predictive failure analysis, fault detection, self healing, power consumption optimization, management of assets etc. To address this critical need of enterprises & service providers HCL Labs has developed the Teffila framework, which is deployed by large telecom service providers, enterprises and in critical government ICT projects. Teffila is an integral tool of our IMS offering which had a revenue realization of nearly Rs. 260 crores of TCV.

Another important development from HCL Labs is the technology that enables banking for the unbanked in rural & urban India, which is a challenge that can be surmounted only with the use of technology. Building on a spectrum of technologies, the HCL Financial Inclusion (FI) framework is an end to end solution which includes Micro ATMs at the access level, and the Financial Switch at its core, supported with biometric authentication & Aadhaar verification. These solutions have today enabled the Banking sector to offer Banking services including Direct Benefit Transfer to thousands of villages across the country. Your Company has been signed up by 24 banks as their Technology Services Partner for their respective FI Programs.

Education is another vertical of your company that been effectively leveraging technology. The past year has seen the Government of India declare Education as a Fundamental Right of every Citizen. In a country as diverse as India, both culturally and linguistically, educational institutions face the challenge of delivering a consistent quality of education. To cater to this need, HCL Labs has invested in the development of quality multilingual, age appropriate learning content, which is today deployed across multiple schools and education programs in the country. This product has been successfully taken to the market by the HCL Learning Divison which had revenues of over Rs. 90 crores in FY 2012-13.

2. Expenditure on R & D

		(Rs./Crores)
Capital	:	5.12
Revenue	:	5.54
Total	:	**10.66**

3. Technology Absorption, Adaptation and Innovation

Continuous innovation is the second nature of ICT. Last year your company has invested in a number of new technology areas such as mobility, cloud, business analytics and open source technologies keeping in line with its long term growth objectives.

In the area of business analytics, the company has built capability on Big Data frameworks such as Hadoop, Mongo, Hive etc. In this field, your Company is investing in tools and capability that will be used for indexing, crunching and mining of data.

In the field of Biometrics and Security, your company has built capabilities in the area of fingerprint, palm & IRIS recognition using both hierarchal and parallel fusion technologies. In addition to these, your company has kept pace with the latest developments in core technology areas such as Android, JAVA ARM, Intel, Microsoft (These are trademarks of respective companies) etc.

4. Foreign Exchange earnings and outgo

During the period under review, the Company's Standalone earnings in foreign currency were Rs. 53.32 Crores (Previous Year Rs. 71.15 Crores). The Standalone expenditure in foreign currency including imports during the year amounted to Rs. 1461.24 Crores (Previous year Rs. 1627.63 Crores).

The Company has taken the following steps to increase its foreign exchange earnings:

- Your Company announced strategic partnership with Consolidated Gulf Co. for market outreach in Qatar. The Company has partnered to offer HCL Laptops, Desktops and Tablets in the country.
- Your Company bought out the remaining 40% stake in HCLI MEA from NTS Holding BVI, making it a wholly owned subsidiary of HCL Infosystems Ltd.
- HCL Infosystems MEA, the company's subsidiary based out of Dubai won major orders:
  - o Multi-million dollar deal from the leading Telco organization in UAE for Managed Print Services.
  - o Multi-Million dollar System Integration deal for setting up Security & Surveillance system for Power Sub Stations across Dubai for Dubai Electricity and Water Authority.
  - o Application deals from Dubai Silicon Oasis and Qatar Foundation.
  - o Won repeat orders from Qatar International Islamic Bank, Mashraf al Ryan, Dubai Health Authority, RAK Ceramics, DP World and Regional Air Lines Operators.
  - o Bagged Security deal from a leading bank in Saudi Arabia.
  - o Bagged consultancy work from a utilities company in Oman.
  - o Won major orders from Etisalat BTO, Gems Education, Qatar International Bank and Abu Dhabi Police.
- HCL Insys Pte. Limited, the company's subsidiary based out in Singapore bagged IMS contracts from 10 prestigious Government agencies. The RIM (Remote Infrastructure Management) centre in Singapore became completely operational.
- The Mobility business also made its presence felt in the Middle East region with growing presence in eight countries – UAE, Qatar, Kuwait, Turkey, Jordan, Oman, Bahrain, Singapore and Africa.

Information Regarding Employee Stock Option Scheme

The details of the options granted under the HCL Infosystems Limited, Employee Stock Option Scheme 2000 (Scheme 2000) and Employee Stock Based Compensation Plan 2005 (Scheme 2005) as on 30th June, 2013 are given below:-

Employee Stock Option Scheme 2000 (Scheme 2000)

Options Granted : 30,18,000 which confer a right to get 1 equity share of ₹ 10/- each (each equity share of the face value of ₹ 10/- has been sub divided into five equity shares of ₹ 2/- each).

Pricing Formula : The members of the Company at the Extra Ordinary General Meeting held on 25th February, 2000 approved the exercise price as the price which will be not less than 85% of the fair market value of the shares on the date on which the Board of Directors of the Company approved the Grant of such options to the employees or such price as the Board of Directors may determine in accordance with the regulations and guidelines prescribed by the Securities and Exchange Board of India (SEBI). The members of the Company at the Annual General Meting held on 21st October, 2004, approved the amendment to the pricing formula that the options granted but not yet exercised by the employees or options that would be granted in future, would be at the market price on the date of grant. For this purpose the market price as specified in the amended provisions of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the regulations/guidelines prescribed by SEBI or any relevant authority, from time to time to the extent applicable.

Variance of terms of options : The pricing formula has been amended that the options granted but not yet exercised by the employees or options that would be granted in future, would be at the market price. For this purpose, the market price means the market price as specified in the amended provisions of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the regulations/guidelines prescribed by SEBI or any relevant authority, from time to time to the extent applicable.

Options Details :

Date of Grant	Grant Price (₹)	Options Vested till 30/06/2013	Options Exercised till 30/06/2013	Options Lapsed/ Forfeited during Y. E. 30/06/2013	Options in force as on 30/06/2013
10-Aug-00	289.00	Fully vested	1363708	-	-
28-Jan-04	538.15	Fully vested	844093	115362	-
25-Aug-04	603.95	Fully vested	57892	23249	-
18-Jan-05	809.85	Fully vested	39977	8800	64204
15-Feb-05	809.30	Fully vested	2400	-	-
15-Mar-05	834.40	Fully vested	3794	1680	9148
15-Apr-05	789.85	Fully vested	960	-	880
14-May-05	770.15	Fully vested	970	-	1180
15-Jun-05	756.15	Fully vested	3565	675	-
15-Jul-05	978.75	Fully vested	1318	896	-
13-Aug-05	1144.00	Fully vested	-	5609	4492
15-Sep-05	1271.25	Fully vested	-	2262	3016
15-Mar-07	648.75	Fully vested	7300	41500	95200
23-Jan-08	898.25	Fully vested	-	4500	36900
18-Aug-09	627.25	12000	-	-	12000
26-Oct-10	586.75	48000	-	20000	36000
2-Feb-11	516.50	7200	-	-	7200
30-Jan-12	233.25	4800	-	-	4800
18-Jun-12	202.00	3600	-	-	3600
Total			**2325977**	**224533**	**278620**

Vesting Details : 30%- 12 months after the grant date
30%- 24 months after the grant date
40%- 42 months after the grant date

Employee Stock Based Compensation Plan 2005 (Scheme 2005)

Options Granted : 31,96,840 which confer a right to get 5 equity shares of ₹ 2/- each.

Pricing Formula : As per the resolution passed by members of the Company, through postal ballot, the result whereof was declared on 13th June, 2005, the options are granted at the market price on the date of grant or such price as the Board of Directors may determine in accordance with the Regulations and Guidelines prescribed by SEBI or other relevant authority from time to time. For this purpose, the market price as specified in the amended provisions of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the regulations/guidelines prescribed by SEBI or any relevant authority from time to time to the extent applicable.

Variance of terms of options : No variation made.

Options Details :

Date of Grant	Grant Price (₹)	Options Vested till 30/06/2013	Options Exercised till 30/06/2013	Options Lapsed/ Forfeited during Y. E. 30/06/2013	Options in force as on 30/06/2013
13-Aug-05	1144.00	Fully vested	9074	415232	827378
19-Oct-05	1157.50	Fully vested	-	8410	17190
15-Nov-05	1267.75	Fully vested	-	7010	4830
15-Dec-05	1348.25	Fully vested	-	4200	2760
14-Jan-06	1300.00	Fully vested	-	2796	4068
15-Feb-06	1308.00	Fully vested	-	648	1944
16-Mar-06	1031.00	Fully vested	-	3150	4410
17-Apr-06	868.75	Fully vested	-	580	1740
15-May-06	842.50	Fully vested	-	2170	4110
15-Jun-06	620.50	Fully vested	430	3500	4380
17-Jul-06	673.75	Fully vested	80	2628	4112
15-Mar-07	648.75	Fully vested	7860	85620	218400
23-Jan-08	898.25	Fully vested	-	21045	97125
16-Aug-11	375.00	6000	-	-	6000
17-Aug-11	375.00	1400	-	-	1400
18-Jun-12	202.00	800	-	-	800
30-Jan-13	186.00	-	-	-	-
14-Feb-13	178.00	-	-	-	-
10-May-13	187.00	-	-	-	-
Total			**17444**	**556989**	**1200647**

Vesting Details : 20%- 12 months after the grant date
20%- 24 months after the grant date
20%- 36 months after the grant date
20%- 48 months after the grant date
20%- 60 months after the grant date

Other Details

S. No.	Description	Scheme 2000	Scheme 2005
1.	Total number of shares arising as a result of exercise of options :	1,16,29,885 equity shares of ₹ 2/- each.	87,221 equity shares of ₹ 2/- each.
2.	Money realized by exercise of options :	₹ 93,10,34,384.15	₹ 1,58,00,774.80
3.	Weighted average exercise price of options granted (₹) :	445.59	1053.80
4.	Weighted average fair value of options granted (₹) :	121.23	142.18
5.	Employee-wise details of options granted to :		
	(i) Senior Management :		
	• Mr. Harsh Chitale	60000	-
	• Mr. J.V. Ramamurthy	45500	7500
	• Mr. Sandeep Kanwar	42000	7500
	• Mr. Rajendra Kumar	41000	7500

• Mr. Hari Baskaran	31000	7500
• Mr. George Paul	30000	7500
• Mr. Rajeev Asija	30000	7500
• Mr. Suman Ghose Hazra	18500	7500
• Mr. A.P.S. Bedi	18000	6500
• Mr. Rothin Bhattacharya	20000	-
• Mr. Anand Ekambaram	20000	-
• Mr. Sutikshan Naithani	-	20000
• Mr. Gautam Advani	-	20000
• Mr. Vivek Punekar	14500	5500
• Mr. Sanjay Kumar David	12000	-
• Mr. Neeraj Jaitley	12000	-
• Mr. Princy Bhatnagar	-	10000
• Mr. Sayantan Nandi	10000	-
• Mr. Chetan Mahajan	-	10000
• Mr. Suresh Reddy Shankar	-	8000
• Mr. M. Chandrasekaran	-	7000
• Mr. Rajeev Tupsakri	6000	-
• Mr. Kaushik Mitra	-	4000
• Mr. Sushil Kumar Jain	-	2500
(ii) Employees holding 5% or more of the total number of options granted during the year :		
• Mr. Gautam Advani	-	20000
• Mr. Princy Bhatnagar	-	10000
• Mr. M. Chandrasekaran	-	7000
• Mr. Sayantan Nandi	10000	-
• Mr. Rajeev Tupsakri	6000	-
• Mr. Neeraj Jaitley	12000	-
• Mr. Kaushik Mitra	-	4000
• Mr. Sutikshan Naithani	-	20000
• Mr. Suresh Reddy Shankar	-	8000
• Mr. Chetan Mahajan	-	10000
(iii) Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NIL	NIL

The fair value of each stock option granted under Employee Stock Option Plan 2000 and Employee Stock Based Compensation Plan 2005, as on the date of grant has been computed using Black-Scholes Option Pricing Formula and the model inputs are given as under:

Description	**Employee Stock Option Scheme 2000**	**Employee Stock Based Compensation Plan 2005**
Volatility :	31% to 68%	31% to 65%
Risk free rate :	4.57% to 8.24%	6.49% to 8.65%
Exercise Price :	₹202.00 to ₹1271.25	₹178.00 to ₹1348.25
Time to Maturity (years) :	2.20 to 5.50	2.50 to 7.00
Dividend Yield :	9% to 31%	10% to 37%
Life of options :	8.5 Years	10 Years
Fair Value of options as at the grant date :	₹1.29 to ₹203.14	₹0.83 to ₹262.97

Notes:
1. Volatility: Based on historical volatility in the share price movement of the Company.
2. Risk Free Rate: Being the interest rate applicable for maturity equal to the expected life of options based on yield curve for Government Securities.
3. Time to Maturity: Vesting period and volatility of the underlying equity shares have been considered for estimation.
4. Dividend Yield: Based on historical dividend payouts.

Where the Company has calculated the employee compensation cost using the intrinsic value of Stock Options, the difference between the employee compensation cost that shall have been recognised if it had used the fair value of Option

The Company has used intrinsic value method for calculating the employee compensation cost with respect to the Stocks Option.

The impact on the profit of the Company for the year ended 30th June, 2013 and the basic and diluted earnings per share had the Company followed the fair value method of accounting for stock options is set out below:

	2013	2012
	₹ Crores	₹ Crores
Profit after tax as per Statement of Profit and Loss (a)	**(81.33)**	47.86
Add : Employee Stock Compensation Expense as per Intrinsic Value Method	**-**	-
Less : Employee Stock Compensation Expense as per Fair Value Method (Net of amount attributable to employees of subsidiaries ₹ 0.00 Crores)	**2.02**	0.39
Profit after tax recomputed for recognition of employee stock compensation expense under fair value method (b)*	**(83.35)**	47.47
Earning Per Share based on earnings as per (a) above:		
- Basic	**(₹ 3.65)**	₹ 2.15
- Diluted	**(₹ 3.65)**	₹ 2.15
Earning Per Share had fair value method been employed for accounting of employee stock options:		
- Basic	**(₹ 3.74)**	₹ 2.13
- Diluted	**(₹ 3.74)**	₹ 2.13

* Excludes impact on tax expense of employee stock compensation expense.

Auditors' Certificate

Board of Directors
HCL Infosystems Limited
806, Siddharth
96, Nehru Place,
New Delhi-110019

Report of Statutory Auditors to HCL Infosystems Limited pursuant to requirement of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

1. This report is issued in accordance with the terms of our agreement dated July 11, 2013.

2. The accompanying Employee Stock Option Plan Scheme 2000 (hereinafter referred to as the "2000 Plan") and Employee Stock based Compensation Plan 2005 (hereinafter referred to as the "Plan") contains provisions with regard to Employee Stock Option of HCL Infosystems Limited (hereinafter referred to as the "Company"), which we have initialed for identification purposes only.

Managements' Responsibility

3. The Management of the Company are responsible for the implementation of the Plan by the Company in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended (hereinafter referred to as the "Guidelines") and in accordance with the special resolution passed by the shareholders of the Company in Extra Ordinary General Meeting on February 25, 2000 approving the 2000 Plan and under Section 192 A of the Companies Act, 1956 approving the 2005 Plan on June 13, 2005 (hereinafter referred to as the "Shareholders Resolution").

4. The Management is also responsible for ensuring that the Company complies with the requirements of the Equity Listing Agreement and for providing all relevant information to the Securities and Exchange Board of India.

Auditors' Responsibility

5. Pursuant to the requirements of the Guidelines it is our responsibility to obtain reasonable assurance and form an opinion as to whether the accompanying Plan has been implemented in accordance with the Guidelines and Shareholders Resolution. For the purpose of our examination reliance was placed on audited financial statements for the year ended June 30, 2013 and books and records of the Company.

6. The financial statements referred to in paragraph 5 above, have been audited by us on which we issued an unmodified audit opinion vide our reports dated August 14, 2013. Our audits of these financial statements were conducted in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered

Accountants of India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audits were not planned and performed in connection with any transactions to identify matters that may be of potential interest to third parties.

7. Our examination was carried out in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes issued by the Institute of Chartered Accountants of India.

Opinion

8. Based on our examination, as above, and according to the information and explanations given to us, we report that the Company has implemented the Plan in accordance with the Guidelines and the Shareholders' Resolution.

Restrictions on Use

9. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Guidelines. Our obligations in respect of this certificate are entirely separate from, and our responsibility and liability is in no way changed by any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this certificate, nor anything said or done in the course of or in connection with the services that are the subject of this certificate, will extend any duty of care we may have in our capacity as auditors of the Company.

10. This report is addressed to and provided to the Board of Directors of the Company pursuant to Clause 14.1 of the Guidelines solely to enable the Board of Directors of the Company to place it before the shareholders at the ensuing annual general meeting of the Company and should not be used by any other person or for any other purpose. Price Waterhouse do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

For Price Waterhouse
Firm Registration No. 301112E
Chartered Accountants

Abhishek Rara
Partner
Membership No. 077779

Place : Noida
Date : August 14, 2013

Report On Corporate Governance

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company firmly believes that good corporate governance practices ensure efficient conduct of the affairs of the Company while upholding the core values of transparency, integrity, honesty and accountability and help the Company in its goal to maximize value for all its stakeholders.

The Company adopts and adheres to the best recognized corporate governance practices and continuously strives to better them.

The Company is in compliance with the requirements of the guidelines on corporate governance stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges.

2. BOARD OF DIRECTORS:

(i) As on 30th June, 2013, the Board of Directors of the Company comprises of ten Directors. Of the ten Directors, eight are Non-executive Directors and six are Independent Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

(ii) None of the Directors on the Board is a member of more than 10 Committees or Chairman of more than 5 Committees as specified in Clause 49 across all the Companies in which he is a Director. Necessary disclosures regarding Committee position in other public companies as at 30th June, 2013 have been made by the Directors.

(iii) The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the last Annual General Meeting and the number of Directorships and Committee Chairmanship/Memberships held by them in other companies is given below. Other Directorships do not include alternate directorships, directorships of private limited companies, companies incorporated outside India and companies incorporated under Section 25 of the Companies Act, 1956. Chairmanship/Membership of Board Committees include only Audit and Shareholders/Investors Grievance Committees.

Name	Category	No. of Board Meetings during 2012-13		Whether attended last AGM held on 7th November, 2012	No. of Directorships in other public companies as on 30th June 2013	No. of Committee positions held in public companies as on 30th June 2013	
		Held	Attended			Chairman	Member
Mr. Harsh Chitale (Whole-time Director & CEO)	Executive Director	9	9	Yes	1	-	2
Mr. J. V. Ramamurthy (Whole-time Director)	Executive Director	9	8	Yes	2	-	1
Mr. D. S. Puri	Promoter & Non-executive Director	9	5	Yes	-	1	1
Mr. E. A. Kshirsagar	Independent & Non-executive Director	9	8	Yes	7	5	4
Ms. Anita Ramachandran*	Independent & Non-executive Director	9	6	Yes	4	-	3
Mr. V. N. Koura	Independent & Non-executive Director	9	5	No	1	-	-
Dr. Nikhil Sinha	Non-executive Director	9	9	Yes	-	-	1
Mr. Ajay Vohra	Independent & Non-executive Director	9	1	No	1	1	1
Dr. Pradeep K. Khosla	Independent & Non-executive Director	9	3	No	-	-	-
Mr. Dhirendra Singh	Independent & Non-executive Director	9	9	Yes	4	1	4

* Ms. Anita Ramachandran ceased to be director of the Company w.e.f. 8th July, 2013

(iv) Nine Board Meetings were held during the financial year 2012-13 and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held are as follows:

23rd & 24th August, 2012	21st September, 2012	6th November, 2012
14th January, 2013	29th January, 2013	14th February, 2013
12th April, 2013	9th May, 2013	28th June, 2013

(v) Necessary information as mentioned in Annexure 1A to Clause 49 of the Listing Agreement has been placed before the Board for their consideration.

Some of the items discussed at the Board meetings are listed below:

- Annual operating plans, budgets and all updates.
- Discussion & review of Business Operations.
- Capital budgets and all updates.
- Advancing inter-corporate loan to subsidiaries.
- Issue of corporate guarantees(s) in favour of subsidiaries.
- Acquisition of properties, business and assets of other entity.
- Incorporation of Indian/overseas subsidiaries and investment therein.
- Quarterly Results of the Company and its operating divisions or business segments.
- Minutes of meetings of all Board Committees.
- Minutes of meetings of Board of Directors of Subsidiary Companies.
- Show Cause, Demand, Prosecution notices and penalty notices.
- Foreign exchange exposures and steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Review of operations of subsidiary companies.
- Approval for re-organisation/restructure of business.
- Review of related party transactions including transactions under Section 297 of the Companies Act, 1956.
- Approval of remuneration paid to Executive and Non-executive Directors.
- Review of statutory compliances.
- Noting risk management procedures.
- Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

3. ACCOUNTS AND AUDIT COMMITTEE:

(i) The Accounts and Audit Committee of the Company was constituted in August' 1998 in line with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

(ii) The primary objective of the Committee is to monitor and effectively supervise the Company's financial reporting process with a view to provide accurate, timely and proper disclosures and ensure the integrity and quality of financial reporting and internal controls.

(iii) The composition, powers, roles and the terms of reference of the Committee are in terms of the requirement of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. All the Committee members have reasonable knowledge of finance and accounting and two members possess financial and accounting expertise.

(iv) The Composition of the Accounts and Audit Committee and details of meetings attended by its members are given below:

Name	**Category of Director**	**No. of Meetings**	
		Held	**Attended**
Mr. E. A. Kshirsagar (Chairman)	Independent & Non-executive	6	6
Ms. Anita Ramachandran (Member)*	Independent & Non-executive	6	5
Dr. Nikhil Sinha (Member)	Non-executive	6	6
Mr. Ajay Vohra (Member)	Independent & Non-executive	6	1
Mr. Dhirendra Singh (Member)	Independent & Non-executive	6	6

* Ms. Anita Ramachandran ceased to be director of the Company w.e.f. 8th July, 2013

(v) The Audit Committee met 6 times during the financial year 2012-13 on the following dates:

16th August, 2012	23rd August, 2012	6th November, 2012
14th February, 2013	9th May, 2013	29th June, 2013

(vi) The previous Annual General Meeting of the Company was held on 7th November, 2012 and it was attended by the Chairman of the Accounts & Audit Committee.

(vii) The Company Secretary of the Company acts as Secretary to the Committee.

4. EMPLOYEES COMPENSATION AND EMPLOYEES SATISFACTION COMMITTEE :

(i) The Employees Compensation & Employees Satisfaction Committee was constituted in August 1998 to recommend/ review remuneration of Executive Directors and other employees based on their performance and defined assessment criteria and other matters relating to employees.

(ii) The composition of the Employees Compensation & Employees Satisfaction Committee and the details of meetings attended by its members are given below:

Name	Category of Director	No. of Meetings	
		Held	Attended
Ms. Anita Ramachandran (Chairperson)*	Independent & Non-executive	6	6
Mr. D. S. Puri (Member)	Promoter & Non-executive	6	3
Mr. E. A. Kshirsagar (Member)	Independent & Non-executive	6	6
Mr. Dhirendra Singh (Member)**	Independent & Non-executive	3	3

* Mr. Anita Ramachandran ceased to be director of the Company w.e.f. 8th July, 2013
** Mr. Dhirendra Singh was appointed as Member of the Committee w.e.f. 12th April, 2013

(iii) The Committee met 6 times during the financial year 2012-13 on the following dates:

23rd August, 2012	6th November, 2012	29th January, 2013
12th April, 2013	9th May, 2013	29th June, 2013

(iv) Compensation policy for Non-executive Directors (NEDs):

Within the ceiling of 1% of the net profits of the Company computed under the applicable provisions of the Companies Act, 1956 and after obtaining the approval of the shareholders, the Non-executive Directors (other than Promoter Director) are paid commission, the amount whereof is determined based on the policy adopted by the Company laying down the criteria relating to their positions on the Board and the various Board Committees. These Directors are also paid sitting fees at the rate of ₹ 20,000 for attending each meeting of the Board and Board Committees.

However, in view of the losses incurred by the Company during the year ended 30th June, 2013, the Board has decided that no commission be paid to Non-executive Directors for the year ending 30th June, 2013.

(v) Details of remuneration paid / payable to all the Directors for the period from 1st July, 2012 to 30th June, 2013:

(₹/Lacs)

Name	Salary & Allowances	Perquisites	Performance Linked Bonus	Commission	Sitting Fees
Executive Directors					
Mr. Harsh Chitale	179.44	29.83	NIL	-	-
Mr. J. V. Ramamurthy	79.31	19.01	NIL	-	-
Non-executive Directors					
Mr. D. S. Puri	-	-	-	-	-
Mr. E. A. Kshirsagar	-	-	-	-	5.6
Ms. Anita Ramachandran	-	-	-	-	3.4
Mr. V. N. Koura	-	-	-	-	1.0
Dr. Nikhil Sinha	-	-	-	-	4.8
Mr. Ajay Vohra	-	-	-	-	0.4
Dr. Pradeep K. Khosla	-	-	-	-	0.4
Mr. Dhirendra Singh	-	-	-	-	4.4

During the year Mr. Harsh Chitale and Mr. J. V. Ramamurthy were paid Performance Linked Bonus of ₹ 72.18 lacs and ₹ 16 lacs respectively pertaining to the year 2011-12. In view of the losses incurred, the Board has decided that no Performance Linked Bonus shall be paid for the year under review.

The above remuneration excludes reimbursement of expenses on actual basis to Directors for attending meetings of the Board/Committees.

(vi) Details of Stock Options issued to Directors:-

- Mr.J. V. Ramamurthy was granted 45,500 options under Employee Stock Option Plan 2000 and 7,500 options under Employee Stock Based Compensation Plan 2005. As on 30th June, 2013, all options under both schemes have been vested. Out of these, 28,700 options have been exercised under Employee Stock Option Plan 2000.
- Mr. Harsh Chitale was granted 60,000 options under Employee Stock Option Plan 2000. As on 30th June, 2013, 36,000 options have been vested.

Each option confers a right to apply for 5 equity shares of ₹ 2/- each. For pricing formula, please refer to the 'Information regarding Employee Stock Option Scheme' forming part of the Directors' Report.

(vii) Period of contract of Executive Directors:

(a) Mr. Harsh Chitale, Whole-time Director : 5 Years from 17th August, 2011

- The contract may be terminated by either party giving the other party three months notice or the Company paying three months salary in lieu thereof.
- There is no separate provision for payment of Severance Fees.

(b) Mr. J. V. Ramamurthy, Whole-time Director : 5 Years from 11th August, 2010

- The contract may be terminated by either party giving the other party three months notice or the Company paying three months salary in lieu thereof.
- There is no separate provision for payment of Severance Fees.

(viii) There were no other pecuniary relationships or transactions of the Non-executive Directors vis-à-vis the Company.

(ix) As on 30th June, 2013, no Non-executive Director was holding any shares of the Company.

5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:

(i) The Board has constituted Shareholders'/Investors' Grievance Committee to oversee and review all matters connected with the transfer of Shares of the Company and redressal of Shareholders/Investors' complaints.

(ii) The composition of the Shareholders'/Investors' Grievance Committee and the details of meetings attended by its members are given below:

Name	Category of Director	No of Meetings	
		Held	Attended
Mr. D. S. Puri (Chairman)	Promoter & Non-executive	4	2
Mr. Dhirendra Singh (Member)	Independent & Non-executive	4	4
Mr. Harsh Chitale (Member)	Executive	4	4

(iii) The Committee met 4 times during the financial year 2012-13 on the following dates:

24th August, 2012 6th November, 2012 29th January, 2013 9th May, 2013

(iv) Name, designation and address of Compliance Officer:

Mr. Sushil Kumar Jain
Company Secretary
HCL Infosystems Limited
E- 4,5,6, Sector 11, Noida
Tel: 0120-2526490
Fax: 0120-2525196

(v) During the year the Company received 14 Complaints from SEBI/Stock Exchanges/MCA. All complaints were redressed to the satisfaction of the shareholder. No complaints were pending either at beginning or at the end of the year. There were no shares pending for transfer as on 30th June, 2013.

6. CODE OF BUSINESS CONDUCT AND ETHICS FOR DIRECTORS AND SENIOR MANAGEMENT:

The Company has adopted a comprehensive Code of Conduct for its Directors and Senior Management, which lays the standards of business conduct, ethics and governance.

The Code has been circulated to all the members of the Board and Senior Management and they have affirmed compliance of the same.

The declaration signed by the CEO is given below:

"I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the Code of Conduct for Directors and Senior Management in respect of the financial year 2012-13."

Sd/-
Harsh Chitale
CEO

7. UNLISTED SUBSIDIARY COMPANIES:

The Company has sixteen unlisted subsidiaries as on 30th June, 2013 as under:

S.No.	Name of the Company	Date of Incorporation / Acquisition
1.	Digilife Distribution and Marketing Services Limited	19th March, 2008
2.	HCL Infocom Limited	17th December, 2008
3.	HCL Infosystems MEA FZE, Dubai (acquired)	4th July, 2010
4.	HCL Infosystems LLC, Dubai (acquired)	4th July, 2010
5.	HCL Infosystems MEA LLC Abu Dhabi (acquired)	4th July, 2010
6.	RMA Software Park Private Limited (acquired)	7th July, 2009
7.	HCL Insys Pte. Limited, Singapore	17th December, 2009
8.	Pimpri Chinchwad eServices Limited	21st September, 2010
9.	HCL Investments Pte. Limited, Singapore	29th November, 2010
10.	HCL Infosystems South Africa (Pty) Limited, South Africa	9th May, 2011
11.	HCL Touch Inc., US	29th August, 2011
12.	HCL Infosystems Qatar WLL (acquired)	26th January, 2012
13.	HCL Computing Products Limited	12th July, 2012
14.	HCL Care Limited	28th September, 2012
15.	HCL Learning Limited	28th September, 2012
16.	HCL System Integration Limited	28th September, 2012

Mr. Harsh Chitale and Mr. J. V. Ramamurthy, the Whole-time Directors of the Company are also Directors of Digilife Distribution and Marketing Services Limited. Mr. J. V. Ramamurthy is also Director of RMA Software Park Private Limited. The Minutes of the Board Meetings of the subsidiary companies are regularly placed before the Board.

8. GENERAL BODY MEETINGS:

(i) The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Location
2011-12	7th November, 2012	10:30 A.M	FICCI Auditorium, 1, Tansen Marg, New Delhi-110001
2010-11	4th November, 2011	10:30 A.M	Air Force Auditorium, Subroto Park, Dhaula Kuan, New Delhi-110010
2009-10	27th October, 2010	10:30 A.M	FICCI Auditorium, 1, Tansen Marg, New Delhi-110001

(ii) No special resolutions were passed at last three AGMs.

9. CEO/CFO CERTIFICATION:

The Certificate as stipulated in clause 49(V) of the Listing Agreement with the Stock Exchanges was placed before the Board along with the financial statements for the year ended 30th June, 2013 and the Board reviewed the same.

10. DISCLOSURES:

(i) All related party transactions including those with wholly owned subsidiaries have been reviewed by the Audit Committee and Board of Directors and were found to be in normal course of business and on arm's length basis. The details of related party transactions have been disclosed in Note 54 of the financial statements for the financial year ended 30th June, 2013.

(ii) The Company has complied with the requirements of the Stock Exchanges/SEBI/any Statutory Authority on all matters related to capital markets during the last three years. There are no penalties or strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authorities relating to the above.

(iii) A qualified Practicing Company Secretary carried out a Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The secretarial audit report confirms that the issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

(iv) The Company has developed a well-defined Risk Management Framework to track and evaluate all business risks and process gaps. The top management of the Company takes periodic review of the business processes and environment risk analysis reports by the respective business heads. It covers identifying, analysing, planning, monitoring, controlling and preventing risks.

(v) The Company has fulfilled the following non-mandatory requirements as prescribed in Annexure 1D to Clause 49 of the

Listing Agreement with the Stock Exchanges:

(a) The Company has set up an Employees Compensation & Employees Satisfaction Committee. Please see para 4 of this report for further details.

(b) The statutory financial statements of the Company are unqualified.

(c) The Company has adopted a whistle blower policy to act as a deterrent to malpractices and to encourage openness, promote transparency, underpin the risk management systems & help protect the reputation of the Company.

11. MEANS OF COMMUNICATION:

(i) **Quarterly/Half Yearly/Annual Results:** The Quarterly, Half Yearly and Annual Results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board.

(ii) **News Releases:** The Quarterly, Half Yearly and Annual Results of the Company are published in the prescribed format within 48 hours of the conclusion of the meeting of the Board in which they are considered, at least in one English newspaper circulating in the whole or substantially the whole of India and in one Hindi newspaper of the State where the Registered Office of the Company is situated.

The quarterly financial results during the financial year 2012-13 were published as detailed below:

Quarter (FY 2012-13)	Date of Board Meeting	Date of Publication	Name of the Newspaper
1	6th November, 2012	7th November, 2012	Business Standard & Veer Arjun
2	14th February, 2013	15th February, 2013	Business Standard & Veer Arjun
3	9th May, 2013	11th May, 2013	Business Standard & Veer Arjun

(iii) **Website:** The Company's website www.hclinfosystems.com contains a separate section on 'Investors' where the latest shareholders information is available. The Quarterly, Half Yearly and Annual Results are regularly posted on the website. Press releases made by the Company from time to time and presentations made to investors and analysts are displayed on the Company's website.

(iv) **Corporate Filing and Dissemination System (CFDS) Filing:** The Stock Exchanges have vide Clause 52 of the Listing Agreement, introduced the Corporate Filing and Dissemination System (CFDS) which is a portal jointly owned, managed and maintained by the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE). It is a single source to view the information filed by listed companies. All disclosures and communications to the BSE and NSE are filed electronically through the CFDS portal www.corpfiling.co.in. Hard copies of the said disclosures and correspondence are also filed with the BSE and NSE.

(v) **Annual Report:** Annual Report containing, inter alia, Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management Discussion and Analysis (MDA) Report forms part of the Annual Report. The Annual Report is also available on the Company's website.

(vi) **Reminders to Investors:** Reminders for unpaid/unclaimed dividend are sent to the Shareholders as per records.

12. GENERAL SHAREHOLDERS' INFORMATION:

(i) Annual General Meeting:
Date : Friday, 15th November, 2013
Time : 10:30 A.M.
Venue : Air Force Auditorium, Subroto Park, Dhaula Kuan, New Delhi-110010

(ii) The Company follows July to June year end.

(iii) Financial Calendar (Tentative Calendar for the financial year 2013-14) :

Adoption of Results for the quarter ending 30th September, 2013	:	14th November, 2013
Adoption of Results for the quarter ending 31st December, 2013	:	23rd January, 2014
Adoption of Results for the quarter ending 31st March, 2014	:	24th April, 2014
Adoption of Results for the year ending 30th June, 2014	:	20th & 21st August, 2014

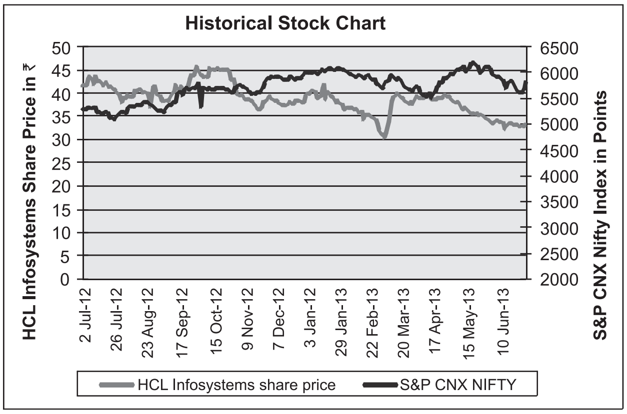
(iv) Date of Book Closure : 13th November 2013 to 15th November, 2013 (both days inclusive)

(v) Listing on Stock Exchanges : National Stock Exchange of India Limited
Bombay Stock Exchange Limited

(vi) Stock Codes/Symbol:
National Stock Exchange of India Limited : HCL-INSYS
Bombay Stock Exchange Limited : Physical Form - 179
: Electronic Form - 500179

(vii) Market price data:

Month	Company's Share Price	
	High (₹)	Low (₹)
July, 2012	45.35	37.05
August, 2012	45.90	36.00
September, 2012	44.70	37.85
October, 2012	47.00	42.20
November, 2012	43.75	36.10
December, 2012	39.75	36.65
January, 2013	42.75	35.20
February, 2013	38.10	30.00
March, 2013	40.70	30.00
April, 2013	40.60	37.20
May, 2013	39.10	33.50
June, 2013	34.90	31.00



(source : The National Stock Exchange of India Ltd.)

(viii) Registrar and Transfer Agents (RTA):

Name & Address	:	M/s. Alankit Assignments Limited, Alankit House, 2E/21, Jhanewalan Extension, New Delhi - 110 055
Contact Person	:	Mr. J. K. Singla, Senior Manager
Phone No.	:	91-11-23541234
Fax No.	:	91-11-42541967
E-Mail	:	rta@alankit.com

(ix) Share Transfer System:

Transfer of dematerialized shares is done through the depositories with no involvement of the Company. As regards transfer of shares held in physical form, the transfer documents can be lodged with Alankit Assignments Limited, the RTA of the Company, at their address mentioned above. Transfer of shares in physical form are normally processed within 10-15 days from the date of receipt, if the documents are complete in all respects.

(x) Shareholders' Referencer:
The shareholders' referencer is available on the Company's website. Any shareholder who wishes to obtain copy of the same can send his request to the Company Secretary.

(xi) Distribution of Shareholding as on 30th June, 2013:

No. of Equity Shares	Shareholders		Total Shares	
	Number	(%)	Number	(%)
Upto 500	48975	81.73	7040646	3.16
501-1000	5433	9.07	4414524	1.98
1001-2000	2917	4.87	4394296	1.97
2001-3000	961	1.60	2451713	1.10
3001-4000	404	0.67	1453348	0.65
4001-5000	317	0.53	1505030	0.68
5001-10000	477	0.80	3492465	1.57
10001 and above	440	0.73	198127607	88.89
Total	**59924**	**100.00**	**222879629**	**100.00**

(xii) Shareholding pattern as on 30th June, 2013:

Category	No. of shares	Percentage (%)
Promoters / Promoters Group	12,43,78,174	55.81
Mutual Funds / UTI	22,11,318	0.99
Financial Institutions / Banks	41,06,066	1.84
Foreign Institutional Investors	5,39,84,143	24.22
Bodies Corporate	62,72,965	2.81
Indian Public	3,06,22,551	13.74
NRI / OCBs	13,04,412	0.59
Total	**22,28,79,629**	**100.00**

(xiii) Dematerialization of shares:

The shares of the Company are compulsorily traded in dematerialized form and are available for trading on both the depositories in India i.e. NSDL & CDSL. As on 30th June, 2013, 98.54% equity shares of the Company were held in dematerialized form.

The Company's shares are regularly traded on NSE and BSE in electronic form.

Under the Depository system, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE 236A01020.

(xiv) The Company has not issued any GDRs/ADRs. There are no outstanding Warrants or Convertible instruments as on 30th June, 2013.

(xv) Plant locations:

- R.S. Nos: 34/4 to 34/7 and part of 34/1, Sedarapet, Puducherry - 605 111
- R.S. Nos: 107/5, 6 & 7, Main Road, Sederapet, Puducherry - 605 111
- Plot No. SPL. A2, Thattanchavadi, Industrial Area, Puducherry - 605 009
- Plot Nos. 1, 2, 27 & 28, Sector- 5, I.I.E - Pant Nagar (SIDCUL-Rudrapur), Distt.-Udham Singh Nagar, Uttarakhand - 263 153
- F - 214, G - 215, EPIP, Sitapura Industrial Area, Jaipur, Rajasthan - 302 022

(xiv) Address for Correspondence:

The shareholders may address their communication/suggestions/grievances/queries to the Registrar and Share Transfer Agents at the address mentioned above, or to:

The Company Secretary
HCL Infosystems Limited
E – 4, 5, 6, Sector – 11,
NOIDA (U.P.) – 201 301.
Tel. No.: 0120-2526490,
Fax: 0120-2525196
Email: cosec@hcl.com

(xviii) Company Website:

The Company has its website namely www.hclinfosystems.com. This provides detailed information about the Company, its subsidiaries, products and services offered, location of its corporate office and various sales offices etc. It also contains updated information on the financial performance of the Company and procedures involved in completing various investors' related transactions expeditiously. The quarterly results, annual reports and shareholding distributions etc. are updated on the website of the Company from time to time.

Auditors' Certificate regarding compliance of conditions of Corporate Governance

To the Members of HCL Infosystems Limited

We have examined the compliance of conditions of Corporate Governance by HCL Infosystems Limited, for the year ended June 30, 2013, as stipulated in Clause 49 of the Listing Agreement(s) of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Price Waterhouse
Firm Registration Number - 301112E
Chartered Accountants

Abhishek Rara
Partner
Membership No. 077779

Place : Noida
Date : August 14, 2013

Auditors' Report

To
The Members of HCL Infosystems Limited
Report on the Financial Statements

1. We have audited the accompanying financial statements of HCL Infosystems Limited (the "Company"), which comprise the Balance Sheet as at June 30, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of 'the Companies Act, 1956' of India (the "Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
   (a) in the case of the Balance Sheet, of the state of affairs of the Company as at June 30, 2013;
   (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
   (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

8. As required by section 227(3) of the Act, we report that:
   (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
   (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
   (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act;
   (e) On the basis of written representations received from the directors as on June 30, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on June 30, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Abhishek Rara
Partner
Membership Number: 077779

Place : Noida
Date : August 14, 2013

Annexure To Auditors' Report

[Referred to in paragraph 7 of the Auditors' Report of even date to the members of HCL Infosystems Limited on the financial statements as of and for the year ended June 30, 2013]

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

   (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

   (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.

2. (a) The inventory (excluding stocks with third parties) has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.

   (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

   (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

3. The Company has not granted/taken any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii)[(b),(c) and (d) /(f) and (g)] of the said Order are not applicable to the Company.

4. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.

5. (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

   (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.

7. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.

8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities.

   (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of wealth-tax, service-tax and customs duty which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax and excise duty as at June 30, 2013 which have not been deposited on account of a dispute, are as follows:

Name of the Statute	Nature of the dues	Amount (₹/Crores)	Amount deposited under protest (₹/Crores)	Period to which the amount relates	Forum where the dispute is pending
Uttar Pradesh Trade Tax Act, 1948	Sales Tax	14.43	5.64	2002-2008	Commercial Tax Tribunal, Noida / High Court, Allahabad / Joint Commissioner (Appeals) Commercial Tax, Noida/ Additional Commissioner (Appeals) Commercial Tax, Noida
Delhi Sales Tax Act, 1975	Sales Tax	0.08	0.03	2003-2005	Joint Commissioner (Appeals) Sales Tax, Delhi
Delhi Value Added Tax Act, 2004	Trade Tax	4.88	0.08	2005-2009	Additional Commissioner of Sales Tax, Delhi / Deputy Commissioner (Appeals) Sales Tax, Delhi
Tamil Nadu General Sales Tax Act, 1959	Sales Tax	2.02	0.87	2003-2009	Commercial Tax Officer, Chennai / Deputy Commissioner (Appeals) of Sales Tax, Chennai
West Bengal Sales Tax Act, 1994	Sales Tax	7.91	-	2005-2009	Joint Commissioner (Appeals) of Sales Tax, Kolkata
Rajasthan Sales Tax Act, 1994	Sales Tax	0.08	0.05	1998-2006	Deputy Commissioner (Appeals) of Sales Tax Jaipur
Rajasthan Value Added Tax Act, 2003	Commercial Tax	16.57	3.04	2006-2008	Deputy Commissioner (Appeals) of Commercial Tax, Jaipur
Kerala General Sales Tax Act, 1963	Sales Tax	1.83	0.75	2001-2012	Tribunals of Sales Tax, Kochi / Deputy Commissioner (Appeals) Sales Tax, Kochi / Check Post Authorities, Kerala
Karnataka Value Added Tax Act, 2003	Sales Tax	2.38	1.81	2005-2012	Assessing Officer, Bengaluru / Deputy Commissioner Appeal Bengaluru /Joint Commissioner Appeal Sales Tax, Bengaluru
Andhra Pradesh Value Added Tax Act, 2005	Sales Tax	0.27	0.02	2005-2008	Commissioner (Appeals) of Commercial Tax, Hyderabad
Punjab General Sales Tax Act, 1948	Sales Tax (including Penalty)	0.47	0.33	2004-2005	High Court, Chandigarh & Punjab
Punjab Value Added Tax Act, 2005	Sales Tax (including Penalty)	0.78	0.30	2007-2009	Tribunal, Chandigarh
Jammu & Kashmir Value Added Tax Act, 2005	Sales Tax (including Penalty)	2.92	0.24	2007-2009	Deputy Commissioner Appeals, Jammu
Uttrakhand Value Added Tax Act, 2005	Sales Tax (including Penalty)	15.46	2.78	2006-2009	Joint Commissioner Commercial Tax, Dehradun / Deputy Commissioner Commercial Tax, Dehradun
Himachal Pradesh Value Added Tax Act-2005	Sales Tax (including Penalty)	0.01	0.10	2006-2007 2012-2013	Assistant Commissioner of Sales Tax Shimla
Orissa Value Added Tax Act, 2004	Sales Tax (including Penalty)	1.06	0.22	2005-2006 to 2010-2011	Dy. Commissioner Appeal Bhubaneswar
Bihar Value Added Tax Act, 2005	Sales Tax (including Penalty)	1.84	0.54	2010-2011/ 2012-2013	Jt. Commissioner Appeal Patna/ Commissioner Commercial Tax Patna
Central Excise Act, 1944	Excise Duty (Including Penalty)	11.13	0.64	1980-2010	Central Excise & Service Tax Appellate Tribunal / Commissioner (Appeals)
Income Tax Act, 1961	Income Tax	2.95	0.16	1989-2009	Commissioner (Appeals) / High Court
Total		**87.07**	**17.59**		

For detailed listing refer Note 53

10. The Company has no accumulated losses as at the end of the financial year and it has incurred cash losses in the financial year ended on that date. However it had not incurred cash losses in the immediately preceding financial year.

11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.

12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.

13. As the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.

14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.

15. In our opinion, and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.

16. In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.

17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.

18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.

19. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.

20. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.

21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Abhishek Rara
Partner
Membership Number: 077779

Place : Noida
Date : August 14, 2013

Balance Sheet as at June 30, 2013

	Notes	As at 30.06.2013 ₹/Crores		As at 30.06.2012 ₹/Crores	
Equity and Liabilities:					
Shareholders' funds					
Share capital	2, 3	**44.58**		44.58	
Reserves and surplus	3	**1,791.25**	**1,835.83**	1,872.58	1,917.16
Non-current liabilities					
Long-term borrowings	4	**505.65**		123.07	
Other long-term liabilities	5	**77.61**		148.83	
Long-term provisions	6	**15.99**	**599.25**	15.44	287.34
Current liabilities					
Short-term borrowings	7	**450.33**		477.49	
Trade payables	8	**2,038.84**		1,637.87	
Other current liabilities	9	**478.98**		523.12	
Short-term provisions	10	**20.98**	**2,989.13**	24.01	2,662.49
Total Equity and Liabilities			**5,424.21**		4,866.99
Assets:					
Non-current assets					
Fixed assets					
- Tangible assets	11	**194.72**		194.91	
- Intangible assets	11	**65.55**		57.25	
- Capital work-in-progress		**33.56**		35.53	
- Intangible assets under development		**5.35**		10.52	
Non-current investments	12	**140.39**		117.82	
Deferred tax assets (net)	33	**68.27**		22.73	
Long-term loans and advances	14	**75.77**		58.90	
Trade receivables	15	**8.09**		22.81	
Other non-current assets	16	**345.90**	**937.60**	336.78	857.25
Current assets					
Current investments	13	**918.71**		431.77	
Inventories	17	**504.29**		658.95	
Trade receivables	18	**1,176.32**		1,180.61	
Cash and bank balances	19	**225.50**		224.20	
Short-term loans and advances	20	**266.96**		297.60	
Other current assets	21	**1,394.83**	**4,486.61**	1,216.61	4,009.74
Total Assets			**5,424.21**		4,866.99
Significant Accounting Policies	1				

This is the Balance Sheet referred to in our report of even date

The notes referred to above form an integral part of the Balance Sheet

For Price Waterhouse
Firm Registration Number-301112E
Chartered Accountants

For and on behalf of the Board of Directors

ABHISHEK RARA
Partner
Membership Number -077779

HARSH CHITALE
Chief Executive Officer
& Whole Time Director

E.A. KSHIRSAGAR
Director

Place : Noida
Dated : August 14, 2013

SANDEEP KANWAR
Chief Financial Officer

SUSHIL KUMAR JAIN
Company Secretary

Statement of Profit & Loss for the year ended June 30, 2013

	Notes	Year ended 30.06.2013 ₹/Crores		Year ended 30.06.2012 ₹/Crores	
Revenue:					
Revenue from operations (gross)	22	**8,692.26**		10,380.81	
Less: Excise Duty		**50.75**	**8,641.51**	86.20	10,294.61
Other income	23		**117.07**		98.15
Total Revenue			**8,758.58**		10,392.76
Expenses:					
Cost of materials consumed	39		**1,200.05**		1,273.29
Purchases of stock-in-trade	36		**6,002.34**		7,617.59
Changes in inventories of finished goods, work-in-progress and stock-in-trade	24		**101.76**		(36.91)
Other direct expense	25		**433.09**		401.94
Employee benefits expense	26		**494.76**		459.99
Finance costs	27		**134.98**		80.09
Depreciation and amortisation expense	11		**48.98**		43.12
Net Loss on Foreign Exchange Fluctuation (Other than considered as Finance cost)			**44.36**		64.25
Other expenses	28		**425.13**		427.86
Total Expense			**8,885.45**		10,331.22
Profit/(Loss) before exceptional and extraordinary items and tax			**(126.87)**		61.54
Exceptional items			**-**		-
Profit before extraordinary items and tax			**(126.87)**		61.54
Extraordinary items			**-**		-
Profit/(Loss) before tax			**(126.87)**		61.54
Profit/(Loss) for the year from continuing operations before tax		**7.17**		80.26	
Current tax		**-**		29.65	
Less: MAT Credit Entitlement		**-**		(10.04)	
Deferred tax expenses/(credit)	33	**2.57**		(1.77)	
Tax expense		**2.57**		17.84	
Profit/(Loss) for the year from continuing operations after tax (a)			**4.60**		62.42
Profit/(Loss) from discontinuing operations (Transfer to wholly owned subsidiaries) before tax	57	**(134.04)**		(18.72)	
Current tax				-	
Deferred tax expenses/(credit)	33	**(48.11)**		(4.16)	
Tax expense		**(48.11)**		(4.16)	
Profit/(Loss) from discontinuing operations (Transfer to wholly owned subsidiaries) after tax (b)			**(85.93)**		(14.56)
Profit for the year (a+b)			**(81.33)**		47.86
Earning per equity share (in ₹)	46				
Basic (of ₹ 2/- each)			**(3.65)**		2.15
Diluted (of ₹ 2/- each)			**(3.65)**		2.15
Significant Accounting Policies	1				

This is the Statement of Profit and Loss referred to in our report of even date

The notes referred to above form an integral part of the Statement of Profit and Loss

For Price Waterhouse
Firm Registration Number-301112E
Chartered Accountants

For and on behalf of the Board of Directors

ABHISHEK RARA
Partner
Membership Number -077779

HARSH CHITALE
Chief Executive Officer
& Whole Time Director

E.A. KSHIRSAGAR
Director

Place : Noida
Dated : August 14, 2013

SANDEEP KANWAR
Chief Financial Officer

SUSHIL KUMAR JAIN
Company Secretary

Cash Flow Statement for the year ended June 30, 2013

	Year ended 30.06.2013 ₹/Crores		Year ended 30.06.2012 ₹/Crores	
1. Cash Flow from Operating Activities:				
Profit (Loss) before tax		**(126.87)**		61.54
Adjustments for:				
Depreciation and Amortisation Expense	**48.98**		43.12	
Finance Costs	**134.98**		80.09	
Interest Income	**(49.72)**		(33.08)	
Dividend Income	**(6.82)**		(1.97)	
Net (Profit)/Loss on Sale of Fixed Assets	**(8.24)**		(1.96)	
Fixed Assets Written-Off	**0.15**		0.29	
Profit on Disposal of Unquoted (Others) Current Investments	**(36.02)**		(41.09)	
Provision for Doubtful Debts	**61.64**		62.52	
Provision for Doubtful Loans and Advances	**0.50**		4.36	
Provision for Doubtful Other Current Assets	**0.61**		0.71	
Provisions/Liabilities no longer required Written Back	**(11.22)**		(17.01)	
Provision for Gratuity and Other Employee Benefits	**(1.53)**		(1.83)	
Diminution in the Value of Unquoted/Quoted (Others) Current Investments	**(1.25)**		(0.20)	
Unrealised Foreign Exchange (Gain)/Loss	**(20.55)**		34.58	
Provision for Warranty Liability	**(0.95)**	**110.56**	6.07	134.60
Operating Profit/(Loss) before working capital changes		**(16.31)**		196.14
Adjustments for changes in working capital:				
- (Increase)/Decrease in Trade Receivables	**(42.57)**		1.93	
- (Increase)/Decrease in Loans and Advances and Other Assets	**(174.12)**		(239.59)	
- (Increase)/Decrease in Inventories	**154.66**		(72.70)	
- Increase/(Decrease) in Liabilities	**307.61**	**245.59**	297.80	(12.56)
Cash generated from operations		**229.28**		183.58
- Taxes (Paid)/Received (Net of Tax Deducted at Source)		**45.96**		(0.03)
Net cash from operating activities (A)		**275.24**		183.55
2. Cash flow from Investing Activities:				
Purchase of Fixed Assets (including Intangible Assets)	**(89.55)**		(45.41)	
Capital Work-In-Progress (including Intangible Assets under Development)	**7.14**		(27.55)	
Proceeds from Sale of Fixed Assets	**12.54**		5.42	
Proceeds from Sale of Current Investments	**4,349.43**		1,853.12	
Lease Rental Recoverable	**(42.75)**		(237.07)	
Purchase of Current Investments	**(4,799.10)**		(1,639.02)	
Interest Received	**44.73**		29.77	
Redemption/Maturity of Bank Deposits (with original maturity of more than three months)	**0.18**		0.04	
Movement in Margin Money Account	**(0.07)**		0.45	
Dividend Received on Current Investments	**6.82**		1.97	
Proceeds from Sale of Subsidiary	**-**		24.05	
Purchase of Investment in Subsidiary	**(22.57)**	**(533.20)**	(31.20)	(65.43)
Net cash from/(used in) investing activities (B)		**(533.20)**		(65.43)

Cash Flow Statement for the year ended June 30, 2013

	Year ended 30.06.2013 ₹/Crores		Year ended 30.06.2012 ₹/Crores	
3. Cash Flow from Financing Activities:				
Secured Loans				
Short term (paid) received	**162.84**		(6.12)	
Long term (paid)/received	**273.23**		(32.74)	
Unsecured Loans				
Short term received	**(151.81)**		155.96	
Long term (paid)/received	**109.34**		(30.28)	
Interest Paid	**(133.53)**		(85.51)	
Dividend Paid	**(0.70)**		(111.34)	
Corporate Dividend Distribution Tax Paid	**-**	**259.37**	(18.09)	(128.12)
Net cash (used in) financing activities (C)		**259.37**		(128.12)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		**1.41**		(10.00)
Opening Balance of Cash and Cash Equivalents		**220.50**		230.50
Closing Balance of Cash and Cash Equivalents		**221.91**		220.50
[Includes exchange rate fluctuation of ₹ Nil Crores (2012 - ₹ 3.39 Crores)]				
Cash and cash equivalents comprise of		**221.91**		220.50
Cash, Cheques and Drafts (on hand)		**77.65**		76.34
Balances with Banks on Current Accounts and Dividend Accounts		**144.09**		138.03
Balances with Banks on Deposits Accounts		**0.17**		6.13

Notes:
1. The above Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard-3, notified u/s 211(3C) of Companies Act, 1956.
2 Cash and cash equivalents include balances with banks in unclaimed dividend accounts amounting to ₹ 3.19 Crores (2012- ₹ 3.90 Crores) which are not available for use by the Company
3 Figures in brackets indicate cash outgo.

This is the Cash Flow Statement referred to in our report of even date

For Price Waterhouse
Firm Registration Number-301112E
Chartered Accountants

ABHISHEK RARA
Partner
Membership Number -077779

Place : Noida
Dated : August 14, 2013

For and on behalf of the Board of Directors

HARSH CHITALE
Chief Executive Officer
& Whole Time Director

E.A. KSHIRSAGAR
Director

SANDEEP KANWAR
Chief Financial Officer

SUSHIL KUMAR JAIN
Company Secretary

1. SIGNIFICANT ACCOUNTING POLICIES

a. BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention, on the accrual basis in accordance with the accounting principles generally accepted in India. These financial statements have been prepared to comply in all material aspects with the Accounting Standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities, except for System Integration business. The System Integration business which comprises of long-term contracts and have an operating cycle exceeding one year. For classification of current assets and liabilities related to System Integration business, the Company elected to use the duration of the individual contracts as its operating cycle.

b. FIXED ASSETS

Tangible Fixed Assets including in-house capitalisation and Capital work-in-progress are stated at cost except those which are revalued from time to time on the basis of current replacement cost/value to the Company, net of accumulated depreciation.

Assets taken on finance lease on or after April 1, 2001 are stated at fair value of the assets or present value of minimum lease payments whichever is lower.

Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

Intangible Assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful lives.

c. DEPRECIATION AND AMORTISATION

(a) Depreciation and amortisation has been calculated as under:

(i) Depreciation on tangible fixed assets is provided on a pro-rata basis using the straight-line method based on economic useful life determined by way of periodical technical evaluation. Intangible assets (other than Goodwill) are amortised over their estimated useful life.

Economic useful lives which are not exceeding those stipulated in Schedule XIV to the Companies Act, 1956 are as under:

Tangilble Assets:		
Plant & Machinery	4-8	years
Buildings		
- Factory	25-28	years
- Others	50-58	years
- Capitalised prior to 1.5.1986	As per Section 205(2)(b) of the Companies Act, 1956	
Furniture and Fixtures	4-6	years
Air Conditioners	3-6	years
Vehicles	4-6	years
Office Equipments	3-6	years
Computers	3-5	years
Intangible Assets (other than Goodwill):		
Intellectual Property Rights	5-7	years
Software	1-5	years
Technical Knowhow (Product/Technology development cost)	3-5	years

(ii) The assets taken on finance lease on or after April 1, 2001 are depreciated over their expected useful lives.

(b) Leasehold Land is amortised over a period of lease. Leasehold improvements are amortised on straight-line basis over the period of three years or lease period whichever is lower.

(c) Goodwill arising on acquisition is tested for impairment at each balance sheet date.

(d) Individual assets costing ₹ 5,000 or less are depreciated/amortised fully in the year of acquisition.

(e) The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

d. INVESTMENTS

Long-term investments are stated at cost of acquisition inclusive of expenditure incidental to acquisition. Any decline in the value of the said investment, other than a temporary decline, is recognised and charged to Statement of Profit and Loss.

Current investments are carried at lower of cost or fair value where fair value for mutual funds is based on net asset value and for bonds is based on market quote.

e. INVENTORIES

Raw Materials and Components held for use in the production of Finished Goods and Work-In-Progress are valued at cost if the finished goods in which they will be incorporated are expected to be sold at or above cost. If there is a decline in the price of materials/ components and it is estimated that the cost of finished goods will exceed the net realisable value, the materials/components are written down to net realisable value measured on the basis of their replacement cost. Cost is determined on the basis of weighted average.

Finished Goods, Stock-In-Trade and Work-In-Progress are valued at lower of cost and net realisable value.

Cost of Finished Goods and Work-In-Progress includes cost of raw materials and components, direct labour and proportionate overhead expenses. Cost is determined on the basis of weighted average.

Stores and Spares are valued at lower of cost and net realisable value/future economic benefits expected to arise when consumed during rendering of services. Adequate adjustments are made to the carrying value for obsolescence. Cost is determined on the basis of weighted average.

Goods In-Transit are valued inclusive of custom duty, where applicable.

f. FOREIGN CURRENCY TRANSACTIONS

a) Foreign currency transactions are recorded at the exchange rates prevailing at the date of transaction. Exchange differences arising on settlement of transactions, are recognised as income or expense in the year in which they arise.

b) At the balance sheet date, all monetary items denominated in foreign currency, are reported at the exchange rates prevailing at the balance sheet date and the resultant gain or loss is recognised in the Statement of Profit and Loss. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

c) With respect to exchange differences arising on translation of long term foreign currency monetary items having a term of 12 months or more, from July 1, 2011 onwards, the Company has adopted the following policy:

(i) Exchange differences relating to long term foreign currency monetary items, arising during the year, in so far as they relate to the acquisition of a depreciable capital asset are added to or deducted from the cost of the asset and depreciated over the balance life of the asset.

(ii) In other cases, such differences are accumulated in the "Foreign Currency Monetary Translation Difference Account" and amortised over the balance period of the long term assets/liabilities but not beyond March 31, 2020.

d) In case of forward foreign exchange contracts where an underlying asset or liability exists at the balance sheet date, the premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contract are recognized in the statement of Profit and Loss in the reporting period in which the exchange rate change.

e) Forward exchange contracts outstanding as at the year end on account of firm commitment / highly probable forecast transactions are marked to market and the losses, if any, are recognised in the Statement of Profit and Loss and gains are ignored in accordance with the Announcement of Institute of Chartered Accountants of India on 'Accounting for Derivatives' issued in March 2008.

f) Any profit or loss arising on cancellation or renewal of a forward exchange contract are recognised as income or as expense for the period.

g) The financial statements of an integral foreign operation are translated using the principles and procedures as if the transactions of the foreign operation are those of the Company itself.

g. EMPLOYEE BENEFITS

Defined Benefit:

Gratuity

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Provident Fund

Provident Fund contributions are made to a multi-employer Trust administered by the Company. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of the year and any shortfall in the fund size maintained by the Trust set up by the Company is additionally provided for. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Other Benefits:

Compensated Absences

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Defined Contribution:

Contributions to the employees' state insurance fund, administered by the prescribed government authorities, are made in accordance with the Employees' State Insurance Act, 1948 and are recognised as an expense on an accrual basis.

Company's contribution towards Superannuation Fund is accounted for on accrual basis.

The Company makes defined contributions to a Superannuation Trust established for the purpose. The Company has no further obligation beyond the monthly contributions.

h. REVENUE RECOGNITION

(a) Sales, after adjusting trade discount, are inclusive of excise duty and the related revenue is recognised on transfer of all significant risks and rewards of ownership to the customer and when no significant uncertainty exists regarding realisation of the consideration.

(b) Composite contracts, outcome of which can be reliably estimated, where no significant uncertainty exists regarding realisation of the consideration, revenue is recognised in accordance with the percentage completion method, under which revenue is recognised on the basis of cost incurred as a proportion of total cost expected to be incurred. The foreseeable losses on the completion of contract, if any, are provided for immediately.

(c) Service income includes income:

i) From maintenance of products and facilities under maintenance agreements and extended warranty, which is recognised upon creation of contractual obligations rateably over the period of contract, where no significant uncertainty exists regarding realisation of the consideration.

ii) From software services:

(a) The revenue from time and material contracts is recognised based on the time spent as per the terms of contracts.

(b) In case of fixed priced contracts revenue is recognised on percentage of completion basis. Foreseeable losses, if any, on the completion of contract are recognised immediately.

(d) Contract-in-progress:

For System Integration business, difference between costs incurred plus recognised profit/less recognised losses and the amount due for payment is disclosed as contract-in-progress.

i. GOVERNMENT GRANTS

Revenue grants, where reasonable certainty exists that the ultimate collection will be made are recognised on a systematic basis in Statement of Profit and Loss over the periods necessary to match them with the related cost which they are intended to compensate.

j. ROYALTY

Royalty expense, net of performance based discounts, is recognised when the related revenue is recognised.

k. LEASES

a) Assets taken under leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalised at the inception of the lease at the lower of fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on outstanding liability for each period.

b) Initial direct costs relating to the finance lease transactions are included as part of the amount capitalised as an asset under the lease.

c) Assets taken on leases where significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on straight-line basis over the lease term.

d) Profit on sale and leaseback transactions is recognised over the period of the lease.

e) Assets given under finance lease are recognised as receivables at an amount equal to the net investment in the lease. Inventories given on finance lease are recognised as deemed sale at fair value. Lease income is recognised over the period of the lease so as to yield a constant rate of return on the net investment in the lease.

f) Assets leased out under operating leases are capitalised. Rental income is recognised on accrual basis over the lease term.

g) In sale and leaseback transactions and further sub-lease resulting in financial leases, the deemed sale is recognised at fair value at an amount equal to the net investment in the lease where substantially all risks and rewards of ownership have been transferred to the sub-lessee. A liability is created at the inception of the lease at the lower of fair value or the present value of minimum lease payments for sale and leaseback transaction. Each lease rental payable/receivable is allocated between the liability/receivable and the interest cost/income, so as to obtain a constant periodic rate of interest on outstanding liability/receivable for each period.

l. CURRENT AND DEFERRED TAX

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. At each Balance Sheet date, the Company reassesses unrecognised deferred tax assets, if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

m. PROVISIONS AND CONTINGENT LIABILITIES

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the amount of the obligation cannot be made.

n. USE OF ESTIMATES

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Examples of such estimates include estimate of cost expected to be incurred to complete performance under composite arrangements, income taxes, provision for warranty, employment benefit plans, provision for doubtful debts and estimated useful life of the fixed assets. The actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

o. EMPLOYEE STOCK OPTION SCHEME

The Company calculates the employee stock compensation expense based on the intrinsic value method wherein the excess of market price of underlying equity shares as on the date of the grant of options over the exercise price of the options given to employees under the Employee Stock Option Scheme of the Company, is recognised as deferred stock compensation expense and is amortised over the vesting period on the basis of generally accepted accounting principles in accordance with the guidelines of Securities and Exchange Board of India.

p. BORROWING COSTS

Borrowing costs to the extent related/attributable to the acquisition/construction of assets that necessarily take substantial period of time to get ready for their intended use are capitalised along with the respective fixed asset up to the date such asset is ready for use. Other borrowing costs are charged to the Statement of Profit and Loss.

q. SEGMENT REPORTING

The accounting policies adopted for segment reporting are in conformity with the accounting policies consistently used in the preparation of financial statements. The basis of reporting is as follows:

a) Revenue and expenses distinctly identifiable to a segment are recognised in that segment. Identified expenses include direct material, labour, overheads and depreciation on fixed assets. Expenses that are identifiable with/ allocable to segments have been considered for determining segment results.

   Allocated expenses include support function costs which are allocated to the segments in proportion of the services rendered by them to each of the business segments. Depreciation on fixed assets is allocated to the segments on the basis of their proportionate usage.

b) Unallocated expenses/income are enterprise expenses/income, which are not attributable or allocable to any of the business segment.

c) Assets and liabilities which arise as a result of operating activities of the segment are recognised in that segment. Fixed assets which are exclusively used by the segment or allocated on a reasonable basis are also included.

d) Unallocated assets and liabilities are those which are not attributable or allocable to any of the segments and includes liquid assets like investments, bank deposits and investments in assets given on finance lease.

e) Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price which is at par with the prevailing market price.

r. IMPAIRMENT OF ASSETS

At each balance sheet date, the Company assesses whether there is any indication that an asset (tangible and intangible) may be impaired. If any such indication exists, the Company estimates the recoverable amount and if the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in the Statement of Profit and Loss to the extent the carrying amount exceeds the recoverable amount.

s. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

t. RESEARCH AND DEVELOPMENT

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has ability and intention to complete the asset and use or sell it and cost can be measured reliably.

	As at 30.06.2013 ₹/Crores	As at 30.06.2012 ₹/Crores
2- Share Capital		
Authorised		
55,00,00,000 Equity Shares (2012 - 55,00,00,000) of ₹ 2/- each	**110.00**	110.00
5,00,000 Preference Shares (2012 - 5,00,000) of ₹100/- each	**5.00**	5.00
Total	**115.00**	115.00
Issued, Subscribed and Paid up		
22,28,79,629 Equity Shares (2012-22,28,79,629) of ₹ 2/- each (Fully Paid up)	**44.58**	44.58
Add: Shares Forfeited (1,000 shares of ₹ 1/- each)	**0.00**	0.00
Total	**44.58**	44.58

Notes:

(i) Rights attached to Equity Shares:

The Company has only one class of equity share having a face value of ₹ 2/- each. Each holder of equity shares is entitled to one vote per share held. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in ensuing General Meeting, except in case of interim dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by Shareholders.

(ii) Shares reserved for issue under options:

For detail of shares reserved for issue under Employee Stock Option Plan of the Company, refer Note 44.

(iii) Shareholders holding more than 5% of the aggregate shares in the Company.

Particulars	As at 30.06.2013 Number of Shares	As at 30.06.2013 % of shares	As at 30.06.2012 Number of Shares	As at 30.06.2012 % of Shares
(a) HCL Corporation Private Limited	**106,725,467**	**47.88**	95,500,651	42.85
(b) Franklin Templeton Investment Funds	**21,249,492**	**9.53**	21,249,492	9.53
(c) HSBC Global Investment funds Mauritius Ltd.	**18,450,000**	**8.28**	16,300,000	7.31
(d) AKM Systems Pvt. Ltd.	**12,179,627**	**5.46**	12,179,627	5.46

3- Movement in Share capital and Reserves and surplus

(₹/Crores, except Number of Shares)

Particulars	Number of Shares	Share Capital	Capital Reserve*	Securities Premium Account	General Reserve	Debenture Redemption Reserves	Surplus in the Statement of Profit and Loss	Total Reserves and Surplus
As at July 1, 2011	222,879,629	44.58	0.00	896.00	211.04	12.00	783.42	1,902.46
Profit for the year	-	-	-	-	-	-	47.86	47.86
Interim Dividend	-	-	-	-	-	-	(66.88)	(66.88)
Corporate Dividend Distribution Tax on Interim Dividend	-	-	-	-	-	-	(10.86)	(10.86)
Transfer from Debenture Redemption Reserve	-	-	-	-	-	(12.00)	12.00	-
Transfer to General Reserve	-	-	-	-	4.79	-	(4.79)	-
As at June 30, 2011	**222,879,629**	**44.58**	**0.00**	**896.00**	**215.83**	**-**	**760.75**	**1,872.58**
As at July 1, 2012	222,879,629	44.58	0.00	896.00	215.83	-	760.75	1,872.58
Loss for the year	-	-	-	-	-	-	(81.33)	(81.33)
As at June 30, 2013	**222,879,629**	**44.58**	**0.00**	**896.00**	**215.83**	**-**	**679.42**	**1,791.25**

* Represents ₹ 37,135 (2011 - ₹ 37,135)

	As at 30.06.2013 ₹/Crores		As at 30.06.2012 ₹/Crores	
4- Long-term borrowings				
Secured:				
Term Loans				
- From Banks		**326.68**		53.34
- From Others		**-**		0.11
		326.68		53.45
Unsecured:				
Term Loans				
- From Others		**142.10**		21.18
Finance Lease Obligation (Refer Note 45)		**36.87**		48.44
		178.97		69.62
TOTAL		**505.65**		123.07

Notes:

1. Secured Term Loan from Banks amounting to ₹ 53.34 Crores (2012 - ₹ 80.00 Crores), out of which ₹ 26.67 Crores (2012 - ₹ 26.67 Crores) is shown under current maturity of long term debt, is secured by way of first charge on movable and immovable fixed assets of the Company. The loan is repayable in 6 half yearly installments from the date of the loan which carries interest @ 11.25 % p.a.
2. Secured Term Loan from Banks amounting to ₹ 300.00 Crores (2012 - ₹ Nil), out of which ₹ Nil (2012 - ₹ Nil) is shown under current maturity of long term debt, is secured by way of subservient charge on current assets of the Company. It also carries a lien on Mutual Funds of ₹ 100 Crs . The loan is repayable in 23 monthly equal instalments starting from July 2014 and carries interest @ 11.50 % p.a.
3. Secured Term Loan from Others amounting to ₹ 0.11 Crores (2012 - ₹ 6.19 Crores), out of which ₹ 0.11 Crores (2012 - ₹ 6.08 Crores) is shown under current maturity of long term debt, is secured by way of first charge on specified assets of the Company as per the contract terms. The loans are repayable in 20 equal quarterly installments from the date of the loans which carries interest @ 7.8 to 8.5 % p.a.
4. Unsecured Term loans from Others amounting to ₹ 22.73 Crores (2012 - ₹ 31.26 Crores) and ₹ 9.44 Crores (2012 - ₹ 0.07 Crores), out of which ₹ 11.98 Crores (2012 - ₹ 10.15 Crores) is shown under current maturity of long term debt, are repayable in 8 to 19 equal quarterly installments from the date of the loans and in 3 equal yearly installments from the date of the loan and balance payable in 4th year respectively which are interest free.
5. Unsecured Loan under receivable buyout facility amounting to ₹ 89.34 Crores (2012 - ₹ NIL), out of which ₹ 15.57 Crores (2012 - ₹ NIL) is shown under current maturity of long term debt, are repayable in 14 to 20 equal quarterly instalments from the date of the disbursement.
6. Unsecured Term loans from Others amounting to ₹ 69.70 Crores (2012 - ₹ NIL), out of which ₹ 21.54 Crores (2012 - ₹ NIL) is shown under current maturity of long term debt, is repayable in 11 to 12 equal quarterly instalments from the date of the disbursement which carries interest @ 11.80% to 12.25% p.a.

5- Other long-term liabilities				
Trade Payables (Refer Note 34) [Including Acceptance ₹ 45.27 Crores (2012 - ₹ 66.81 Crores)]		**54.75**		121.15
Deferred Revenue		**18.94**		24.39
Dealer Deposits		**3.92**		3.29
TOTAL		**77.61**		148.83

6- Long-term provisions				
Provision for Gratuity (Refer Note 48)		**15.99**		15.44
TOTAL		**15.99**		15.44

	As at 30.06.2013 ₹/Crores		As at 30.06.2012 ₹/Crores	
7- Short-term borrowings				
Secured:				
Loans from Banks				
- Term Loans		**175.00**		10.00
- Cash Credits		**0.33**		2.49
		175.33		12.49
Unsecured:				
Commercial Paper		**-**		265.00
Term Loans from Banks		**275.00**		200.00
		275.00		465.00
TOTAL		**450.33**		477.49

Notes:

Secured Term loan from Bank amounting to ₹ 99.87 Crores is secured by way of first pari pasu charge on current asset of the Company.

Secured Term Loan amounting to ₹ 75 Crores and Cash Credits along with non-fund based facilities from Banks are secured by way of hypothecation of stock-in-trade, book debts as first charge and by way of second charge on all the immovable and movable assets of the Company. The charge ranks pari-passu amongst Bankers.

	As at 30.06.2013 ₹/Crores		As at 30.06.2012 ₹/Crores	
8- Trade payables				
Trade Payables (Refer Note 34) [Including Acceptance ₹ 1,082.09 Crores (2012 - ₹ 651.61 Crores)]		**2,038.84**		1,637.87
TOTAL		**2,038.84**		1,637.87
9- Other current liabilities				
Current Maturities of Long-Term Debts (Refer Note 4)		**75.87**		42.90
Current Maturities of Finance Lease Obligations (Refer Note 4 and 45)		**26.12**		20.90
Interest Accrued but not due on Borrowings		**1.96**		0.75
Unpaid Dividends*		**3.19**		3.90
Deferred Revenue		**142.54**		146.66
Advances Received from Customers		**107.21**		147.13
Statutory Dues Payable		**70.48**		85.43
Employee Benefits Payable		**44.31**		38.92
Capital Creditors		**7.30**		36.53
TOTAL		**478.98**		523.12

* There are no amount due and outstanding to be credited to Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at June 30, 2013. These shall be credited and paid to the Fund as and when due.

	As at 30.06.2013 ₹/Crores		As at 30.06.2012 ₹/Crores	
10- Short-term provisions				
Provision for Gratuity and Other Employee Benefits [Refer Note 48]#		**10.78**		12.86
Provision for Warranty Liability (Refer Note 32)		**10.20**		11.15
TOTAL		**20.98**		24.01

includes ₹ 7.36 Crores (2012-₹ 8.21 Crores) for provision for leave encashment

11- Fixed Assets

₹/Crores

Particulars	Gross Block				Depreciation/Amortisation				Net Block	
	As at 01.07.2012	Additions	Disposal	As at 30.06.2013	As at 01.07.2012	Additions	Disposal	As at 30.06.2013	As at 30.06.2013	As at 30.06.2012
Tangible Assets:										
Leasehold Land	15.24	3.86	-	**19.10**	1.17	0.22	-	**1.39**	**17.71**	14.07
Leasehold improvements	-	3.04	-	**3.04**	-	0.73	-	**0.73**	**2.31**	-
Assets Given on Operating Lease										
Plant and Machinery	52.09	4.48	0.61	**55.96**	15.82	7.38	0.47	**22.73**	**33.23**	36.27
Own Assets										
Land	25.71	-	-	**25.71**	-	-	-	**-**	**25.71**	25.71
Buildings	91.25	0.81	1.21	**90.85**	21.19	2.19	0.12	**23.26**	**67.59**	70.06
Plant and Machinery	34.09	1.17	8.50	**26.76**	23.66	3.07	6.00	**20.73**	**6.03**	10.43
Furniture and Fixtures	37.99	1.92	4.29	**35.62**	28.97	4.15	4.09	**29.03**	**6.59**	9.02
Office Equipments	18.78	2.88	1.32	**20.34**	9.89	2.94	0.97	**11.86**	**8.48**	8.89
Vehicles	3.11	-	0.16	**2.95**	1.53	0.37	0.13	**1.77**	**1.18**	1.58
Computers	53.78	18.86	3.58	**69.06**	34.90	11.75	3.49	**43.16**	**25.90**	18.88
Sub-Total (a)	**332.04**	**37.02**	**19.67**	**349.40**	**137.13**	**32.80**	**15.26**	**154.67**	**194.72**	**194.91**
Previous Year	307.03	39.10	14.09	332.04	117.95	29.53	10.35	137.13	194.91	
Intangible Assets:										
Goodwill	1.25	-	-	**1.25**	1.10	0.15	-	**1.25**	**-**	0.15
Software	46.56	3.33	0.09	**49.80**	20.91	8.96	0.05	**29.82**	**19.98**	25.64
Intellectual Property Rights	37.07	15.09	-	**52.16**	5.62	6.52	-	**12.14**	**40.02**	31.45
Technical Knowhow	-	6.10	-	**6.10**	-	0.55	-	**0.55**	**5.55**	-
Sub-Total (b)	**84.88**	**24.52**	**0.09**	**109.31**	**27.63**	**16.18**	**0.05**	**43.76**	**65.55**	**57.24**
Previous Year	57.02	27.86	-	84.88	14.04	13.59	-	27.63	57.25	
Total (a+b)									**260.27**	252.16

Notes:

1. Land (included under 'Own Assets') and Building at Ambattur amounting to ₹ 0.57 Crores (2012 - ₹ 0.57 Crores) are pending registration in the name of the Company.
2. Software comprise cost of acquiring licences and SAP implementation charges.
3. Intellectual Property Rights comprise of designing and implementing education content.
4. Technical know how comprise of development cost of new technology/products.

12- Non Current investments

	As at 30.06.2013			As at 30.06.2012		
	Face Value	Units	Amount ₹/Crores	Face Value	Units	Amount ₹/Crores
Unquoted (Trade): Long Term (At Cost) Investments in Equity Instruments of Subsidiaries						
Digilife Distribution and Marketing Services Limited	**₹ 10**	**48,050,000**	**48.05**	₹ 10	48,050,000	48.05
HCL Investments Pte. Limited	**SGD 1 and USD 1**	**1 in SGD* and 1,775,000 in USD***	**8.41**	SGD 1 and USD 1	1 in SGD and 1,575,000 in USD*	7.30
HCL Infocom Limited	**₹10**	**479,500**	**0.48**	₹10	330,000	0.33
HCL Insys Pte. Limited	**SGD 1 and USD 1**	**6,199,991 in SGD* and 3,800,000 in USD***	**41.83**	SGD 1	6,199,991	20.62
RMA Software Park Private Limited	**₹10**	**10,000**	**40.74**	₹10	10,000	40.74
Pimpri Chinchwad eServices Limited	**₹10**	**42,500**	**0.04**	₹10	42,500	0.04
HCL Touch Inc.	**USD 0.01**	**150 in USD***	**0.74**	USD 0.01	150 in USD*	0.74
HCL Computing Products Ltd	**₹10**	**100,000**	**0.10**	-	-	-
Total Non-Current Investments			**140.39**			117.82

13- Current investments

	As at 30.06.2013			As at 30.06.2012		
	Face Value	Units	Amount ₹/Crores	Face Value	Units	Amount ₹/Crores
(i) <u>Quoted (others):</u>						
<u>Current (At Lower of Cost or Fair Value)</u>						
<u>Bonds</u>						
6.85% India Infra Finance Company Limited 2014	₹ 1,00,000	**1,000**	**10.07**	₹ 1,00,000	1,000	10.54
9.02% Indian Renewable Energy Development Agency Limited 2025	₹ 1,000,000	**100**	**11.11**	₹ 1,000,000	100	10.32
8.64% Power Grid Corporation of India Limited - 2020	₹ 1,250,000	**40**	**5.60**	₹ 1,250,000	40	5.08
8.87% Indian Renewable Energy Development Agency Limited - 2020	₹ 1,000,000	**100**	**10.86**	₹ 1,000,000	100	10.29
8.90% NABARD - 2013	₹ 1,000,000	**100**	**10.04**	₹ 1,000,000	100	10.39
8.80% Rural Electrification Corporation Limited - 2020	₹ 1,000,000	**100**	**10.75**	₹ 1,000,000	100	10.13
Sub - Total (a)			**58.43**			56.75
(ii) <u>Unquoted (Others): Current</u>						
<u>(At lower of Cost or Fair Value)</u>						
<u>Mutual Funds, Dividend Options</u>						
Birla Sunlife Savings Fund#	**₹100**	**7,485,239.44**	**74.87**	-	-	-
Kotak Floater Long Term#	**₹10**	**24,800,849.18**	**25.00**	-	-	-
Reliance Money Manager Fund	**₹1000**	**498,809.14**	**50.00**	-	-	-
Sub - Total (b)			**149.87**			-
Mutual Funds, Growth Options						
Birla Sunlife Savings Fund	**₹100**	**1,966,276**	**45.00**	₹100	2,863,382	60.00
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option	**₹10**	**67,932,179**	**139.00**	0.00	-	-
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale	**0.00**	**-**	**-**	₹10	33,173,272	80.00
ICICI Prudential Flexible Income Plan	**₹100**	**6,249,439**	**140.00**	₹100	3,412,864	70.00
IDFC Money Manager Fund - Treasury Plan	**-**	**-**	**-**	₹10	38,324,749	50.00
Kotak Floater Long Term	**₹10**	**31,716,172**	**60.56**	₹10	11,454,623	20.00
Reliance Money Manager Fund	**₹1,000**	**438,483**	**71.85**	₹1,000	332,921	50.00
SBI-SHF Ultra Short Term Fund	**₹1,000**	**390,156**	**60.00**	₹1,000	208,963	30.00
Tata Floater Fund	**₹1,000**	**361,998**	**65.00**	₹1,000	91,153	15.02
Templeton India Ultra Short Bond Fund	**₹10**	**28,741,874**	**45.00**	-	-	-
UTI Treasury Advantage Plan	**₹1000**	**518,583**	**84.00**	-	-	
Sub - Total (c)			**710.41**			375.02
Total Current Investments (a+b+c)			**918.71**			431.77
# Under lien with bank						
* SGD = Singapore dollar; USD = United States dollar.						
Note : Net asset value of Current Investments in Mutual Funds as on June 30, 2013 is ₹860.55 Crores (2012 - ₹375.11 Crores).						
Current Investments is net of provision for diminution in the value of investment ₹0.25 Crores (2012- ₹1.72 Crores)						
Aggregate amount of Quoted Investments (Market value ₹58.43 Crores (2012 - ₹56.75 Crores)			**58.43**			56.75
Aggregate amount of Unquoted Investments			**1,000.67**			492.84

Notes to the financial Statements

	As at 30.06.2013 ₹/Crores		As at 30.06.2012 ₹/Crores	
14- Long-term loans and advances				
Unsecured considered good:				
Capital Advances		**0.96**		2.18
Deposits		**24.08**		24.41
Loans and Advances to Subsidiaries		**10.50**		10.50
Prepaid Expenses		**7.50**		5.71
Advance Income Tax[Net of Provision for Income Tax of ₹ 508.60 Crores (2012 - ₹ 510.31 Crores)]		**32.73**		16.09
Other Loans and Advances		**-**		0.01
TOTAL		**75.77**		58.90
15- Trade receivables - Non-current				
Unsecured:				
Other Debts				
- Considered Good		**8.09**		22.81
TOTAL		**8.09**		22.81
16- Other non-current assets				
Unamortised Premium on Forward Contracts		**1.49**		-
Unbilled Revenue		**1.91**		0.84
Lease Rental Recoverable (Refer Note 45)		**342.50**		335.94
TOTAL		**345.90**		336.78
17- Inventories				
Raw Materials and Components [Including In-Transit ₹ 4.35 Crores (2012 - ₹ 44.71 Crores)]		**117.47**		180.91
Work-In-Progress		**1.96**		1.14
Finished Goods [Including In-Transit ₹ 30.75 Crores (2012 - ₹ 28.12 Crores)]		**37.68**		62.89
Stock-In-Trade [Including In-Transit ₹ 23.43 Crores (2012 - ₹ 31.75 Crores)]		**256.23**		333.60
Stores and Spares		**90.95**		80.41
TOTAL		**504.29**		658.95
18- Trade receivables				
Unsecured:				
Debts outstanding for a period exceeding six months from the date they are due for payment				
- Considered Good	**319.25**		289.02	
- Considered Doubtful	**72.24**		83.41	
	391.49		372.43	
Other Debts				
- Considered Good	**857.07**		891.59	
	1,248.56		1,264.02	
Less: Provision for Doubtful Debts	**72.24**	**1,176.32**	83.41	1,180.61
TOTAL		**1,176.32**		1,180.61

	Year ended 30.06.2012 ₹/Crores		Year ended 30.06.2011 ₹/Crores	
19- Cash and bank balances				
Cash and Cash Equivalents				
Balances with Banks				
- On Current Account	**140.91**		134.14	
Less: Money held in Trust	**0.01**	**140.90**	0.01	134.13
- On Dividend Account		**3.19**		3.90
Cash on Hand		**0.06**		0.07
Cheques on Hand		**77.59**		76.27
Bank Deposits with original maturity of three months or less	**0.49**		6.45	
Less: Money held in Trust	**0.32**	**0.17**	0.32	6.13
Other Bank Balances (Expected to be realised within one year)				
Bank Deposits with original maturity of more than twelve months	**-**	**-**	0.18	0.18
On Margin Account		**3.59**		3.52
TOTAL		**225.50**		224.20
20- Short-term loans and advances				
Unsecured				
Considered Good				
Loans and Advances to Subsidiaries		**22.87**		15.71
- Balances with Customs, Port Trust, Excise and Sales Tax Authorities		**38.14**		64.24
- Advances to Creditors		**87.98**		83.47
Deposits with Tax Authorities		**16.76**		12.43
Other Deposits		**28.04**		29.87
MAT Credit Entitlement		**10.04**		10.04
Prepaid Expenses		**55.12**		72.17
Others (Includes Employee advances, Insurance claim recoverable and Expenses recoverable)		**8.01**		9.67
Considered Doubtful				
Deposits and Other Advances	**2.65**		2.74	
Less: Provision for Doubtful Loans and Advances	**2.65**	**-**	2.74	-
TOTAL		**266.96**		297.60
21- Other current assets				
Lease Rental Recoverable (Refer Note 45)		**122.69**		86.50
Unbilled revenue		**88.89**		47.18
Contracts-in-progress (Refer Note 52)*		**1,176.43**		1,075.87
Unamortised Premium on Forward Contracts		**6.82**		7.06
TOTAL		**1,394.83**		1,216.61

* Out of above contracts-in-progress, which includes retention money, ₹ 732.61 Crores (2012 - ₹ 589.73 Crores) will be due after one year

	Year endedd 30.06.2013 ₹/Crores	Year endedd 30.06.2012 ₹/Crores
22- Revenue from operations		
Sale of Products (Refer Note 37)	**8,002.52**	9,678.71
Sale of Services	**687.61**	696.77
Other Operating Revenue		
- Scrap Sale	**0.49**	1.01
- Miscellaneous Income	**1.64**	4.32
TOTAL	**8,692.26**	10,380.81
23- Other income		
Reversal of Diminution in the Value of Unquoted/Quoted (Other) Current investments	**1.25**	0.20
Interest Income		
- On Lease Rental	**41.00**	27.53
- On Fixed Deposits (Gross)	**0.31**	0.10
- On Bonds from Quoted (Others) Current Investments	**4.68**	4.70
- On Others	**3.73**	0.75
Dividend from Unquoted (Others) Current Investments	**6.82**	1.97
Profit on Disposal of Unquoted (Others) Current Investments	**36.02**	41.09
Net Profit/(Loss) on Sale of Fixed Assets	**8.24**	1.96
Provisions/Liabilities no longer required written back	**11.22**	17.01
Miscellaneous Income	**3.80**	2.84
TOTAL	**117.07**	98.15
24- Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Closing Stock		
- Finished Goods (Including in Transit) [Including excise duty of ₹ 0.73 Crores (2012 - ₹ 2.72 Crores)]	**37.68**	62.89
- Stock-In-Trade	**256.23**	333.60
- Work-In-Progress	**1.96**	1.14
	295.87	397.63
Opening Stock		
- Finished Goods (Including in Transit) [Including excise duty of ₹ 2.72 Crores (2012 - ₹ 2.71 Crores)]	**62.89**	58.91
- Stock-In-Trade	**333.60**	300.35
- Work-In-Progress	**1.14**	1.46
	397.63	360.72
TOTAL	**101.76**	(36.91)
25- Other direct expense		
Purchase of Services (Refer Note 45(e)(ii)	**193.39**	179.59
Spares and Stores Consumed	**158.31**	130.27
Power and Fuel	**1.56**	1.69
Labour and Processing Charges	**2.21**	3.21
Royalty	**77.62**	87.18
TOTAL	**433.09**	401.94
26- Employee benefits expense (Refer Note 48)		
Salaries, Wages, Bonus and Gratuity	**464.59**	430.23
Contribution to Provident and Other Funds	**20.30**	20.83
Staff Welfare Expenses	**9.87**	8.93
TOTAL	**494.76**	459.99
27- Finance costs		
Interest on Long-term and Short-term Borrowings	**134.98**	75.37
Net Loss on Foreign Exchange Fluctuation	**-**	4.72
TOTAL	**134.98**	80.09

	Year ended 30.06.2013 ₹/Crores	Year ended 30.06.2012 ₹/Crores
28- Other expenses		
Rent (Refer Note 45(d)(ii))	**28.65**	24.33
Rates and Taxes	**9.95**	9.19
Printing and Stationery	**3.38**	3.53
Communication	**13.70**	15.00
Travelling and Conveyance	**49.10**	47.22
Packing, Freight and Forwarding	**44.90**	46.95
Legal, Professional and Consultancy Charges (Refer Note 43)	**45.23**	36.46
Retainership Expenses	**44.49**	37.16
Training and Conference	**4.91**	5.33
Office Electricity and Water	**9.65**	8.33
Insurance	**7.48**	5.57
Advertisement, Publicity and Entertainment	**51.00**	64.29
Hire Charges	**2.62**	2.80
Commission on Sales	**1.66**	6.00
Bank Charges	**16.08**	17.72
Provision for Doubtful Debts	**61.64**	62.52
Provision for Doubtful Loans and Advances	**0.50**	4.36
Provision for Doubtful Other Current Assets	**0.61**	0.71
Fixed Assets Written-Off	**0.15**	0.29
Repairs		
- Plant and Machinery	**1.65**	0.79
- Buildings	**2.46**	1.46
- Others	**9.20**	10.58
Miscellaneous	**16.12**	17.27
TOTAL	**425.13**	427.86

29- Land and Buildings and certain Plant and Machinery were revalued by external registered valuers after considering depreciation upto that date on the governing principle of current replacement cost/value. The amounts added/reduced on aforesaid revaluation in 1992, 2005, 2006 and 2007 were as under:

	Date of Revaluation	**₹/Crores**
Land	June 30, 1992	4.44
Land	November 1, 2006	16.78
Leasehold Land	March 27, 2006 and August 13, 2007	2.53
Buildings	June 30, 1992	6.44
Buildings	November 1, 2006	0.25
Plant and Machinery	June 30, 1992	(1.01)
TOTAL		**29.43**
Less: Goodwill		5.70
Transferred to Revaluation Reserve		**23.73**
Less:		
-Expenditure incurred on acquisition of business in 1992		0.86
-Loss on sale of Land		0.15
-Depreciation and Amortisation		0.33
-Adjusted on amalgamation of Subsidiaries in earlier years		22.39
Balance as at June 30, 2013		-

30- Estimated value of contracts on capital account, excluding capital advances, remaining to be executed and not provided for amount to ₹ 0.37 Crores (2012 - ₹ 3.50 Crores). For Commitments on account of lease Refer Note 45).

31- Contingent Liabilities:

a) Claims against the Company not acknowledged as debts:

	2013 ₹/Crores	2012 ₹/Crores
Sales Tax*	**72.99**	44.89
Excise*	**11.13**	9.63
Income Tax*	**2.95**	3.68
Octroi*	**4.98**	4.98
Industrial Disputes, Civil Suits and Consumer Disputes	**16.39**	16.68

* Includes sum of ₹ 22.58 Crores (2012 - ₹ 18.70 Crores) deposited by the Company against the above.

The amounts shown in item (a) represents the best possible estimates arrived at on the basis of available information. The uncertainties and possible reimbursements are dependent on the out come of the different legal processes which have been initiated by the Company or the claimants as the case may be and therefore cannot be predicted accurately.

b)(i) Corporate Guarantee of ₹ 453.98 Crores (2012 - ₹ 207.05 Crores) was given to Banks for working capital facilities sanctioned to subsidiaries of which the total amount utilised as at June 30, 2013 is ₹ 288.84 Crores (2012 - ₹ 62.59 Crores).

(ii) Corporate Guarantee of ₹ Nil (2012 - ₹ 72.87 Crores) was given to Banks for working capital facilities sanctioned to a joint venture of a subsidiary company of which the total amount utilised as at June 30, 2013 is ₹ Nil (2012 - ₹ 72.87 Crores).

32- The Company has the following provision for warranty liability in the books of accounts:

	2013 ₹/Crores	2012 ₹/Crores
Opening Balance as on July 1	**11.15**	5.08
Additions during the year	**18.86**	29.16
Utilised/Reversed during the year	**19.81**	23.09
Closing Balance as on June 30	**10.20**	11.15

The warranty provision has been recognised for expected warranty claims for the first year of warranty on products sold during the year. Due to the very nature of such costs, Outflows of economic benefits against this provision is expected to happen with in one year.

33. Taxation:

a) Provision for taxation has been computed by applying the Income Tax Act, 1961 to the loss for the financial year ended June 30, 2013, although the actual tax liability of the Company has to be computed each year by reference to the taxable profit for each fiscal year ended March 31.

b) Deferred Tax:

Major components of Deferred tax arising on account of timing difference along with their movement as at June 30, 2013 are:

₹/Crores

	As at 01.07.12	**Movement during the year**	**As at 30.06.13**
Assets			
Provision for Doubtful Debts/Advances/Other Current Assets	27.77	(3.28)	24.49
Impact of expenditure charged to statement of profit & loss but allowable for tax purpose in future years	12.76	0.28	13.04
Taxable losses and unabsorbed tax depreciation allowable in future years	-	53.40	53.40
Total (A)	**40.53**	**50.40**	**90.93**
Liabilities			
Difference between WDV of fixed assets as per books and under Income tax Act, 1961	5.95	4.88	10.83
Duties, Taxes & Cess allowed for tax purpose on payment basis.	9.28	0.54	9.82
Other timing differences	2.57	(0.56)	2.01
Total (B)	**17.80**	**4.86**	**22.66**
Net Deferred Tax Assets (A)-(B)	**22.73**	**45.54**	**68.27**
Previous Year	16.90	5.93	22.73

34- Disclosure of Micro, Small and Medium Enterprises based on information available with the Company:

	2013 ₹/Crores	2012 ₹/Crores
a) (i) Principal amount remaining unpaid to any supplier as at the end of the year.	**1.81**	1.89
(ii) Interest due on the above amount.	**-**	-
b. (i) Amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (Act).	**-**	-
(ii) Amount of principal payments made to the suppliers beyond the appointed day during the year.	**9.77**	36.82
c. Amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Act.	**-**	-
d. Amount of interest accrued and remaining unpaid at the end of the year.	**0.45**	0.36
e. Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises.	**0.45**	0.36

35- Expenditure on Research and Development:

	2013 ₹/Crores	2012 ₹/Crores
Capital	**0.30**	0.38
Add: Intangible assets under development	**4.82**	6.19
	5.12	6.57
Revenue (Depreciation, Personnel, Travel and Other Administration expenses)	**10.36**	9.92
Less: Transferred to Intangible assets under development	**4.82**	6.19
	5.54	3.73
TOTAL	**10.66**	10.30

36- Information in respect of purchase of traded goods:

	Value ₹/Crores
Computers/Micro processor based systems	**540.65**
	(130.47)
Photocopiers/Electronic Equipments	**74.55**
	(158.51)
Printers/Scanners/UPS/CVT	**76.38**
	(200.04)
Cellular Phones	**4761.72**
	(6,431.10)
EPABX Systems	**14.32**
	(53.53)
Others*	**534.72**
	(643.94)
TOTAL	**6,002.34**
	(7,617.59)

* Does not include any class of goods which in value individually accounts for 10% or more of the total value of purchase of traded goods.

37. Stocks and Sales:

Class of Products	Sales/Adjustments Value# ₹/Crores	Opening Stock Value ₹/Crores	Closing Stock Value ₹/Crores
Computers/Micro processor based systems	**1,568.22**	**73.82**	**88.79**
	(1,322.90)	(71.86)	(73.82)
Photocopiers/Electronic Equipments	**105.31**	**34.76**	**29.68**
	(176.57)	(40.89)	(34.76)
Printers/Scanners/UPS/CVT	**95.14**	**15.96**	**5.55**
	(216.36)	(18.11)	(15.96)
Cellular Phones	**4,870.23**	**191.44**	**101.69**
	(6,405.98)	(140.80)	(191.44)
EPABX Systems	**21.07**	**7.52**	**2.24**
	(61.18)	(7.52)	(7.52)
Others*	**1,342.55**	**72.99**	**65.96**
	(1,495.72)	(80.08)	(73.13)
TOTAL	**8,002.52**	**396.49**	**293.91**
	(9,678.71)	(359.26)	(396.49)

Except trade discount, no other discount has been adjusted.
* Does not include any class of goods which in value individually accounts for 10% or more of the total value of sales/stock.
Note: Previous year's figures are given in brackets.

38. Value of imported and indigenous raw materials and components consumed during the year (excluding value of consumption of stores and spares which is not readily ascertainable) classified on the basis of ratio between purchase of imported and indigenous raw materials and components during the year:

	2013		20112	
	₹/Crores	% of Consumption	₹/Crores	% of Consumption
Imported	**996.66**	**83%**	1065.94	84%
Indigenous	**203.39**	**17%**	207.35	16%
TOTAL	**1,200.05**	**100%**	1,273.29	100%

39- Details of raw materials and components consumed (in value):

	2013 ₹/Crores	2012 ₹/Crores
Mother Boards and Assemblies	**85.99**	124.02
Hard Disk Drives	**99.55**	133.52
Processors	**181.63**	246.50
Monitors	**94.42**	152.46
CRT Key Tops PCBs and Cabinets	**38.07**	41.45
Networking Products	**417.88**	250.00
Others*	**282.51**	325.34
TOTAL	**1,200.05**	1,273.29

* Does not include any class of goods which in value individually accounts for 10% or more of the total value of raw materials consumed.

40- Value of Imports calculated on CIF basis:

	2013 ₹/Crores	2012 ₹/Crores
a) Raw materials and components	**1,013.89**	1,114.22
b) Stores and spares	**40.47**	29.37
c) Capital goods	**0.11**	0.51
d) Traded items	**308.28**	382.53
TOTAL	**1,362.75**	1,526.63

41- Expenditure in Foreign Currency:
(On accrual basis)

	2013 ₹/Crores	2012 ₹/Crores
a) Travel	**2.20**	3.30
b) Royalty*	**77.62**	87.18
c) Interest on Acceptances	**13.68**	5.51
d) Technical Fee	**0.41**	0.58
e) Others (includes consultancy, certification charges, license)	**4.58**	3.93
TOTAL	**98.49**	100.50

* Gross of tax deducted at source.

42- Earnings in Foreign Currency:

	2013 ₹/Crores	2012 ₹/Crores
a) Commission Income	**0.33**	0.25
b) FOB value of exports (including deemed exports)	**31.25**	39.31
c) Others (including reimbursement of expenses)	**21.74**	31.59
TOTAL	**53.32**	71.15

43- Remuneration to Auditor*:

	2013 ₹/Crores	2012 ₹/Crores
a) Statutory Audit	**1.47**	1.47
b) Other Audit Services/Certifications	**0.42**	0.54
c) Others	**-**	-
d) Out-of-Pocket Expenses	**0.11**	0.10
TOTAL	**2.00**	2.11

* Excluding service tax.

44- Employee Stock Option Plan (ESOP):

The Company has established Employee Stock Option Scheme 2000 and Employee Stock Based Compensation Plan 2005, for a total grant of 31,90,200 and 33,35,487 options respectively to the employees of the Company and its subsidiaries. These options vest on a graded basis over a period of 42 and 60 months respectively from the date of grant and are to be exercised with in a maximum period of 5 years from the date of vesting.

The Board of Directors/Committee approves the grant of options, including the grant of options that lapse out of each grant.

Each option of ₹ 10/- confers on the employee a right to five equity shares of ₹ 2/- each.

Exercise price is market price as specified in the Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 issued by the Securities and Exchange Board of India ("SEBI").

Details of Grants made under Employee Stock Option Scheme 2000

Date of Grant	Exercise price of the option for five equity shares of ₹ 2/- each	Options outstanding at the beginning of the year	Options granted during the year	Options forfeited during the year	Options exercised during the year	Options expired during the year	Options outstanding at the end of the year	Options exercisable at the end of the year
28-Jan-04	538.15	115362	-	-	-	115362	-	-
		(128965)	(-)	(-)	(-)	(13603)	(115362)	(115362)
25-Aug-04	603.95	23249	-	-	-	23249	-	-
		(36984)	(-)	(-)	(-)	(13735)	(23249)	(23249)
18-Jan-05	809.85	73004	-	-	-	8800	64204	64204
		(121428)	(-)	(-)	(-)	(48424)	(73004)	(73004)
15-Feb-05	809.30	-	-	-	-	-	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)
15-Mar-05	834.40	10828	-	-	-	1680	9148	9148
		(18263)	(-)	(-)	(-)	(7435)	(10828)	(10828)
15-Apr-05	789.85	880	-	-	-	-	880	880
		(3332)	(-)	(-)	(-)	(2452)	(880)	(880)
14-May-05	770.15	1180	-	-	-	-	1180	1180
		(3655)	(-)	(-)	(-)	(2,475)	(1180)	(1180)
15-Jun-05	756.15	675	-	-	-	675	-	-
		(675)	(-)	(-)	(-)	(-)	(675)	(675)
15-Jul-05	978.75	896	-	-	-	896	-	-
		(10480)	(-)	(-)	(-)	(9584)	(896)	(896)
13-Aug-05	1144.00	10101	-	-	-	5609	4492	4492
		(16030)	(-)	(-)	(-)	(5929)	(10101)	(10101)
15-Sep-05	1271.25	5278	-	-	-	2262	3016	3016
		(9140)	(-)	(-)	(-)	(3862)	(5278)	(5278)
15-Mar-07	648.75	136700	-	-	-	41,500	95200	95200
		(136700)	(-)	(-)	(-)	(-)	(136700)	(136700)
23-Jan-08	898.25	41400	-	-	-	4500	36900	36900
		(52395)	(-)	(-)	(-)	(10995)	(41400)	(41400)
18-Aug-09	627.25	20000	-	-	-	-	20000	12000
		(20000)	(-)	(-)	(-)	(-)	(20000)	(12000)
26-Oct-10	586.75	80000	-	8,000	-	12,000	60000	36000
		(80000)	(-)	(-)	(-)	(-)	(80000)	(24000)
2-Feb-11	516.50	12000	-	-	-	-	12000	7200
		(12000)	(-)	(-)	(-)	(-)	(12000)	(3600)
30-Jan-12	233.25	16,000	0	-	-	-	16000	4,800
		(-)	(16000)	(-)	(-)	(-)	(16000)	(-)
18-Jun-12	202.00	12,000	0	-	-	-	12000	3,600
		(-)	(12000)	(-)	(-)	(-)	(12000)	(-)
	Total	**559553**	**-**	**8,000**	**-**	**216533**	**335020**	**278620**
		(650047)	(28000)	(-)	(-)	(118494)	(559553)	(459153)

Note: Previous year's figures are given in brackets.

Details of Grants made under Employee Stock Based Compensation Plan 2005

Date of Grant	Exercise price of the option for five equity shares of ₹ 2/- each	Options outstanding at the beginning of the year	Options granted during the year	Options forfeited during the year	Options exercised during the year	Options expired during the year	Options outstanding at the end of the year	Options exercisable at the end of the year
13-Aug-05	1144.00	1242610	-	-	-	415232	827378	827378
		(1738150)	(-)	(-)	(-)	(495540)	(1242610)	(1242610)
19-Oct-05	1157.50	25600	-	-	-	8410	17190	17190
		(35260)	(-)	(-)	(-)	(9660)	(25600)	(25600)
15-Nov-05	1267.75	11840	-	-	-	7010	4830	4830
		(16000)	(-)	(-)	(-)	(4160)	(11840)	(11840)
15-Dec-05	1348.25	6960	-	-	-	4200	2760	2760
		(10700)	(-)	(-)	(-)	(3740)	(6960)	(6960)
14-Jan-06	1300.00	6864	-	-	-	2796	4068	4068
		(8740)	(-)	(-)	(-)	(1876)	(6864)	(6864)
15-Feb-06	1308.00	2592	-	-	-	648	1944	1944
		(3240)	(-)	(-)	(-)	(648)	(2592)	(2592)
16-Mar-06	1031.00	7560	-	-	-	3150	4410	4410
		(12350)	(-)	(-)	(-)	(4790)	(7560)	(7560)
17-Apr-06	868.75	2320	-	-	-	580	1740	1740
		(3900)	(-)	(-)	(-)	(1580)	(2320)	(2320)
15-May-06	842.50	6280	-	-	-	2170	4110	4110
		(7850)	(-)	(-)	(-)	(1570)	(6280)	(6280)
15-Jun-06	620.50	7880	-	-	-	3500	4380	4380
		(10330)	(-)	(-)	(-)	(2450)	(7880)	(7880)
17-Jul-06	673.75	6740	-	-	-	2628	4112	4112
		(10302)	(-)	(-)	(-)	(3562)	(6740)	(6740)
15-Mar-07	648.75	304020	-	0	-	85620	218400	218400
		(341080)	(-)	(5580)	(-)	(31480)	(304020)	(304020)
23-Jan-08	898.25	118170	-	1950	-	19095	97125	97125
		(146670)	(-)	(9690)	(-)	(18810)	(118170)	(95820)
16-Aug-11	375.00	30,000	-	-	-	-	30000	6,000
		(-)	(30000)	(-)	(-)	(-)	(30000)	(-)
17-Aug-11	375.00	7,000	-	-	-	-	7000	1,400
		(-)	(7000)	(-)	(-)	(-)	(7000)	(-)
18-Jun-12	202.00	4,000	-	-	-	-	4000	800
		(-)	(4000)	(-)	(-)	(-)	(4000)	(-)
30-Jan-13	186.00	-	20000	-	-	-	20000	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)
14-Feb-13	178.00	-	8000	-	-	-	8000	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)
10-May-13	187.00	-	10000	-	-	-	10000	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	
	Total	**1790436**	**38000**	**1950**	**-**	**555039**	**1271447**	**1200647**
		(2344572)	(41000)	(15270)	(-)	(579866)	(1790436)	(1727086)

Note: Previous year's figures are given in brackets.

Assumptions

The fair value of each stock option granted under Employee Stock Option Scheme 2000 and Employee Stock Based Compensation Plan 2005 as on the date of grant has been computed using Black-Scholes Option Pricing Formula and the model inputs are given as under:

	Employee Stock Option Scheme 2000	Employee Stock Based Compensation Plan 2005
Volatility	31% to 68%	31% to 65%
Risk free rate	4.57% to 8.24%	6.49% to 8.65%
Exercise Price	₹ 202.00 to ₹ 1,271.25	₹ 178.00 to ₹ 1,348.25
Time to Maturity (years)	2.20 to 5.50	2.50 to 7.00
Dividend Yield	9% to 31%	10% to 37%
Life of options	8.5 Years	10 Years
Fair Value of options as at the grant date	₹ 1.29 to ₹ 203.14	₹ 0.83 to ₹ 262.97

Notes:

1. Volatility: Based on historical volatility in the share price movement of the Company.
2. Risk Free Rate: Being the interest rate applicable for maturity equal to the expected life of options based on yield curve for Government Securities.
3. Time to Maturity: Vesting period and volatility of the underlying equity shares have been considered for estimation.
4. Dividend Yield: Based on historical dividend payouts.

The impact on the profit/(loss) of the Company for the year ended June 30, 2013 and the basic and diluted earnings per share had the Company followed the fair value method of accounting for stock options is set out below:

Proforma Disclosures

	2013 ₹/Crores	2012 ₹/Crores
Profit after tax as per Statement of Profit and Loss (a)	**(81.33)**	47.86
Add: Employee Stock Compensation Expense as per Intrinsic Value Method	**-**	-
Less: Employee Stock Compensation Expense as per Fair Value Method [Net of amount attributable to employees of subsidiary ₹ 0.00 Crores (2012 - ₹ 0.00 Crores)]	**2.02**	0.39
Profit/(Loss) after tax recomputed for recognition of employee stock compensation expense under fair value method (b)*	**(83.35)**	47.47
Earning/(Loss) Per Share based on earnings as per (a) above: (Refer Note 46)		
- Basic	(₹ **3.65**)	₹ 2.15
- Diluted	(₹ **3.65**)	₹ 2.15
Earning/(Loss) Per Share had fair value method been employed for accounting of employee stock options:		
- Basic	(₹ **3.74**)	₹ 2.13
- Diluted	(₹ **3.74**)	₹ 2.13

* Excludes impact on tax expense of employee stock compensation expense.

45- Leases:

a) Finance Leases:

As Lessor:

(i) The Company has given on finance lease certain assets/inventories which comprise of computers, radio terminals and office equipments, etc. These leases have a primary period, which is fixed and non-cancelable. There are no exceptional/restrictive covenants in the lease agreements.

(ii) The gross investment in the assets given on finance leases as at June 30, 2013 and its present value as at that date are as follows:

	Total minimum lease receivable ₹/Crores	Interest included in minimum lease receivable ₹/Crores	Present value of minimum lease receivable ₹/Crores
Not later than one year	**134.08**	**32.82**	**101.26**
	(96.73)	(28.28)	(68.45)
Later than one year and not later than five years	**362.90**	**54.67**	**308.23**
	(342.25)	(51.93)	(290.32)
Later than five years	**2.62**	**0.15**	**2.47**
	(2.62)	(0.15)	(2.47)
TOTAL	**499.60**	**87.64**	**411.96**
	(441.60)	(80.36)	(361.24)

Note: Previous year's figures are given in brackets.

b) Sale and Leaseback and further sub-lease on finance lease basis

(i) The Company has entered into transaction of sale and leaseback on finance lease basis and further sub-lease on finance lease basis for certain assets/inventories which comprise of computer systems and other related products. These leases have a primary period, which is fixed and non-cancelable. There are no exceptional/restrictive covenants in these lease agreements.

(ii) Details of mimimum lease payments and mimimum sub-lease receivables as at June 30, 2013 and its present value as at that date are as follows:

	Payable on sale and leaseback			Receivable on Sub-lease		
	Total minimum lease payable ₹/Crores	Interest included in minimum lease payable ₹/Crores	Present value of minimum lease payable ₹/Crores	Total minimum lease receivable ₹/Crores	Interest included in minimum lease receivable ₹/Crores	Present value of minimum lease receivable ₹/Crores
Not later than one year	**27.45**	**5.29**	**22.15**	**26.20**	**4.77**	**21.43**
	(22.90)	(5.33)	(17.57)	(22.52)	(4.47)	(18.05)
Later than one year and not later than five years	**34.82**	**4.67**	**30.15**	**36.09**	**4.29**	**31.80**
	(44.23)	(6.49)	(37.74)	(48.51)	(5.36)	(43.15)
TOTAL	**62.27**	**9.96**	**52.30**	**62.29**	**9.06**	**53.23**
	(67.13)	(11.82)	(55.31)	(71.03)	(9.83)	(61.20)

Note: Previous year's figures are given in brackets.

c) Sale and Leaseback

As Lessee:

	Total minimum lease payable ₹/Crores	Interest included in minimum lease payable ₹/Crores	Present value of minimum lease payable ₹/Crores
Not later than one year	**4.90**	**0.93**	**3.97**
	(4.61)	(1.27)	(3.34)
Later than one year and not later than five years	**7.36**	**0.63**	**6.72**
	(12.26)	(1.57)	(10.69)
TOTAL	**12.26**	**1.56**	**10.69**
	(16.87)	(2.84)	(14.03)

d) Cancelable Operating Leases

As Lessee:

(i) The Company has taken various residential/commercial premises under cancelable operating leases. These leases are normally renewable on expiry.

(ii) The rental expense in respect of operating leases is ₹ 28.65 Crores (2012 - ₹ 24.33 Crores) which is disclosed as Rent expense under 'Other expenses'.

As Lessor:

The gross block, accumulated depreciation and depreciation expense in respect of building and office automation products i.e. photocopying machines given on operating lease are as below:

	2013 ₹/Crores	2012 ₹/Crores
Gross Block	**61.51**	57.66
Accumulated Depreciation	**24.86**	17.85
Net Block	**36.65**	39.81
Depreciation Expense	**7.01**	5.96

e) Non-Cancelable Operating Leases

As Lessee:

(i) The Company has taken computers and furniture and fixtures on non-cancelable operating leases the future minimum lease payments in respect of which are:

	2013 ₹/Crores	20112 ₹/Crores
Not later than one year	**-**	0.15
Later than one year and not later than five years	**-**	-
TOTAL	**-**	0.15

(ii) Minimum lease payments in respect of assets taken on lease recognised as an expense in the Statement of Profit and Loss for the year ended June 30, 2013 are Nil (2012 - ₹ 2.23 Crores) which is included in Purchase of Services under 'Other direct expenses'.

46- Earnings per share (EPS)

The earnings considered in ascertaining the Company's EPS represent profit/(loss) for the year after tax. Basic EPS is computed and disclosed using the weighted average number of equity shares outstanding during the year. Diluted EPS is computed and disclosed using the weighted average number of equity and dilutive equivalent shares outstanding during the year except when results would be anti-dilutive.

Calculation of EPS:

Particulars	**2013**	2012
Profit after tax (₹/Crores)	**(81.33)**	47.86
Weighted average number of shares considered as outstanding in computation of Basic EPS	**222,879,629**	222,879,629
Add: Dilutive impact of stock options		
- Issued for no consideration	**385**	246
Weighted average number of shares outstanding in computation of Diluted EPS	**222,880,014**	222,879,875
Basic EPS (of ₹ 2/- each)	**(₹ 3.65)**	₹ 2.15
Diluted EPS (of ₹ 2/- each)	**(₹ 3.65)**	₹ 2.15

47- Segment Reporting

In the previous year, the Company was reporting "Computer Systems and Other Related Products and Services" and 'Telecommunication and Office Automation" as its primary segments.

During the current year, considering the existing internal reporting structure, the Company has reviewed existing segment reporting and has reorganized its primary business segments as "Hardware Products and Solutions business" (comprising of Hardware Solutions business, Computing products manufacturing facility and Channel business), "Services business", "Learning business" and "Distribution business". Consequent to which Segment Disclosures for the current year and corresponding numbers for the previous year, have been presented based on the revised Segments.

The nature and the business of primary Segments are as below:

a) Hardware Products and Solutions business comprises of Hardware Solutions business and Computing products manufacturing facility & Channel business. Hardware Solutions business includes sale of office automation products, hardware solutions & products sold directly to enterprises, government and providing Sytem Integration solutions in different Industry verticals. Computing products manufacturing facility and Channel business includes manufacturing of computer hardware systems and sale of hardware products through channel partners.

b) The Services business provides IT infrastructure managed services, break-fix services, cloud services, enterprise application services, software development & support services, office automation maintenance services, managed print services and telecom & consumer electronics support services.

c) Learning business includes training services and educational content and related Hardware offerings for private schools, colleges and other education institutes and vocational training.

d) The businesses of distribution segment consist of distribution of telecommunication and other digital lifestyle products.

There is no change in the secondary segment reporting, which continues to be based upon geographical location of the customers. Details of secondary segments are not disclosed as more than 90% of the Company's revenues, results and assets relate to the domestic market.

Segment wise performance for the year ended June 30, 2013 ₹/ Crores

Primary Segments		Hardware Products & Solutions	Services	Distribution	Learning	Inter-Segment Elimination	Total
(i)	**Revenue**						
	External Revenue	**2996.76**	**553.43**	**5049.68**	**90.26**		**8690.13**
		(2950.54)	(604.16)	(6728.57)	(92.21)		(10375.48)
	Inter-segment Revenue	**4.72**			**0.57**	**-5.29**	
		(5.99)			(0.11)	(-6.10)	
	Total Gross Revenue	**3001.48**	**553.43**	**5049.68**	**90.83**	**-5.29**	**8690.13**
		(2956.53)	(604.16)	(6728.57)	(92.32)	(-6.10)	(10375.48)
	Less: Excise Duty	**50.75**					**50.75**
		(86.20)					(86.20)
	Total Net Revenue	**2950.73**	**553.43**	**5049.68**	**90.83**	**-5.29**	**8639.38**
		(2870.33)	(604.16)	(6728.57)	(92.32)	(-6.10)	(10289.28)
(ii)	**Results**	**-133.38**	**70.53**	**90.86**	**(3.54)**		**24.47**
		(-95.96)	(126.27)	(151.45)	(-4.47)		(177.29)
	Less: Unallocable Expenditure						**122.21**
							(116.80)
	Operating Profit						**-97.74**
							(60.49)
	Add: Other Income (Excluding Operational Income)						**105.85**
							(81.14)
	Less: Finance Charges						**134.98**
							(80.09)
	Profit Before Tax						**-126.87**
							(61.54)
	Less: Tax Expense						**-45.54**
							(13.68)
	Profit After Tax						**-81.33**
							(47.86)
(iii)	**Segment Assets**	**2799.18**	**367.02**	**277.09**	**75.46**		**3518.75**
		(2792.96)	(311.31)	(420.23)	(67.08)		(3591.58)
	Unallocated Corporate Assets						
	a) Liquid Assets						**920.70**
							(438.56)
	b) Others						**984.76**
							(836.85)
	Total Assets						**5424.21**
							(4866.99)

	Primary Segments	Hardware Products & Solutions	Services	Distribution	Learning	Inter-Segment Elimination	Total
(iv)	**Segment Liabilities**	**1799.88**	**161.77**	**423.13**	**58.66**		**2443.44**
		(1565.57)	(158.66)	(436.49)	(68.52)		(2229.24)
	Unallocated Corporate Liabilities						**86.97**
							(56.23)
	Total Liabilities						**2530.41**
							(2285.47)
(v)	**Capital Expenditure (allocable)**	**14.43**	**16.16**	**0.57**	**15.28**		**46.44**
		(24.06)	(9.05)	(0.43)	(27.35)		(60.89)
	Capital Expenditure (unallocable)						**15.11**
							(6.07)
(vi)	**Depreciation (allocable)**	**18.22**	**9.13**	**0.61**	**6.80**		**34.76**
		(17.78)	(7.99)	(0.99)	(4.23)		(30.99)
	Depreciation (unallocable)						**14.22**
							(12.13)
(vii)	**Other Non Cash Expenses (allocable)**	**53.51**	**6.81**	**-**	**2.58**		**62.90**
		(59.09)	(3.26)	(0.51)	(1.68)		(64.54)
	Other Non Cash Expenses (unallocable)						**-**
							(3.34)

Note: Previous year's figures are given in brackets.

Segment Results include ₹ 11.22 Crores (2012 - ₹ 17.01 Crores) of certain Operating other income which is included in 'Other income' in the Statement of Profit and Loss.

48- The Company has calculated the various benefits provided to employees as under:

(a) Defined Contribution

(i) Superannuation Fund

During the year, the Company has recognised the following amounts in the Statement of Profit and Loss:

	2013 ₹/Crores	2012 ₹/Crores
Employers Contribution to Superannuation Fund*	**2.16**	2.11

(b) State Plans

(i) Employee State Insurance

(ii) Employee's Pension Scheme 1995

During the year, the Company has recognised the following amounts in the Statement of Profit and Loss:

	2013 ₹/Crores	2012 ₹/Crores
Employers contribution to Employee State Insurance*	**3.09**	3.82
Employers contribution to Employee's Pension Scheme 1995*	**7.33**	7.93

* Included in Contribution to Provident and Other Funds under Employee benefit expense (Refer Note 26).

The Company contributes to the employee provident fund trust "Hindustan Computers Limited Employees Provident Fund Trust" which is managed by the Company. The Company's Provident Fund Trust is exempted under Section 17 of Employees' Provident Fund Act, 1952. Conditions for grant of exemptions stipulate that the employer shall make good deficiency, if any, in the interest rate declared by the trust vis-à-vis statutory rate. As per guidance note on AS – 15, Employee Benefits (Revised 2005), provident funds set up by employers, which requires interest shortfall to be met by the employer, needs to be treated as defined benefit plan.

The Trust includes employees of the Company as well as some of the employees of the related parties. In view of the same, it is a multi employer defined benefit plan.

The Trust has been investing the Provident fund contributions of the employees of all the three companies in a composite manner and the same cannot be separately identified entity wise.

In view of the same an actuarial valuation, in accordance with the AS-15 (Revised), was carried out at composite level. As per actuarial certificate there is no shortfall in the earning of fund against statutorily required "interest rate guarantee" and accordingly, the "liability on account of interest rate guarantee" is nil."

(c) Defined Benefit

(i) Gratuity

(ii) Provident Fund#

In accordance with Accounting Standard 15 (revised 2005), an actuarial valuation was carried out in the respect of the aforesaid defined benefit plan based on the following assumptions:

	Gratuity		Provident Fund	
	2013	2012	**2013**	2012
Discount rate (per annum)	**7.93%**	8.60%	**8.50%**	8.50%
Rate of increase in compensation levels	**6.00%**	7.00%	**Not Applicable**	Not Applicable
Rate of return on plan assets	**Not Applicable**	Not Applicable	**Not Applicable**	Not Applicable
Expected statutory interest rate	**Not Applicable**	Not Applicable	**8.50%**	8.50%
Expected short fall in interest earnings	**Not Applicable**	Not Applicable	**0.05%**	0.05%
Expected average remaining working lives of employees (years)	**24.32**	24.34	**24.32**	24.34

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

₹/Crores

	2013		2012	
	Gratuity	Provident Fund	Gratuity	Provident Fund
Reconciliation of opening and closing balances of the present value of the defined benefit obligation:				
Present value of obligation at the beginning of the year	**20.10**	**140.59**	19.96	123.64
Current service cost	**2.12**	**7.72**	2.31	6.97
Past service cost	**-**	**-**	-	-
Interest cost	**1.56**	**11.95**	1.69	10.51
Actuarial (gain)/loss	**0.11**	**1.76**	(0.56)	(1.78)
Benefits (paid)	**(4.48)**	**(30.00)**	(3.30)	(17.54)
Settlements/transfer In	**-**	**3.16**	-	1.48
Contribution by plan participants	**-**	**17.66**	-	17.31
Present value of obligation at the end of the year	**19.41**	**152.84**	20.10	140.59

₹/Crores

	2013	2012
	Provident Fund	Provident Fund
Reconciliation of present value of the defined benefit obligation and the fair value of plan assets:		
Fair value of plan assets at the begining of the year	**141.86**	122.64
Expected Return on Plan Assets	**12.06**	10.42
Employer Contribution	**7.72**	6.97
Settlements/Transfer In	**3.16**	1.48
Employee Contribution	**17.66**	17.31
Benefit Paid	**(30.00)**	(17.54)
Actuarial gain/(loss) on Plan Assets	**0.39**	0.58
Fair value of plan assets at the end of the year	**152.85**	141.86

₹/Crores

Cost recognised for the year (included under Salaries, Wages, Bonus and Gratuity):	2013 Gratuity	2013 Provident Fund	2012 Gratuity	2012 Provident Fund
Current service cost	**2.12**	-	2.31	-
Company contribution to Provident Fund	-	**7.72**	-	6.97
Past service cost	-	-	-	-
Interest cost	**1.56**	-	1.69	-
Actuarial (gain)/loss	**0.11**	-	(0.56)	-
Interest guarantee liability	-	-	-	-
Shortfall in fund	-	-	-	-
Net cost recognised for the year*	**3.79**	**7.72**	3.44	6.97

* Included in in Salaries, Wages, Bonus and Gratuity for Gratuity and Contribution to Provident and Other Funds for Provident Fund under Employee benefits expense (Refer Note 26).

In the absence of the relevant information from the Actuary, the above details do not include the composition of Plan assets.

Reconciliation of the present value of the defined benefit obligation and the fair value of the plan assets:

₹/Crores

	Gratuity				
	2013	2012	2011	2010	2009
Present value of the obligation as at the end of the year	**19.41**	**20.10**	**19.96**	**16.98**	**14.90**
Fair value of plan assets at the end of the year	-	-	-	-	-
Assets/(Liabilities) recognised in the Balance Sheet	**(19.41)**	**(20.10)**	**(19.96)**	**(16.98)**	**(14.90)**
Experience adjustment in plan liabilities	**0.16**	**0.03**	**3.90**	-	-
Experience adjustment in plan assets	-	-	-	-	-

	Provident Fund	
	2013	2012
Present value of the obligation as at the end of the year	**(152.84)**	**(140.59)**
Fair value of plan assets at the end of the year	**152.85**	**141.86**
Assets/(Liabilities) recognised in the Balance Sheet	**-****	**-****

	2013	2012
Expected Contribution to the Provident fund in the next year	**8.18**	**7.72**

**As there is surplus, the same has not been recognised in Balance Sheet.

49- The Company remits the dividends to its non resident shareholders in Indian Rupees.

50- Pursuant to the approval of the shareholders and in terms of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, the Company has:

(a) On receipt of 25% subscription money, allotted 2,10,59,515 warrants priced at ₹ 152.90 per warrant to certain promoters on a preferential basis on October 7, 2009. Subsequently, 1,64,38,848 warrants have been converted into equal number of equity shares of ₹ 2/- each on October 29, 2009 and 46,20,667 on April 5, 2011 on receipt of the balance 75% subscription money.

(b) Raised ₹ 472.67 Crores by allotment of 3,05,55,713 equity shares of ₹ 2/- each at a price of ₹ 154.69 per equity share including a premium of ₹ 152.69 per equity share through Qualified Institutional Placement on October 21, 2009.

The funds raised through above issues have been utilised as under:

Particulars	As at June 30, 2013 (₹/Crores)	As at June 30, 2012 (₹/Crores)
Gross Proceeds		
- Preferential Issue	322.00	322.00
- Qualified Institutions Placement	472.67	472.67
Less: Share Expenses incurred adjusted with Securities Premium Account during the year	(14.55)	(14.55)
Net Proceeds	**780.12**	**780.12**
Utilisation towards		
- Capital expenditure	118.01	87.46
- Acquisition	49.83	27.51
- Working Capital	300.00	300.00
Total Utilisation	**467.84**	**414.97**
Unutilised		
Currently held in Unquoted (Others) Current Investments	312.28	365.15
Total Unutilised	**312.28**	**365.15**

51- (a) Loss of ₹ 0.45 crores (2012 - Profit of ₹ 0.99 Crores) on sale of fixed assets has been adjusted against the Profit/Loss on sale of fixed assets.

b) Advertisement, Publicity and Entertainment expenses, wherever on sharing basis, are shown at amounts borne by the Company.

52-

Contract-in-progress	As at June 30, 2013 (₹/Crores)	As at June 30, 2012 (₹/Crores)
Contract revenue recognised for the period	**643.01**	342.60
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) for all contracts in progress upto the period ended	**3586.01**	2943.00
The amount of advances received	**62.98**	93.35
Gross amount due from customers for contract-in-progress	**1176.43**	1075.87
Gross amount due to customers for contract-in-progress	**83.37**	84.33

53- Pursuant of clause ix (b) of section 227 (4A) of the Companies Act, 1956, the details of disputed dues are as follows:

SL. No.	Name of the Statute	Nature of the dues	Amount (₹/crores)	Amount Deposited (₹/crores)	Period to which the amount relates	Forum where dispute is pending
1.1	**Uttar Pradesh Trade Tax Act, 1948****	Sales Tax*	0.52	0.13	2002-2003	Commercial Tax Tribunal, Noida.
1.2		Sales Tax*	0.07	0.07	2002-2003	High Court, Allahabad.
1.3		Sales Tax*	0.36	0.36	2003-2004	Commercial Tax Tribunal, Noida.
1.4		Sales Tax*	0.85	0.67	2004-2005	Joint Commissioner (Appeals) of Commercial Tax, Noida.
1.5		Sales Tax*	2.15	1.30	2005-2006	Joint Commissioner (Appeals) of Commercial Tax, Noida.
1.6		Sales Tax*	4.25	1.74	2006-2007	Additional Commissioner (Appeals) of Commercial Tax, Noida.
1.7		Sales Tax*	0.03	0.06	2006-2007	Joint Commissioner (Appeals) of Commercial Tax, Noida.
1.8		Sales Tax*	5.28	0.61	2007-2008	Additional Commissioner (Appeals) of Commercial Tax, Noida.
1.9		Sales Tax (including Penalty)*	0.10	0.20	2007-2008	Joint Commissioner (Appeals) of Commercial Tax, Noida.
1.10		Sales Tax*	0.50	0.03	2008-2009	Additional Commissioner (Appeals) of Commercial Tax Noida.
1.11		Commercial Tax(including Penalty)*	0.03	0.08	2008-2009	Joint Commissioner (Appeals) of Commercial Tax, Noida.
1.12		Commercial Tax(including Penalty)*	0.27	0.09	2009-2010	Joint Commissioner (Appeals) of Commercial Tax, Noida.
1.13		Commercial Tax(including Penalty)*	-	0.24	2011-2012	Joint Commissioner (Appeals) of Commercial Tax, Noida.
1.14		Commercial Tax(including Penalty)*	0.01	0.05	2012-2013	Joint Commissioner (Appeals) of Commercial Tax, Noida.
1.15		Commercial Tax(including Penalty)*	0.02	0.02	2013-2014	Joint Commissioner (Appeals) of Commercial Tax, Noida.
2.1	**Delhi Sales Tax Act, 1975****	Sales Tax*	0.04	0.03	2003-2004	Joint Commissioner (Appeals) of Sales Tax, Delhi.
2.2		Sales Tax*	0.04	-		Joint Commissioner (Appeals) of Sales Tax, Delhi.
3.1	**Delhi Value Added Tax Act, 2004****	Trade Tax	0.17	-	2005-2006	Additional Commissioner of Sales Tax, Delhi.
3.2		Trade Tax*	0.08	-	2007-2008	Deputy Commissioner (Appeals) of Sales Tax, Delhi.
3.3		Trade Tax	1.83	0.08	2008-2009	Deputy Commissioner (Appeals) of Sales Tax, Delhi.
3.4		Trade Tax	2.79	-	2009-2010	Deputy Commissioner (Appeals) of Sales Tax, Delhi.
4.1	**Tamil Nadu General Sales Tax Act, 1959****	Sales Tax*	0.13	-	2003-2004	Commercial Tax Officer, Chennai.
4.2		Sales Tax*	0.88	0.42	2007-2008	Commercial Tax Officer, Chennai.
4.3		Sales Tax*	1.01	0.45	2008-2009	Commercial Tax Officer, Chennai.
5.1	**West Bengal Sales Tax Act, 1994****	Sales Tax	0.02	-	2005-2006	Joint Commissioner (Appeals) of Sales Tax, Kolkata.
5.2		Sales Tax	0.63	-	2006-2007	Joint Commissioner (Appeals) of Sales Tax, Kolkata.
5.3		Sales Tax	0.14	-	2007-2008	Joint Commissioner (Appeals) of Sales Tax, Kolkata.
5.4		Sales Tax	4.50	-	2008-2009	Joint Commissioner (Appeals) of Sales Tax, Kolkata.
5.5		Sales Tax	2.62	-	2009-2010	Joint Commissioner (Appeals) of Sales Tax, Kolkata.
6.1	**Rajasthan Sales Tax Act, 1994****	Sales Tax*	0.01	0.00	2003-2004	Deputy Commissioner (Appeals) of Sales Tax, Jaipur.
6.2		Sales Tax*	0.07	0.05	2004-2005 2005-2006	Deputy Commissioner (Appeals) of Sales Tax Jaipur

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Notes to the financial Statements

SL. No.	Name of the Statute	Nature of the dues	Amount (₹/crores)	Amount Deposited (₹/crores)	Period to which the amount relates	Forum where dispute is pending
7.1	**Rajasthan Value Added Tax Act, 2003****	Commercial Tax(including Penalty)*	0.22	0.06	2006-2007 2007-2008	Deputy Commissioner (Appeals) of Commercial Tax Jaipur
7.2		Commercial Tax(including Penalty)*	0.21	0.09	2008-2009	Deputy Commissioner (Appeals) of Commercial Tax Jaipur
7.3		Commercial Tax(including Penalty)*	1.26	0.52	2009-2010	Deputy Commissioner (Appeals) of Commercial Tax Jaipur
7.4		Commercial Tax(including Penalty)*	2.15	0.84	2010-2011	Deputy Commissioner (Appeals) of Commercial Tax Jaipur
7.5		Commercial Tax(including Penalty)*	2.95	0.76	2011-2012	Deputy Commissioner (Appeals) of Commercial Tax Jaipur
7.6		Commercial Tax(including Penalty)*	9.78	0.76	2012-2013	Deputy Commissioner (Appeals) of Commercial Tax Jaipur
8.1	**Kerala General Sales Tax Act, 1963****	Sales Tax*	0.99	0.51	2001-2002	Tribunals of Sales Tax, Kochi.
8.2		Sales Tax*	0.58	0.17	2002-2003 2003-2004 2004-2005	Deputy Commissioner (Appeals) of Sales Tax, Kochi.
8.3		Sales Tax (including Penalty)*	0.26	0.07	2007-2008 2008-2009 2009-2010 2010-2011 2011-2012	Check post authorities, Kerala.
9.1	**Uttarkhand Value Added Tax Act, 2005****	Sales Tax	3.60	1.30	2006-2007	Deputy Commissioner Commercial Tax, Dehradun.
9.2		Sales Tax (including Penalty)*	0.70	0.12	2007-2008 2008-2009	Joint Commissioner Commercial Tax, Dehradun.
9.3		Sales Tax*	11.17	1.36	2007-2008 2008-2009	Joint Commissioner Commercial Tax, Dehradun.
10.1	**Jammu & Kashmir Value Added Tax Act, 2005****	Sales Tax (including Penalty)* Tax Act, 2005**	2.92	0.24	2007-2008 2008-2009	Deputy Commissioner (Appeals), Jammu.
11.1	**Punjab General Sales Tax Act, 1948****	Sales Tax (including Penalty)	0.47	0.33	2004-2005	High Court, Chandigarh & Punjab.
12.1	**Punjab Value Added Tax Act, 2005****	Sales Tax (including Penalty)	0.04	0.11	2007-2008	Deputy Commissioner (Appeals), Punjab
12.2		Sales Tax (including Penalty)*	0.21	0.05	2008-2009	Tribunal, Chandigarh.
12.3		Sales Tax (including Penalty)*	0.53	0.13	2012-2013	Deputy Commissioner (Appeals), Punjab
13.1	**Andhra Pradesh Value Added Tax Act, 2005****	Sales Tax*	0.02	0.02	2005-2006 2006-2007	Commissioner (Appeals) of Commercial Tax, Hyderabad.
13.2		Sales Tax*	0.25	-	2007-2008	Commissioner (Appeals) of Commercial Tax, Hyderabad.
14.1	**Karnataka Value Added Tax Act, 2003****	Sales Tax	1.16	0.98	2006-2007	Assessing Officer, Bangalore.
14.2		Sales Tax*	0.50	0.25	2005-2006 2006-2007	Deputy Commissioner (Appeals), Bangalore.
14.3		Sales Tax*	0.71	0.58	2007-2008	Joint Commissioner (Appeals), Bangalore.
15.1	**Himachal Pradesh Value Added Tax Act-2005****	Sales Tax (Including Penalty)*	0.01	0.10	2006-2007 2012-2013	Assistant Commissioner of Sales Tax, Shimla
16.1	**Orissa Value Added Tax Act, 2004****	Sales Tax (Including Penalty)*	1.06	0.22	2005-2006 to 2010-2011	Deputy Commissioner (Appeals), Bhubaneswar
17.1	**Bihar Value Added Tax Act, 2005****	Sales Tax (Including Penalty)*	1.79	0.54	2010-2011	Joint Commissioner (Appeals), Patna
17.2		Sales Tax (Including Penalty)*	0.05	-	2012-2013	Commissioner Commercial Tax, Patna
	Sub Total (a)		**72.99**	**16.79**		
18.1	**Central Excise Act, 1944**	Excise Duty (Including Penalty)	0.95	-	2002-2003; 2003-2004	Central Excise and Service Tax Appellate Tribunal, Chennai
18.2		Excise Duty	0.08	0.04	July to December, 2006	Commissioner (Appeals), Chennai
18.3		Excise Duty (Including Penalty)	0.04	-	January to March, 2007	Commissioner (Appeals), Chennai
18.4		Excise Duty (Including Penalty)	0.04	-	April to July, 2007	Commissioner (Appeals), Chennai
18.5		Excise Duty (Including Penalty)	0.04	-	April to December, 2008	Commissioner (Appeals), Chennai

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SL. No.	Name of the Statute	Nature of the dues	Amount (₹/crores)	Amount Deposited (₹/crores)	Period to which the amount relates	Forum where dispute is pending
18.6	**Central Excise Act, 1944**	Excise Duty (Including Penalty)	0.06	-	September 2007 to March 2008	Central Excise and Service Tax ppellate Tribunal, Chennai
18.7		Excise Duty (Including Penalty)	1.62	-	January to December, 2010	Commissioner (Appeals)
18.8		Excise Duty (Including Penalty)	0.03	-	April 2010 to March 2011	Commissioner (Appeals)
18.9		Short reversal of Excise duty	0.08	-	April to May, 2011	Commissioner (Appeals)
18.10		Excise Duty	0.02	-	April, 2010	Commissioner (Appeals)
18.11		Wrong availment of Input credit -Service Tax (Including Penalty)	0.14	-	October 2010 to March 2011	Tribunal Chennai
18.12		Excise Duty (Including Penalty)	3.24	0.60	1980-1981 1981-1982 1982-1983 1983-1984	Central Excise and Service Tax Appellate Tribunal, Delhi
18.13		Excise Duty (Including Penalty)	1.03	0.00	July 2003 to September 2005	Central Excise and Service Tax Appellate Tribunal, Chennai
18.14		Excise Duty (Including Penalty)	1.63	0.00	July 2003 to March 2006	Central Excise and Service Tax Appellate Tribunal, Chennai
18.15		Excise Duty (Including Penalty)	0.34	-	September 2005 to September 2006	Commissioner (Appeals), Chennai
18.16		Excise Duty (Including Penalty)	0.34	-	September 2005 to September 2006	Commissioner (Appeals), Chennai
18.17		Excise Duty (Including Penalty)	0.13	-	January to June, 2007	Commissioner (Appeals), Chennai
18.18		Wrong availment of Input credit -Service Tax	0.06	-	January to June 2007	Commissioner (Appeals), Chennai
18.19		Wrong availment of Input credit -Service Tax	0.04	-	Feburary 2008 to March 2011	Commissioner (Appeals), Chennai
18.20		Wrong availment of Input credit -Service Tax	0.06	-	July 2009 to March 2010	Commissioner (Appeals), Chennai
18.21		Demand of Service Tax (Including Penalty)	1.12	-	October 2004 to Feburary 2009	Tribunal, Chennai
18.22		Demand of Service Tax (Including Penalty)	0.02	-	April 2008 to Feburary 2009	Tribunal, Chennai
18.23		Excise Duty (Including Penalty)	0.02	-	July 2008	Commissioner (Appeals), Mumbai.
	Sub Total (b)#		**11.13**	**0.64**		
19.1	**Income Tax Act, 1961**	Income Tax(Representative Assessee)	0.37	-	1989-1990	High Court, Delhi.
19.2		Income Tax (Representative Assessee)	0.16	0.16	1990-1991	High Court, Delhi.
19.3		Income Tax (Regular Assessment of erstwhile HCL Infinet Limited)	0.88	-	2005-2006	Commissioner (Appeals), Delhi.
19.4		Income Tax (Regular Assessment of erstwhile HCL Infinet Limited)	1.54	-	2006-2007	Commissioner (Appeals), Delhi.
	Sub Total (c)		**2.95**	**0.16**		
	Total (a) + (b) + (c)		**87.07**	**17.59**		

Notes: 1. * Deposits under sales tax are adjustable against demand of other assessment years.
2. ** Including balances under Central Sales Tax Act,1956 with relevant rules of respective states.
3. # Excludes interest for which there is no demand on the Company.

54- Disclosure of related parties and related party transactions:

a) **Company having substantial interest:**
HCL Corporation Private Limited

b) **List of parties where control exists/existed:**

Subsidiaries:
HCL Infocom Limited
Digilife Distribution and Marketing Services Limited
RMA Software Park Private Limited
HCL Insys Pte. Limited, Singapore
HCL Investments Pte. Limited, Singapore
HCL Touch Inc., USA
HCL Computing Products Limited
Pimpri Chinchwad eServices Limited (85% Shareholding of HCL Infosystems Limited)
HCL Infosystems MEA FZCO, Dubai (100% Shareholding of HCL Insys Pte. Limited)
HCL Infosystems LLC, Dubai (49% Shareholding of HCL Infosystems MEA FZCO)
HCL Infosystems MEA LLC, Abu Dhabi (49% Shareholding of HCL Infosystems MEA FZCO)
HCL Infosystems Qatar, WLL (49% Shareholding of HCL Infosystems MEA FZCO)
HCL Infosystems South Africa Pty. Limited (100% Shareholding of HCL Investments Pte. Limited)
HCL System Integration Limited (100% Shareholding of HCL Infocom Limited)
HCL Learning Limited (100% Shareholding of HCL Infocom Limited)
HCL Care Limited (100% Shareholding of HCL Infocom Limited)

c) **Other related parties with whom transactions have taken place during the year and/or where balances exist:**
HCL Technologies Limited
HCL Comnet Systems and Services Limited
HCL BPO Services (NI) Limited
SSN College of Engineering
SSN Trust

d) **Key Management Personnel**
Mr. Ajai Chowdhry (Resigned as Whole Time Director with effect from March 31, 2012)
Mr. Harsh Chitale
Mr. J.V. Ramamurthy
Mr. Sandeep Kanwar

e) Summary of Related Party disclosures

Note : All transactions with related parties have been entered into in the normal course of business.

A. Transactions	Company having substantial interest		Subsidiaries		Others		Key Management Personnel		Total	
	Jun-13	Jun-12	**Jun-13**	Jun-12	**Jun-13**	Jun-12	**Jun-13**	Jun-12	**Jun-13**	Jun-12
Sales and Related Income	**0.02**	**0.00**	**361.40**	**152.11**	**96.84**	**142.84**			**458.27**	**294.95**
- HCL Technologies Limited					86.24	130.05				
- HCL Infosystems MEA FZCO			23.31	21.97						
- Digilife Distribution and Marketing Services Limited			337.98	129.81						
Services	**-**	**0.01**	**1.18**	**2.79**	**10.47**	**11.10**			**11.66**	**13.90**
- HCL Technologies Limited					7.66	7.94				
- HCL BPO Services (NI) Limited					1.66	2.20				
- HCL Touch Inc USA			0.76	-	-	-				
- HCL Infinet Limited			-	0.34						
- HCL Infosystems MEA FZCO			0.42	2.11						
Purchase of Goods			**343.54**	**286.44**					**343.54**	**286.44**
- Digilife Distribution and Marketing Services Limited			85.83	21.77						
- HCL Insys Pte. Limited			257.71	264.66						
Purchase of Services			**-**	**0.78**	**3.32**	**6.11**			**3.32**	**6.89**
- HCL Infinet Limited			-	0.77						
- HCL Technologies Limited					3.32	6.11				
Sale of Investment			**0.15**	**-**					**0.15**	**-**
- HCL Infocom Limited			0.15	**-**						
Purchase of Investment			**22.71**	**31.21**					**22.71**	**31.21**
- HCL Investments Pte. Limited			1.11	1.47						
- HCL Insys Pte. Limited			21.20	-						
- Digilife Distribution and Marketing Services Limited			-	29.00						
-HCL Infocom Limited			0.15	-						
- HCL Touch Inc.			-	0.74						
- HCL System Integration Limited			0.05	-						
- HCL Learning Limited			0.05	-						
- HCL Care Limited			0.05	-						
- HCL Computing Products Limited			0.10	-						
Loans and Advances Refunded/Adjusted			**-**	**30.17**					**-**	**30.17**
- HCL Infinet Limited			-	18.57						
- Digilife Distribution and Marketing Services Limited			-	11.60						
Loans and Advances Given			**7.16**	**3.31**					**7.16**	**3.31**
- RMA Software Park Private Limited			7.16	3.31						
Assets Purchased			**-**	**0.30**					**-**	**0.30**
- Digilife Distribution and Marketing Services Limited			-	0.25						
- HCL Insys Pte. Limited			-	0.05						
Remuneration#							**5.26**	**8.74**	**5.26**	**8.74**
- Mr. Ajai Chowdhry							-	3.14		
- Mr. Harsh Chitale							2.81*	2.50		
- Mr. J.V. Ramamurthy							1.14*	1.56		
- Mr. Sandeep Kanwar							1.30	1.54		
Reimbursements towards expenditure										
a) Received	**-**	**0.09**	**1.10**	**2.10**	**0.02**	**0.50**			**1.12**	**2.69**
- HCL Infinet Limited			-	1.24						
- HCL Technologies Limited					0.01	0.50				
- Digilife Distribution and Marketing Services Limited			1.10	0.86						
- HCL Comnet Limited					0.01	-				
b) Made	**0.73**	**0.27**	**0.86**	**0.99**	**3.25**	**1.96**			**4.84**	**3.22**
- HCL Infinet Limited			-	0.14						
- HCL Technologies Limited					3.22	1.92				
- HCL Infosystems MEA FZCO			0.86	0.84						
B. Amount due to / from related parties										
Investments			140.39	117.82					140.39	117.82
Trade Receivables	0.08	0.06	102.60	106.25	42.21	66.82			144.88	173.13
Loans and Advances	-	0.34	33.34	26.19	0.87	2.38			34.21	28.91
Trade Payables	0.08	-	164.80	172.41	-	0.01			164.88	172.42

* The Remuneration is subject to Shareholders' approval via a special resolution in the ensuing Annual General Meeting.

\# Does not include employee stock compensation expense accounted as per intrinsic value method and retirement benefits on account of Gratuity and Leave Encashment as these benefits are determined actuarially for the Company as a whole and separate figures applicable to individual employees are not readily available.

55. Additional disclosure as per Clause 32 of the Listing Agreement:

Disclosure of amounts at the year end and the maximum amount of loans/advances/investments outstanding during the year ended June 30, 2013

	2013 ₹/Crores					2012 ₹/Crores				
A. Loans and Advances in the nature of Loans to Subsidiary										
a. Name	RMA Software Park Private Limited	HCL Insys Pte. Limited	HCL Infocom Limited	Digilife Distribution and Marketing Service Limited	HCL Infinet Limited	RMA Software Park Private Limited	HCL Infsys Pte. Limited	HCL Infocom Limited	Digilife Distribution and Marketing Service Limited	HCL Infinet Limited
a. Balance outstanding at the year end	**33.34**	**-**	**0.05**	**-**	**-**	26.18	-	0.04	-	-
b. Maximum amount outstanding during the year ended June 30, 2013	**33.34**	**-**	**0.05**	**-**	**-**	26.18	-	0.04	11.60	20.06

	2013 ₹/Crores	2012 ₹/Crores
B. Loans and Advances in the nature of loans to Fellow Subsidiaries		
a. Name	-	-
b. Balance outstanding at the year end	**Nil**	Nil
c. Maximum amount outstanding during the year ended June 30, 2013	**Nil**	Nil
C. Loans and Advances in the nature of Loans where there is no repayment schedule		
a. Name	-	-
b. Balance outstanding at the year end	**Nil**	Nil
c. Maximum amount outstanding during the year ended June 30, 2013	**Nil**	Nil

D. Loans and Advances in the nature of loans where no interest or interest below Section 372A of Companies Act, 1956 is charged

	2013 ₹/Crores					2012 ₹/Crores				
a. Name	RMA Software Park Private Limited	HCL Insys Pte. Limited	HCL Infocom Limited	Digilife Distribution and Marketing Service Limited	HCL Infinet Limited	RMA Software Park Private Limited	HCL insys Pte. Limited	HCL Infocom Limited	Digilife Distribution and Marketing Service Limited	HCL Infinet Limited
b. Balance outstanding at the year end	**33.34**	**-**	**0.05**	**-**	**-**	26.18	-	0.04	-	-
c. Maximum amount out standing during the year ended June 30, 2013	**33.34**	**-**	**0.05**	**-**	**-**	26.18	-	0.04	11.60	20.06

Loans given to employees under various schemes of the Company have been considered to be out of purview of disclosure requirement.

	2013 ₹/Crores	2012 ₹/Crores
E. Loans and Advances in the nature of loans to firms/companies in which directors are interested	**Nil**	Nil
F. Disclosure of Investment in the Company's own shares		
a. Name of the Loanee	-	-
b. Balance outstanding at the year end	**Nil**	Nil
c. Maximum amount outstanding during the year ended June 30, 2013	**Nil**	Nil
d. Investments made by the Loanee	**Nil**	Nil
e. Maximum amount of Investment during the year ended June 30, 2013	**Nil**	Nil

56- a) Derivative Instruments outstanding at the Balance Sheet date:

The Company has following outstanding derivative as at reporting date:

Particulars	Foreign Currency Value / Crores		Average Rate		Maximum Maturity Period	
	2013	2012	**2013**	2012	**2013**	2012
Forward Contracts to buy USD	**$6.62**	$8.18	**57.07**	56.10	**23 Months**	9 Months
Options to hedge USD liability	**$0.20**	$0.80	**57.18**	55.93	**1 Months**	13 Months

The above derivatives have been undertaken to hedge the foreign currency exposures on Import/Royalty payables as at June 30, 2013.

b) As on June 30, 2013, the foreign currency exposure that is not hedged by a derivative instrument or otherwise in respect of Trade Payables are ₹ 457.76 Crores (2012 - ₹ 209.29 Crores) and in respect of Trade Receivables are ₹ 36.70 Crores (2012 - ₹ 38.80 Crores).

c) Mark-to-Market losses provided for as on June 30, 2013 of ₹ 0.44 Crores (2012 - ₹ 0.27 Crores).

d) The unaccrued forward exchange cover as on June 30, 2013 of ₹ 8.31 Crores (2012 - ₹ 7.06 Crores) has been included under 'Other current assets' and 'Other non current assets' as 'Unamortised Premium on Forwards Contracts'.

e) Pursuant to notification u/s 211(3C) of the Companies Act, 1956 issued by the Ministry of Corporate Affairs on December 29, 2011, the Company has opted to accumulate the exchange difference arising on translation of foreign currency items having a term of 12 months or more and amortise such exchange difference over the period of the item. Accordingly, a loss of ₹ 17.96 Crores (2012 - ₹ 11.47 Crores) stands deferred as at June 30, 2013.

57- The Board of Directors had at its meeting held on January 14, 2013, approved a business restructuring plan consisting of a Composite Scheme of Arrangement (the Scheme) under the provisions of Section 391 and 394 of the Companies Act, 1956. The Scheme inter-alia envisages transfer of the Hardware Solutions Business, Services business and Learning Business (collectively the "Transferred Undertakings") of the Company to separate wholly owned subsidiaries namely HCL System Integration Limited, HCL Care Limited and HCL Learning Limited, respectively. The Scheme also envisages merger of HCL Infocom Limited, a wholly owned subsidiary with the Company. January 1, 2013 has been fixed as the Appointed Date. The Equity Shareholders, Secured and Unsecured Creditors of the Company have at their respective meeting, convened as per the directions of the Hon'ble High Court of Delhi accorded their approval to the Scheme. The final petition has also been filed with Hon'ble High Court of Delhi for its sanction.The Scheme is subject to requisite sanction of the Hon'ble High Court of Judicature at Delhi and other regulatory authorities. The Company continues to carry on business and activities in relation to the transferred undertakings on account of and in trust for the respective transferee companies until all the requisite approval and formalities are completed.

Detail of carrying amount of assets and liabilities, revenue and expenses and net cash flow attributable to the Transferred Undertakings are summarised as follows:

The "Services business" and "Learning Business" are separate business segments whereas Hardware Solutions business represents part of the "Hardware Products and Solutions business" segment.

The details of carrying amounts of assets and liabilities attributable to the "Transferred Undertakings" are as below -

(₹/Crores)

	Solution		Services		Learning	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Total assets	**3,009.48**	2,851.81	**493.46**	381.13	**224.30**	153.34
Total liabilities	**1,960.67**	1,525.16	**395.07**	337.65	**89.66**	68.99
Net assets	**1,048.81**	1,326.53	**98.39**	43.48	**134.64**	84.35

The Revenue and expenses in respect of ordinary activities attributable to the transferred undertakings are as below:

(₹/Crores)

	Solution		Services		Learning	
	2013	2012	2013	2012	2013	2012
Revenue from operations	1,871.01	1,662.33	553.43	604.16	90.83	92.32
Expenses	1,998.39	1,731.37	482.90	477.89	94.37	96.77
Profit/(loss) before finance costs, other income, common corporate costs and taxes (a)	(127.38)	(69.04)	70.53	126.27	(3.54)	(4.46)
Other income (b)	41.47	27.86	(0.36)	(0.17)	8.40	3.12
Finance costs (c)	50.96	38.89	18.54	9.45	1.92	-
Common corporate costs (d)	22.28	20.59	25.86	28.95	3.61	4.42
Profit/(loss) before taxes (e)= (a)+(b)-(c)-(d)	(159.15)	(100.66)	25.77	87.70	(0.67)	(5.76)
Tax (benefit)/expense (f)	(57.12)	(22.38)	9.25	19.50	(0.24)	(1.28)
Profit/(loss) after taxes	(102.03)	(78.28)	16.52	68.20	(0.43)	(4.48)

The net cash flows attributable are as follows:

(₹/Crores)

	Solution		Services		Learning	
	2013	2012	2013	2012	2013	2012
Operating activities	225.35	117.77	(54.62)	122.90	14.17	4.60
Investing activities	(16.41)	(190.18)	(53.98)	(9.79)	(93.68)	(57.44)
Financing activities	(181.32)	36.19	106.19	(115.02)	81.39	50.56
Net cash inflows/(outflows)	27.62	(36.22)	(2.41)	(1.91)	1.88	(2.28)

58. Previous year's figures have also been regrouped/recasted, where neccessary, to conform to the current year's presentation.

For Price Waterhouse
Firm Registration Number-301112E
Chartered Accountants

ABHISHEK RARA
Partner
Membership Number -077779

Place : Noida
Dated : August 14, 2013

For and on behalf of the Board of Directors

HARSH CHITALE
Chief Executive Officer
& Whole Time Director

E.A. KSHIRSAGAR
Director

SANDEEP KANWAR
Chief Financial Officer

SUSHIL KUMAR JAIN
Company Secretary

Auditors' Report on the Consolidated Financial Statements

Report of the Auditors' to the Board of Directors of HCL Infosystems Limited on the Consolidated Financial Statements of HCL Infosystems and its Subsidiaries.

Report of the Auditors' to the Board of Directors of HCL Infosystems Limited

1. We have audited the accompanying consolidated financial statements (the "Consolidated Financial Statements") of HCL Infosystems Limited ("the Company") and its subsidiaries and joint ventures of its subsidiaries; hereinafter referred to as the "Group" (refer Note 1 to the attached consolidated financial statements) which comprise the consolidated Balance Sheet as at June 30, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information which we have signed under reference to this report.

Management's Responsibility for the Consolidated Financial Statements

2. The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 – Consolidated Financial Statements, Accounting Standard (AS) 23 – Accounting for Investments in Associates in Consolidated Financial Statements, and Accounting Standard (AS) 27 – Financial Reporting of Interests in Joint Ventures notified under Section 211(3C) of the Companies Act, 1956.
7. Based on our audit and on consideration of reports of other auditor(s) on separate financial statements and on the other financial information of the component(s) of the Group as referred to in paragraph 8 & 9 below, and to the best of our information and according to the explanations given to us, in our opinion, the accompanying consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
   (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at June 30, 2013;
   (b) in the case of the consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and
   (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter

8. We did not audit the financial statements of three subsidiary companies and seven step down subsidiary companies and one joint venture of wholly owned subsidiary of the Company, included in the consolidated financial statements, which constitute total assets of ₹ 295.20 Crores and net assets of ₹ 71.17 Crores as at June 30, 2013, total revenue of ₹ 407.84 Crores, net loss of ₹ 2.37 Crores and net cash flows amounting to ₹ (1.04) Crores for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.
9. We did not audit the financial statements of two subsidiary companies and one step down subsidiary company and one joint venture of wholly owned subsidiary of the Company, included in the consolidated financial statements, which constitute total assets of ₹ 15.85 Crores and net assets of ₹ 12.59 Crores as at June 30, 2013, total revenue of ₹ 4.01 Crores, net loss of ₹ 1.68 Crores and net cash flows amounting to ₹ 7.84 Crores for the year then ended. The unaudited financial information has been provided to us by the management, and our opinion on the consolidated financial statements to the extent they relate to these subsidiaries and step down subsidiary and joint venture of its subsidiary is based solely on such unaudited financial information furnished to us.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Abhishek Rara
Partner
Membership Number: 077779

Place: Noida
Date: August 14, 2013

Consolidated Balance Sheet as at June 30, 2013

	Notes	As at 30.06.2013 ₹/Crores		As at 30.06.2012 ₹/Crores	
Equity and Liabilities:					
Shareholders' funds					
Share capital	2, 3	**44.58**		44.58	
Reserves and surplus	3	**1,790.03**	**1,834.61**	1,866.53	1,911.11
Non-current liabilities					
Long-term borrowings	4	**506.90**		132.20	
Other long-term liabilities	5	**77.61**		148.83	
Long-term provisions	6	**18.63**	**603.14**	18.29	299.32
Current liabilities					
Short-term borrowings	7	**482.83**		492.41	
Trade payables	8	**2,221.08**		1,746.84	
Other current liabilities	9	**514.43**		550.44	
Short-term provisions	10	**22.21**	**3,240.55**	26.08	2,815.77
Total Equity and Liabilities			**5,678.30**		5,026.20
Assets:					
Non-current assets					
Fixed assets					
- Tangible assets	11	**270.30**		267.44	
- Intangible assets	11	**101.71**		90.72	
- Capital work-in-progress		**33.51**		35.56	
- Intangible assets under development		**5.35**		10.52	
Deferred tax assets (net)	32	**73.02**		27.31	
Long-term loans and advances	13	**69.76**		64.88	
Trade receivables	14	**8.09**		22.81	
Other non-current assets	15	**345.90**	**907.64**	336.78	856.02
Current assets					
Current investments	12	**918.71**		431.77	
Inventories	16	**568.41**		707.32	
Trade receivables	17	**1,297.54**		1,218.45	
Cash and bank balances	18	**313.22**		302.66	
Short-term loans and advances	19	**276.97**		293.37	
Other current assets	20	**1,395.81**	**4,770.66**	1,216.61	4,170.18
Total Assets			**5,678.30**		5,026.20
Consolidated Significant Accounting Policies	1				

This is the Consolidated Balance Sheet referred to in our report of even date

The notes referred to above form an integral part of the Consolidated Balance Sheet

For Price Waterhouse
Firm Registration Number-301112E
Chartered Accountants

ABHISHEK RARA
Partner
Membership Number 077779

Place : Noida
Dated : August 14, 2013

For and on behalf of the Board of Directors

HARSH CHITALE
Chief Executive Officer
& Whole Time Director

E.A. KSHIRSAGAR
Director

SANDEEP KANWAR
Chief Financial Officer

SUSHIL KUMAR JAIN
Company Secretary

Statement of Consolidated Profit & Loss for the year ended June 30, 2013

	Notes	Year ended 30.06.2013 ₹/Crores		Year ended 30.06.2012 ₹/Crores	
Revenue:					
Revenue from operations (gross)	21	**9,297.31**		10,855.73	
Less: Excise Duty		**50.75**	**9,246.56**	86.20	10,769.53
Other income	22		**118.12**		127.23
			9,364.68		10,896.76
Expenses:					
Cost of materials consumed			**1,375.51**		1,368.28
Purchases of stock-in-trade			**6,340.91**		7,936.81
Changes in inventories of finished goods, work-in-progress and stock-in-trade	23		**87.14**		(58.45)
Other direct expense	24		**434.08**		418.40
Employee benefits expense	25		**548.18**		490.05
Finance costs	26		**137.08**		84.62
Depreciation and amortisation expense	11		**51.89**		46.06
Net Loss on Foreign Exchange Fluctuation (other than considered as Finance Cost)			**45.50**		65.77
Other expenses	27		**469.96**		460.83
			9,490.25		10,812.37
Profit/(Loss) before tax			**(125.57)**		84.39
Tax expense					
Current tax		**1.25**		30.36	
Less: MAT Credit Entitlement		**(1.13)**		(10.04)	
Current tax - For the year		**0.12**		20.32	
Deferred tax	32	**(45.71)**	**(45.59)**	(5.93)	14.39
Profit/(Loss) for the year			**(79.98)**		70.00
Minority Interest			**-**		(2.07)
Profit/(Loss) after Minority Interest for the year			**(79.98)**		72.07
Earning per equity share (in ₹)	35				
Basic (of ₹ 2/- each)			**(3.59)**		3.23
Diluted (of ₹ 2/- each)			**(3.59)**		3.23
Consolidated Significant Accounting Policies	1				

This is the Statement of Consolidated Profit and Loss referred to in our report of even date

The notes referred to above form an integral part of the Statement of Consolidated Profit and Loss

For Price Waterhouse
Firm Registration Number-301112E
Chartered Accountants

For and on behalf of the Board of Directors

ABHISHEK RARA
Partner
Membership Number 077779

HARSH CHITALE
Chief Executive Officer
& Whole Time Director

E.A. KSHIRSAGAR
Director

Place : Noida
Dated : August 14, 2013

SANDEEP KANWAR
Chief Financial Officer

SUSHIL KUMAR JAIN
Company Secretary

Consolidated Cash Flow Statement for the year ended June 30, 2013

	Year ended 30.06.2013 ₹/Crores		Year ended 30.06.2012 ₹/Crores	
1. Cash Flow from Operating Activities:				
Profit/(Loss) before tax		**(125.57)**		84.39
Adjustments for:				
Depreciation and Amortisation Expense	**51.89**		46.06	
Finance Costs	**137.08**		84.62	
Interest Income	**(50.56)**		(33.83)	
Dividend Income	**(6.82)**		(1.97)	
Net (Profit)/Loss on Sale of Fixed Assets	**(8.24)**		(1.96)	
Fixed Assets Written-Off	**0.15**		0.92	
Goodwill Written-Off	**-**		6.05	
Profit on Disposal of Unquoted (Others) Current Investments	**(36.02)**		(41.09)	
Gain on Sale of Subsidiary	**-**		(25.55)	
Provision for Doubtful Debts	**64.91**		63.40	
Provision for Doubtful Loans and Advances	**0.50**		1.31	
Provision for Doubtful Other Current Assets	**0.61**		0.83	
Provisions/Liabilities no longer required Written Back	**(11.31)**		(17.77)	
Provision for Gratuity and Other Employee Benefits	**(3.61)**		0.37	
Diminution in the Value of Unquoted/Quoted (Others) Current Investments	**(1.25)**		(0.20)	
Unrealised Foreign Exchange (Gain)/Loss	**(19.78)**		34.25	
Effect of Exchange Differences on Translation of Subsidiaries	**3.48**		9.55	
Provision for Warranty Liability	**(0.27)**	**120.76**	5.80	130.79
Operating Profit/(Loss) before working capital changes		**(4.81)**		215.18
Adjustments for changes in working capital:				
- (Increase)/Decrease in Trade Receivables	**(129.23)**		22.44	
- (Increase)/Decrease in Loans and Advances and Other Assets	**(185.37)**		(230.23)	
- (Increase)/Decrease in Inventories	**138.91**		(93.06)	
- Increase/(Decrease) in Liabilities	**391.56**	**215.87**	325.09	24.24
Cash generated from operations		**211.06**		239.42
- Taxes (Paid)/Received (Net of Tax Deducted at Source)		**45.96**		(0.03)
Net cash from operating activities (A)		**257.02**		239.39
2. Cash flow from Investing Activities:				
Purchase of Fixed Assets (including Intangible Assets)	**(96.09)**		(69.68)	
Capital Work-In-Progress (including Intangible Assets under Development)	**7.22**		(15.28)	
Proceeds from Sale of Fixed Assets	**15.55**		5.95	
Proceeds from Sale of Current Investments	**4,349.43**		1,852.96	
Lease Rental Recoverable	**(42.75)**		(236.99)	
Purchase of Current Investments	**(4,799.10)**		(1,639.02)	
Investments in Bank Deposits (with original maturity of more than three months)	**4.43**		(7.77)	
Movement in Margin Money	**4.50**		1.09	
Interest Received	**45.49**		30.43	
Dividend Received on Current Investments	**6.82**		1.97	
Proceeds from Sale of Subsidiary	**-**	**(504.50)**	24.05	(52.29)
Net cash from/(used in) investing activities (B)		**(504.50)**		(52.29)

Consolidated Cash Flow Statement for the year ended June 30, 2013

	Year ended 30.06.2013 ₹/Crores		Year ended 2012 ₹/Crores	
3. Cash Flow from Financing Activities:				
Secured Loans				
Short term received/(paid)	**167.43**		(31.01)	
Long term received/(paid)	**265.35**		(33.83)	
Unsecured Loans				
Short term received/(paid)	**(138.82)**		157.80	
Long term received/(paid)	**109.35**		(30.34)	
Interest Paid	**(135.63)**		(90.04)	
Dividend Paid	**(0.71)**		(111.34)	
Corporate Dividend Distribution Tax Paid	**-**	**266.97**	(18.09)	(156.85)
Net cash used in financing activities (C)		**266.97**		(156.85)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		**19.49**		30.25
Opening Balance of Cash and Cash Equivalents		**285.49**		255.24
Closing Balance of Cash and Cash Equivalents [Includes exchange rate fluctuation of ₹ Nil Crores (2012 - ₹ 3.39 Crores)]		**304.98**		285.49
Cash and cash equivalents comprise		**304.98**		285.49
Cash, Cheques and Drafts (in hand)		**77.65**		76.37
Balances with Banks on Current Accounts and Dividend Accounts		**214.92**		199.47
Balances with Banks on Deposits Accounts		**12.41**		9.65

Notes:
1. The above Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard-3, notified u/s 211(3C) of Companies Act, 1956.
2 Cash and cash equivalents include balances with banks in unclaimed dividend accounts amounting to ₹ 3.19 Crores (2012- ₹ 3.90 Crores) which are not available for use by the Company
3 Figures in brackets indicate cash outgo.

This is the Consolidated Cash Flow Statement referred to in our report of even date

For Price Waterhouse
Firm Registration Number-301112E
Chartered Accountants

ABHISHEK RARA
Partner
Membership Number 077779

Place : Noida
Dated : August 14, 2013

For and on behalf of the Board of Directors

HARSH CHITALE
Chief Executive Officer
& Whole Time Director

E.A. KSHIRSAGAR
Director

SANDEEP KANWAR
Chief Financial Officer

SUSHIL KUMAR JAIN
Company Secretary

1. CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

a. GROUP COMPANIES

These consolidated financial statements comprise the financial statement of HCL Infosystems Limited (the "Company"), its subsidiaries and joint ventures (JV) (the "Group"), as given in the following table:

Name of the Subsidiary/ JV	Country of Incorporation	Extent of Holding (%) as at June 30	
Subsidiary		**2013**	**2012**
HCL Infocom Limited	India	100	100
Digilife Distribution and Marketing Services Limited	India	100	100
RMA Software Park Private Limited	India	100	100
HCL Insys Pte. Limited	Singapore	100	100
HCL Investments Pte. Limited	Singapore	100	100
Pimpri Chinchwad eServices Limited	India	85	85
HCL Touch Inc.	USA	100	100
HCL Computing and Products Limited	India	100	-
Step-down Subsidiary of HCL Infocom Limited			
HCL System Integration Limited	India	100	-
HCL Learning Limited	India	100	-
HCL Care Limited	India	100	-
Step-down Subsidiary of HCL Insys Pte. Limited			
HCL Infosystems MEA FZCO (60% Shareholding till December 31,2011)	Dubai	100	100
Step-down Subsidiary of HCL Infosystems MEA FZCO			
HCL Infosystems LLC, Dubai #	Dubai	49	49
HCL Infosystems MEA LLC, Abu Dhabi #	Abu Dhabi	49	49
HCL Infosystems Qatar, WLL #	Qatar	49	49
Step-down Subsidiary of HCL Investments Pte. Limited			
HCL Infosystems South Africa Pty. Limited	South Africa	100	100
Joint Venture through HCL Infocom Limited			
Nokia HCL Mobile Internet Services Limited	India	49	49
Joint Venture through HCL Investments Pte. Limited			
Techmart Telecom Distribution FZCO, Dubai (Dissolved on January 03,2013)	Dubai	-	20

Due to control over composition of the Board of Directors.

b. BASIS OF PREPARATION

These consolidated financial statements have been prepared under the historical cost convention on the accrual basis in accordance with the accounting principles generally accepted in India. These financial statements have been prepared to comply in all material aspects with the Accounting Standards notified under Section 211(3C) [Companies (Accounting Standards) Rule 2006, as amended] and the other relevant provisions of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities, except for System Integration business. The System Integration business which comprises of long-term contracts and have an operating cycle exceeding one year. For classification of current assets and liabilities related to System Integration business, the Group elected to use the duration of the individual contracts as its operating cycle.

Subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances/transactions in full as per Accounting Standard 21 on 'Consolidated Financial Statements'.

Minority Interest represents the minority shareholders' proportionate share of net assets and the net income in consolidated subsidiaries. Minorities' interest in net profit of consolidated subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company.

Interests in the assets, liabilities, income and expenses of the joint venture are consolidated using proportionate consolidation method. Intra-group balances, transactions and unrealised profits/losses are eliminated to the extent of Company's proportionate share in such joint venture.

All unrealised surpluses and deficits on transactions among the Group companies are eliminated.

Goodwill has been recorded to the extent that the cost of acquisition exceeds the book value of group's share of identifiable net assets in each acquired company. The goodwill arising on consolidation is tested for impairment at each balance sheet date.

Accounting policies among the Group companies are consistent to the extent practicable.

c. FIXED ASSETS

Tangible Fixed Assets including in-house capitalisation and Capital work-in-progress are stated at cost except those which are revalued from time to time on the basis of current replacement cost/value to the Group, net of accumulated depreciation.

Assets taken on finance lease on or after April 1, 2001 are stated at fair value of the assets or present value of minimum lease payments whichever is lower.

Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

Intangible Assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful lives.

d. DEPRECIATION AND AMORTISATION

(a) Depreciation and amortisation has been calculated as under:

(i) Depreciation on tangible fixed assets is provided on a pro-rata basis using the straight-line method based on economic useful life determined by way of periodical technical evaluation. Intangible assets (other than Goodwill) are amortised over their estimated useful life.

Economic useful lives which are not exceeding those stipulated in Schedule XIV of the Companies Act, 1956 are as under:

Tangible Assets:		
Plant and Machinery*	4-8	years
Buildings		
- Factory	25-28	years
- Others	50-58	years
- Capitalised prior to 1.5.1986	As per Section 205(2)(b)of the Companies Act, 1956	
Furniture and Fixtures	4-6	years
Air Conditioners	3-6	years
Vehicles	4-6	years
Office Equipments	3-6	years
Networking Equipments	3-6	years
Computers	3-5	years

Intangible Assets (other than Goodwill):		
Intellectual Property Rights	5-7	years
Software	1-5	years
Technical Know how (Product/Technology development cost)	3-5	years

(ii) The assets taken on finance lease on or after April 1, 2001 are depreciated over their expected useful lives.

(b) Leasehold Land is amortised over a period of lease. Leasehold improvements are amortised on straight line basis over the period of three years or lease period whichever is lower.

(c) Goodwill arising on acquisition is tested for impairment at each balance sheet date.

(d) Individual assets costing ' 5,000 or less are depreciated/amortised fully in the year of acquisition.

(e) The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

e. INVESTMENTS

Current investments are carried at lower of cost or fair value where fair value for mutual funds is based on net asset value and for bonds is based on market quote.

f. INVENTORIES

Raw Materials and Components held for use in the production of Finished Goods and Work-In-Progress are valued at cost if the finished goods in which they will be incorporated are expected to be sold at or above cost. If there is a decline in the price of materials/components and it is estimated that the cost of finished goods will exceed the net realisable value, the materials/ components are written down to net realisable value measured on the basis of their replacement cost. Cost is determined on the basis of weighted average.

Finished Goods, Stock-In-Trade and Work-In-Progress are valued at lower of cost and net realisable value.

Cost of Finished Goods and Work-In-Progress includes cost of raw materials and components, direct labour and proportionate overhead expenses. Cost is determined on the basis of weighted average.

Stores and Spares are valued at lower of cost and net realisable value/future economic benefits expected to arise when consumed during rendering of services. Adequate adjustments are made to the carrying value for obsolescence. Cost is determined on the basis of weighted average.

Goods In-Transit are valued inclusive of custom duty, where applicable.

g. FOREIGN CURRENCY TRANSACTIONS

a) Foreign currency transactions are recorded at the exchange rates prevailing at the date of transaction. Exchange differences arising on settlement of transactions, are recognised as income or expense in the year in which they arise.

b) At the balance sheet date, all monetary items denominated in foreign currency, are reported at the exchange rates prevailing at the balance sheet date and the resultant gain or loss is recognised in the Statement of Profit and Loss. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

c) With respect to exchange differences arising on translation of long term foreign currency monetary items having a term of 12 months or more, from July 1, 2011 onwards, the Group has adopted the following policy:

(i) Exchange differences relating to long term foreign currency monetary items, arising during the year, in so far as they relate to the acquisition of a depreciable capital asset are added to or deducted from the cost of the asset and depreciated over the balance life of the asset.

(ii) In other cases, such differences are accumulated in the "Foreign Currency Monetary Translation Difference Account" and amortised over the balance period of the long term assets/liabilities but not beyond March 31, 2020.

d) In case of forward foreign exchange contracts where an underlying asset or liability exists at the balance sheet date, the premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contract are recognized in the statement of Profit and Loss in the reporting period in which the exchange rate change.

e) Forward exchange contracts outstanding as at the year end on account of firm commitment / highly probable forecast transactions are marked to market and the losses, if any, are recognised in the Statement of Profit and Loss and gains are ignored in accordance with the Announcement of Institute of Chartered Accountants of India on 'Accounting for Derivatives' issued in March 2008.

f) Any profit or loss arising on cancellation or renewal of a forward exchange contract are recognised as income or as expense for the period.

g) The financial statements of an integral foreign operation are translated using the principles and procedures as if the transactions of the foreign operation are those of the Company itself.

h) In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at average exchange rates prevailing during the year; and all resulting exchange differences are accumulated in a "Foreign Currency Translation Reserve" until the disposal of the net investment.

h. EMPLOYEE BENEFITS

Defined Benefit:

Gratuity

Liability for gratuity is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Provident Fund

Contribution towards provident fund for certain employees is made to the regulatory authorities, where the Group has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Group does not carry any further obligations, apart from the contributions made on a monthly basis.

In respect of certain employees, Provident Fund contributions are made to a multi-employer Trust administered by the Company. The Group's liability is actuarially determined (using the Projected Unit Credit method) at the end of the year and any shortfall in the fund size maintained by the Trust set up by the Company is additionally provided for. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Other Benefits:

Compensated Absences

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Group's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Defined Contribution:

Contributions to the employees' state insurance fund, administered by the prescribed government authorities, are made in accordance with the Employees' State Insurance Act, 1948 and are recognised as an expense on an accrual basis.

Group's contribution towards Superannuation Fund is accounted for on accrual basis. The Group makes defined contribution to a Superannuation Trust established for the purpose. The Group has no further obligations beyond its monthly contributions.

i. REVENUE RECOGNITION

(a) Sales, after adjusting trade discount, are inclusive of excise duty and the related revenue is recognised on transfer of all significant risks and rewards to the customer and when no significant uncertainty exists regarding realisation of the consideration.

(b) Composite contracts, outcome of which can be reliably estimated, where no significant uncertainty exists regarding realisation of the consideration, revenue is recognised in accordance with the percentage completion method, under which revenue is recognised on the basis of cost incurred as a proportion of total cost expected to be incurred. The foreseeable losses on the completion of contract, if any, are provided for immediately.

(c) Service income includes income:

i) From maintenance of products and facilities under maintenance agreements and extended warranty, which is recognised upon creation of contractual obligations rateably over the period of contract, where no significant uncertainty exists regarding realisation of the consideration.

ii) From software services:

(a) The revenue from time and material contracts is recognised based on the time spent as per the terms of contracts.

(b) In case of fixed priced contracts revenue is recognised on percentage of completion basis. Foreseeable losses, if any, on the completion of contract are recognised immediately.

iii) Virtual private networks: Revenue is recognised on proportionate basis over the period of contract with the customer. One time charges recovered upfront from the customer are recognised as revenue at the commencement of service.

iv) Technical help desk: The Group is engaged in providing technical and administrative help desk support to its various customers through the web. Revenue for the same has been recognised based on fulfilling obligations as contracted in the respective agreements.

(d) Contract-in-progress:

For System Integration business, difference between cost incurred plus recognised profit/less recognised losses and the amount due for payment is disclosed as contract-in-progress.

j. GOVERNMENT GRANTS

Revenue grants, where reasonable certainty exists that the ultimate collection will be made, are recognised on a systematic basis in Statement of Profit and Loss over the periods necessary to match them with the related cost which they are intended to compensate.

k. ROYALTY

Royalty expense, net of performance based discounts, is recognised when the related revenue is recognised.

l. LEASES

a) Assets taken under leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalised at the inception of the lease at the lower of fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on outstanding liability for each period.

b) Initial direct costs relating to the finance lease transactions are included as part of the amount capitalised as an asset under the lease.

c) Assets taken on leases where significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on straight-line basis over the lease term.

d) Profit on sale and leaseback transactions is recognised over the period of the lease.

e) Assets given under finance lease are recognised as receivables at an amount equal to the net investment in the lease. Inventories given on finance lease are recognised as deemed sale at fair value. Lease income is recognised over the period of the lease so as to yield a constant rate of return on the net investment in the lease.

f) Assets leased out under operating leases are capitalised. Rental income is recognised on accrual basis over the lease term.

g) In sale and leaseback transactions and further sub-lease resulting in financial leases, the deemed sale is recognised at fair value at an amount equal to the net investment in the lease where substantially all risks and rewards of ownership have been transferred to the sub-lessee. A liability is created at the inception of the lease at the lower of fair value or the present value of minimum lease payments for sale and leaseback transaction. Each lease rental payable/receivable is allocated between the liability/receivable and the interest cost/income, so as to obtain a constant periodic rate of interest on outstanding liability/receivable for each period.

m. SEGMENT REPORTING

The accounting policies adopted for segment reporting are in conformity with the accounting policies consistently used in the preparation of consolidated financial statements. The basis of reporting is as follows:

a) Revenue and expenses distinctly identifiable to a segment are recognised in that segment. Identified expenses include direct material, labour, overheads and depreciation on fixed assets. Expenses that are identifiable with/ allocable to segments have been considered for determining segment results.

Allocated expenses include support function costs which are allocated to the segments in proportion of the services rendered by them to each of the business segments. Depreciation on fixed assets is allocated to the segments on the basis of their proportionate usage.

b) Unallocated expenses/income are enterprise expenses/income, which are not attributable or allocable to any of the business segment.

c) Assets and liabilities which arise as a result of operating activities of the segment are recognised in that segment. Fixed assets which are exclusively used by the segment or allocated on a reasonable basis are also included.

d) Unallocated assets and liabilities are those which are not attributable or allocable to any of the segments and includes liquid assets like investments, bank deposits and investments in assets given on finance lease.

e) Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price which is at par with the prevailing market price.

n. BORROWING COSTS

Borrowing costs to the extent related/attributable to the acquisition/construction of assets that necessarily take substantial period of time to get ready for their intended use are capitalised along with the respective fixed asset up to the date such asset is ready for use. Other borrowing costs are charged to the Statement of Profit and Loss.

o. CURRENT AND DEFERRED TAX

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in in accordance with the taxation laws prevailing in the respective jurisdictions where the Group conducts the business.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. At each Balance Sheet date, the Group reassesses unrecognised deferred tax assets, if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

p. PROVISIONS AND CONTINGENT LIABILITIES

The Group creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the amount of the obligation cannot be made.

q. USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with Generally Accepted Accounting Principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Examples of such estimates include estimate of cost expected to be incurred to complete performance under composite arrangements, income taxes, provision for warranty, employment benefit plans, provision for doubtful debts and estimated useful life of the fixed assets. The actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

r. EMPLOYEE STOCK OPTION SCHEME

The Group calculates the employee stock compensation expense based on the intrinsic value method wherein the excess of market price of underlying equity shares as on the date of the grant of options over the exercise price of the options given to employees under the Employee Stock Option Scheme of the Group, is recognised as deferred stock compensation expense and is amortised over the vesting period on the basis of generally accepted accounting principles in accordance with the guidelines of Securities and Exchange Board of India.

s. IMPAIRMENT OF ASSETS

At the each balance sheet date, the Group assesses whether there is any indication that an asset (tangible and intangible) may be impaired. If any such indication exists, the Group estimates the recoverable amount and if the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in the Statement of Profit and Loss to the extent the carrying amount exceeds the recoverable amount.

t. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

u. RESEARCH AND DEVELOPMENT

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Group has ability and intention to complete the asset and use or sell it and cost can be measured reliably.

Notes to the Consolidated Financial Statements

	As at 30.06.2013 ₹/Crores		As at 30.06.2012 ₹/Crores	
2- Share Capital				
Authorised				
55,00,00,000 Equity Shares (2012 - 55,00,00,000) of ₹ 2/- each		**110.00**		110.00
5,00,000 Preference Shares (2012 - 5,00,000) of ₹100/- each		**5.00**		5.00
Total		**115.00**		115.00
Issued, Subscribed and Paid up				
22,28,79,629 Equity Shares (2011-22,28,79,629) of ₹ 2/- each (fully paid up)		**44.58**		44.58
Add: Shares Forfeited (1,000 shares of ₹ 1/- each)		**0.00**		0.00
Total		**44.58**		44.58

Notes:

(i) Rights attached to Equity Shares:

The Company has only one class of equity share having a face value of ₹ 2/- each. Each holder of equity shares is entitled to one vote per share held. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in ensuing General Meeting, except in case of interim dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by Shareholders.

(ii) Shares reserved for issue under options:

For detail of shares reserved for issue under Employee Stock Option Plan of the Company, refer Note 33.

(iii) Shareholders holding more than 5% of the aggregate shares in the Company

Particulars	As at 30.06.2013 Number of Shares	As at 30.06.2013 % of shares	As at 30.06.2012 Number of Shares	As at 30.06.2012 % of Shares
(a) HCL Corporation Private Limited	**106,725,467**	**47.88**	95,500,651	42.85
(b) Franklin Templeton Investment Funds	**21,249,492**	**9.53**	21,249,492	9.53
(c) HSBC Global Investment funds Mauritius Ltd.	**18,450,000**	**8.28**	16,300,000	7.31
(d) AKM Systems Pvt. Ltd.	**12,179,627**	**5.46**	12,179,627	5.46

3- Movement in Share capital and Reserves and surplus **(₹/crores, except Number of Shares)**

Particulars	Number of Shares	Share Capital	Capital Reserve	Securities Premium Account	General Reserve	Debenture Redemption Reserve	Foreign Currency Translation Reserve	Surplus in the Statement of Consolidated Profit and Loss	Total Reserves and Surplus
As at July 1, 2011	222,879,629	44.58	0.04	896.00	210.97	12.00	(1.19)	744.82	1,862.64
Addition to Foreign Currency Translation Reserve	-	-	-	-	-	-	9.55	-	9.55
Profit for the year	-	-	-	-	-	-	-	72.07	72.07
Interim Dividend	-	-	-	-	-	-	-	(66.87)	(66.87)
Corporate Dividend Distribution Tax on Interim Dividend	-	-	-	-	-	-	-	(10.86)	(10.86)
Transfer from Debenture Redemption Reserve	-	-	-	-	-	(12.00)	-	12.00	-
Transfer to General Reserve	-	-	-	-	4.79	-	-	(4.79)	-
As at June 30, 2012	**222,879,629**	**44.58**	**0.04**	**896.00**	**215.76**	**-**	**8.36**	**746.37**	**1,866.53**
As at July 1, 2012	222,879,629	44.58	0.04	896.00	215.76	-	8.36	746.37	1,866.53
Addition to Foreign Currency Translation Reserve	-	-	-	-	-	-	3.48	-	3.48
Profit/(Loss) for the year	-	-	-	-	-	-	-	(79.97)	(79.97)
As at June 30, 2013	**222,879,629**	**44.58**	**0.04**	**896.00**	**215.76**	**-**	**11.84**	**666.39**	**1,790.03**

	As at 30.06.2013 ₹/Crores		As at 30.06.2012 ₹/Crores	
4- Long-term borrowings				
Secured:				
Term Loans				
- From Banks		**326.68**		53.34
- From Others		**0.07**		5.69
Deferred Payment Liabilities		**1.18**		3.55
		327.93		62.58
Unsecured:				
Term Loans				
- From Others		**142.10**		21.18
Finance Lease Obligation (Refer Note 34)		**36.87**		48.44
		178.97		69.62
TOTAL		**506.90**		132.20

Notes:

1. Secured Term Loan from Banks amounting to ₹ 53.33 Crores (2012 - ₹ 80.00 Crores), out of which ₹ 26.67 Crores (2012 - ₹ 26.67 Crores) is shown under current maturity of long term debt, is secured by way of first charge on movable and immovable fixed assets of the Company. The loan is repayable in 6 half yearly installments from the date of the loan which carries interest @ 11.25 % p.a.
2. Secured Term Loan from Banks amounting to ₹ 300.00 Crores (2012 - ₹ Nil), is secured by way of subservient charge on current assets of the Company. It also carries a lien on Mutual Funds of ₹ 99.87 Crs . The loan is repayable in 23 monthly equal instalments starting after 1 year from the date of disbursement and carries interest @ 11.50 % p.a.
3. Secured Term Loan from Others amounting to ₹ 0.11 Crores (2012 - ₹ 6.19 Crores), out of which ₹ 0.11 Crores (2012 - ₹ 6.08 Crores) is shown under current maturity of long term debt, is secured by way of first charge on specified assets of the Company as per the contract terms. The loans are repayable in 20 equal quarterly installments from the date of the loans which carries interest @ 7.8 to 8.5 % p.a.
4. Secured Term Loan from Others amounting to ₹ Nil Crores (2012- ₹ 5.34 Crores) is secured by way of first charge on specified property taken against this loan. The loan bears interest at 6 months EIBOR + 3% p.a. and is payable in 144 months.
5. Secured Term Loan from Others amounting to ₹ 0.22 Crores (2012- ₹ 0.37 Crores), out of which ₹ 0.15 Crores (2012- ₹ 0.15 Crores) is shown under current maturity of long term debt, is secured against the hypothecation charge on the vehicles. The loans are payable over a period of 4 years with installments payable each month.
6. Unsecured Term loans from Others amounting to ₹ 22.73 Crores (2012 - ₹ 31.26 Crores) and ₹ 9.44 Crores (2012 - ₹ 0.07 Crores), out of which ₹ 11.98 Crores (2012 - ₹ 10.15 Crores) is shown under current maturity of long term debt, are repayable in 8 to 19 equal quarterly installments from the date of the loans and in 3 equal yearly installments from the date of the loan and balance payable in 4th year respectively which are interest free.
7. Unsecured Loan under receivable buyout facility amounting to ₹ 89.34 Crores (2012 - ₹ NIL), out of which ₹ 15.58 Crores (2012 - ₹ NIL) is shown under current maturity of long term debt, are repayable in 14 to 20 equal quarterly instalments from the date of the disbursement.
8. Unsecured Term loans from Others amounting to ₹ 69.70 Crores (2012 - ₹ NIL), out of which ₹ 21.54 Crores (2012 - ₹ NIL) is shown under current maturity of long term debt, is repayable in 11 to 12 equal quarterly instalments from the date of the disbursement which carries interest @ 11.80% to 12.25% p.a.
9. Deferred Payment Liabilities amounting to ₹ 3.55 Crores (2012 - ₹ 5.92 Crores), out of which ₹ 2.37 Crores (2012 - ₹ 2.37 Crores) is shown under current maturity of long term debt, is towards payment for the land taken on leasehold basis from Greater Noida Development Authority. This is secured by way of charge on the land.

	As at 30.06.2013 ₹/Crores		As at 30.06.2012 ₹/Crores	
5- Other long-term liabilities				
Trade Payables				
[Including Acceptance ₹ 45.27 Crores (2012 - ₹ 66.81 Crores)]		**54.75**		121.15
Deferred Revenue		**18.94**		24.39
Others		**3.92**		3.29
TOTAL		**77.61**		148.83
6- Long-term provisions				
Provision for Gratuity (Refer Note 37)		**18.63**		18.29
TOTAL		**18.63**		18.29

Notes to the Consolidated Financial Statements

	As at 30.06.2013 ₹/Crores	As at 30.06.2012 ₹/Crores
7- Short-term borrowings		
Secured:		
Loans Repayable on demand	**3.79**	-
Loans from Banks		
- From Banks	**175.00**	-
- Cash Credits	**6.04**	17.40
	184.83	17.40
Unsecured:		
Loans repayable on demand		
- From Other Parties	**-**	3.40
Others		
- Commercial Paper	**-**	265.00
- Buyers Credit	**23.00**	6.61
- Term Loans from Banks	**275.00**	200.00
	298.00	475.01
TOTAL	**482.83**	492.41

Note:
Secured Term loan from Bank amounting to ₹ 100 Crores (2012- ₹ Nil) is secured by way of first pari pasu charge on current asset of the Company.
Secured Term Loan amounting to ₹ 75 Crores (2012- ₹ Nil) and Cash Credits along with non-fund based facilities from Banks are secured by way of hypothecation of stock-in-trade, book debts as first charge and by way of second charge on all the immovable and movable assets of the Company. The charge ranks pari-passu amongst Bankers.

	As at 30.06.2013 ₹/Crores	As at 30.06.2012 ₹/Crores
8- Trade payables		
Trade Payables [Including Acceptance ₹ 1,082.09 Crores (2012 - ₹ 651.61 Crores)]	2,221.08	1,746.84
TOTAL	**2,221.08**	1,746.84
9- Other current liabilities		
Current Maturities of Long-Term Debts (Refer Note 4)	**78.39**	45.42
Current Maturities of Finance Lease Obligations (Refer Note 4 and 34)	**26.12**	20.90
Interest Accrued but not due on Borrowings	**1.96**	0.75
Unpaid Dividends*	**3.19**	3.90
Deferred Revenue	**142.54**	146.66
Advances Received from Customers	**127.75**	148.85
Statutory Dues Payable	**74.98**	87.45
Employees Benefits Payable	**47.41**	39.63
Capital Creditors	**7.30**	39.74
Other Payable	**4.79**	17.14
TOTAL	**514.43**	550.44

* There are no amount due and outstanding to be credited to Investor Education and Protection fund under Section 205C of the Companies Act, 1956 as at June 30, 2013. These shall be credited and paid to the Fund as and when due.

	As at 30.06.2013 ₹/Crores	As at 30.06.2012 ₹/Crores
10- Short-term provisions		
Provision for Gratuity and Other Employee Benefits (Refer Note 37)	**10.86**	14.81
Provision for Warranty Liability (Refer Note 31)	**11.00**	11.27
Provision for Income Tax [Net of Advance Income Tax of ₹ 0.83 Crores (2012 - ₹ Nil Crores)]	**0.35**	-
TOTAL	**22.21**	26.08

includes ₹ 7.42 Crores (2012-₹ 10.29 Crores) for provision for leave encashment

11- Fixed Assets

₹/Crores

Particulars	Gross Block				Depreciation/Amortisation				Net Block	
	As at 01.07.2012	Additions	Disposal	As at 30.06.2013	As at 01.07.2012	Additions	Disposal	As at 30.06.2013	As at 30.06.2013	As at 30.06.2012
Tangible Assets:										
Leasehold Land	79.26	7.17	-	86.43	2.88	0.96	-	3.84	82.59	76.38
Leasehold Premises	1.59	3.04	-	4.63	0.15	0.73	-	0.88	3.75	1.44
Assets Given on Operating Lease										
Plant and Machinery	52.09	4.48	0.61	55.96	15.82	7.38	0.47	22.73	33.23	36.27
Own Assets										
Land	25.71	-	-	25.71	-	-	-	-	25.71	25.71
Buildings	96.60	0.81	4.00	93.41	21.18	1.79	0.09	22.88	70.53	75.42
Plant and Machinery	34.11	1.17	8.57	26.71	23.73	3.07	6.07	20.73	5.98	10.38
Furniture and Fixtures	40.46	5.03	4.51	40.98	30.01	5.25	4.31	30.95	10.03	10.45
Office Equipments	20.60	3.47	1.38	22.69	10.59	3.36	0.96	12.99	9.70	10.01
Vehicles	3.91	-	0.26	3.65	1.95	0.54	0.21	2.28	1.37	1.96
Computers	54.35	20.42	3.58	71.19	34.93	12.23	3.38	43.78	27.41	19.42
Sub-Total (a)	**408.68**	**45.59**	**22.91**	**431.36**	**141.24**	**35.31**	**15.49**	**161.06**	**270.30**	**267.44**
Previous Year	428.36	50.13	69.81	408.68	158.85	32.09	49.70	141.24	267.44	
Intangible Assets:										
Goodwill	1.31	-	-	1.31	1.10	0.15	-	1.25	0.06	0.21
Software	46.89	3.43	0.27	50.05	21.01	9.03	0.23	29.81	20.24	25.88
Intellectual Property Rights	37.08	16.51	-	53.59	5.63	6.85	-	12.48	41.11	31.45
License Fees	-	-	-	-	-	-	-	-	-	-
Goodwill on Consolidation	33.18	1.57	-	34.75	-	-	-	-	34.75	33.18
Technical Knowhow	-	6.10	-	6.10	-	0.55	-	0.55	5.55	-
Sub-Total (b)	**118.46**	**27.61**	**0.27**	**145.80**	**27.74**	**16.58**	**0.23**	**44.09**	**101.71**	**90.72**
Previous Year	84.94	47.20	13.68	118.46	17.13	13.97	3.36	27.74	90.72	
Total (a+b)									**372.01**	358.16

Notes:
1. Land (included under 'Own Assets') and Building at Ambattur amounting to ₹ 0.57 Crores (2012 - ₹ 0.57 Crores) are pending registration in the name of the Company.
2. Software comprise cost of acquiring licences and SAP implementation charges.
3. Intellectual Property Rights comprise of designing and implementing education content.
4. Technical know how comprise of development cost of new technology/products.

12- Current investments

		As at 30.06.2013			As at 30.06.2012		
		Face Value	Units	Amount ₹/Crores	Face Value	Units	Amount ₹/Crores
(i)	**Quoted (Others): Current**						
	(At lower of Cost of Fair Value)						
	Bonds						
	6.85% India Infra Finance Company Limited 2014	**₹ 100,000**	**1,000**	**10.07**	₹ 100,000	1,000	10.54
	9.02% Indian Renewable Energy Development Agency Limited 2025	**₹ 1,000,000**	**100**	**11.11**	₹ 1,000,000	100	10.32
	8.64% Power Grid Corporation of India Limited - 2020	**₹ 1,250,000**	**40**	**5.60**	₹ 1,250,000	40	5.08
	8.87% Indian Renewable Energy Development Agency Limited - 2020	**₹ 1,000,000**	**100**	**10.86**	₹ 1,000,000	100	10.29
	8.90% NABARD - 2013	**₹ 1,000,000**	**100**	**10.04**	₹ 1,000,000	100	10.39
	8.80% Rural Electrification Corporation Limited - 2020	**₹ 1,000,000**	**100**	**10.75**	₹ 1,000,000	100	10.13
	Sub - Total (a)			**58.43**			56.75
(ii)	**Unquoted (Others): Current**						
	(At lower of Cost or Fair Value)						
	Mutual Funds, Dividend Options						
	Kotak Floater Long Term#	**₹ 10**	**24,800,849.18**	**25.00**	-	-	-
	Birla Sunlife Savings Fund #	**₹ 100**	**7,485,239.44**	**74.87**	-	-	-
	Reliance Money Manager Fund	**₹ 1000**	**498,809.14**	**50.00**	-	-	-
	Sub - Total (b)			**149.87**			-
	Mutual Funds, Growth Options						
	Reliance Money Manager Fund	**₹ 1000**	**438,483**	**71.85**	₹ 1,000	332,921	50.00
	IDFC Money Manager Fund - Treasury Plan	**-**	**-**	**-**	₹ 10	38,324,749	50.00
	Kotak Floater Long Term	**₹ 10**	**31,716,172**	**60.56**	₹ 10	11,454,623	20.00
	Birla Sunlife Savings Fund	**₹ 100**	**1,966,276**	**45.00**	₹ 100	2,863,382	60.00
	HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option	**₹ 10**	**67,932,179**	**139.00**	-	-	-
	HDFC Cash Management Fund - Treasury Advantage Plan	**-**	**-**	**-**	₹ 10	33,173,272	80.00
	ICICI Prudential Flexible Income Plan	**₹ 100**	**6,249,439**	**140.00**	₹ 100	3,412,864	70.00
	IDFC Fixed Maturity Plan - 100 Days Series 3	**-**	**-**	**-**	-	-	-
	Tata Floater Fund	**₹ 1000**	**361,998**	**65.00**	₹ 1,000	91,153	15.02
	Templeton India Ultra Short Bond Fund	**₹ 10**	**28,741,874**	**45.00**	-	-	-
	UTI Treasury Advantage Plan	**₹ 1000**	**518,583**	**84.00**	-	-	-
	SBI-SHF Ultra Short Term Fund	**₹ 1000**	**390,156**	**60.00**	₹ 1,000	208,963	30.00
	Sub - Total (c)			**710.41**			375.02
	Total Current Investments (a+b+c)			**918.71**			431.77

Under lien with bank

Note : Net asset value of Current Investments in Mutual Funds as on June 30, 2013 is ₹ 860.55 Crores (2012 - ₹ 375.11 Crores).

Current Investments is net of provision for diminution in the value of investment ₹ 0.25 Crores (2012- ₹ 1.72 Crores)

	2013	2012
Aggregate amount of Quoted Investments (Market value ₹ 58.43 Crores (2012 - ₹ 56.75 Crores)	**58.43**	56.75
Aggregate amount of Unquoted Investments	**860.28**	375.02

	As at 30.06.2013 ₹/Crores		As at 30.06.2012 ₹/Crores	
13- Long-term loans and advances				
Unsecured, Considered good:				
Capital Advances		**4.40**		13.95
Deposits		**24.58**		24.87
Prepaid Expenses		**7.81**		5.71
Advance Income Tax				
[Net of Provision for Income Tax of ₹ 508.60 Crores (2012 - ₹ 510.33 Crores)]		**32.57**		15.31
Other Loans and Advances		**0.40**		5.04
TOTAL		**69.76**		64.88
14- Trade receivables - Non-current				
Unsecured:				
Other Debts				
- Considered Good		**8.09**		22.81
TOTAL		**8.09**		**22.81**
15- Other non-current assets				
Unamortised Premium on Forward Contracts		**1.49**		
Unbilled Revenue		**1.91**		0.84
Lease Rental Recoverable (Refer Note 34)		**342.50**		335.94
TOTAL		**345.90**		336.78
16- Inventories				
Raw Materials and Components				
[Including In-Transit ₹ 4.35 Crores (2012 - ₹ 44.71 Crores)]		**117.47**		179.78
Work-In-Progress		**1.96**		1.14
Finished Goods				
[Including In-Transit ₹ 30.75 Crores (2012 - ₹ 28.12 Crores)]		**35.21**		60.39
Stock-In-Trade				
[Including In-Transit ₹ 28.47 Crores (2012 - ₹ 77.03 Crores)]		**322.82**		385.60
Stores and Spares		**90.95**		80.41
TOTAL		**568.41**		707.32
17- Trade receivables				
Unsecured:				
Debts outstanding for a period exceeding six months from the date they are due for payment				
- Considered Good	**417.46**		308.18	
- Considered Doubtful	**76.79**		84.58	
	494.25		392.76	
Other Debts				
- Considered Good	**880.08**		910.26	
	1,374.33		1,303.02	
Less: Provision for Doubtful Debts	**76.79**	1,297.54	84.58	1,218.44
TOTAL		**1,297.54**		1,218.44

	As at 30.06.2013 ₹/Crores		As at 30.06.2012 ₹/Crores	
18- Cash and bank balances				
Cash and Cash Equivalents				
Balances with Banks				
- On Current Account	**211.74**		195.58	
Less: Money held in Trust	**0.01**	**211.73**	0.01	195.57
- On Dividend Account		**3.19**		3.90
Cash on Hand		**0.06**		0.07
Cheques on Hand		**77.59**		76.30
Bank Deposits with original maturity of three months or less	**12.73**		9.97	
Less: Money held in Trust	**0.32**	**12.41**	0.32	9.65
Other Bank Balances (Expected to be realised within one year)				
Bank Deposits with original maturity of more than three months and upto twelve months	**3.47**		7.81	
Bank Deposits with original maturity of more than twelve months	**0.09**	**3.56**	0.18	7.99
On Margin Account		**4.68**		9.18
TOTAL		**313.22**		302.66
19- Short-term loans and advances				
Unsecured				
Considered Good				
Balances with Customs, Port Trust, Excise and Sales Tax Authorities		**38.54**		64.83
Advances to Creditors		**112.55**		91.47
Deposits with Tax Authorities		**16.76**		12.43
Other Deposits		**29.74**		30.16
MAT Credit Entitlement		**11.17**		10.04
Prepaid Expenses		**59.48**		73.76
Others (Includes Employee advances, Insurance claim recoverable and Expenses recoverable)		**8.73**		10.68
Considered Doubtful				
Deposits and Other Advances	**2.65**		2.74	
Less: Provision for Doubtful Loans and Advances	**2.65**	**-**	2.74	-
TOTAL		**276.97**		293.37
20- Other current assets				
Lease Rental Recoverable (Refer Note 34)		**122.69**		86.50
Unbilled revenue		**89.87**		47.18
Contracts-in-progress (Refer Note 41)*		**1,176.43**		1,075.87
Unamortised Premium on Forward Contracts		**6.82**		7.06
TOTAL		**1,395.81**		1,216.61

* Out of above contracts-in-progress, which includes retention money, ₹ 732.61 Crores (2012 - ₹ 589.73 Crores) will be due after one year

	Year endedd 30.06.2013 ₹/Crores	Year endedd 30.06.2012 ₹/Crores
21- Revenue from operations		
Sale of Products	**8,517.90**	10,067.25
Sale of Services	**776.93**	773.00
Other Operating Revenue		
- Scrap Sale	**0.49**	1.01
- Miscellaneous Income	**1.99**	14.47
TOTAL	**9,297.31**	10,855.73
22- Other income		
Reversal of Diminution in the Value of Unquoted/Quoted (Others) Current Investments	**1.25**	0.20
Interest Income		
- On Lease Rental	**41.00**	27.53
- On Fixed Deposits (Gross)	**0.88**	0.83
- On Bonds from Quoted (Others) Current Investments	**4.68**	4.70
- On Others	**4.00**	0.77
Dividend from Unquoted (Others) Current Investments	**6.82**	1.97
Profit on Disposal of Unquoted (Others) Current Investments	**36.02**	41.09
Net Profit/(Loss) on Sale of Fixed Assets	**8.24**	1.96
Provisions/Liabilities no longer required written back	**11.31**	17.77
Miscellaneous Income	**3.92**	4.86
Gain on Sale of Subsidiary	**-**	25.55
TOTAL	**118.12**	127.23
23- Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Closing Stock		
- Finished Goods (Including in Transit) [Including excise duty of ₹ 0.73 Crores (2012 - ₹ 2.72 Crores)]	**35.21**	60.39
- Stock-In-Trade	**322.82**	385.60
- Work-In-Progress	**1.96**	1.14
	359.99	447.13
Opening Stock		
- Finished Goods (Including in Transit) [Including excise duty of ₹ 2.72 Crores (2012 - ₹ 2.71 Crores)]	**60.39**	62.37
- Stock-In-Trade	**385.60**	324.85
- Work-In-Progress	**1.14**	1.46
	447.13	388.68
Changes in inventories of finished goods, work-in-progress and stock-in-trade	**87.14**	(58.45)
24- Other direct expense		
Purchase of Services (Refer Note 34(e)(ii))	**194.20**	196.03
Spares and Stores Consumed	**158.50**	130.29
Power and Fuel	**1.56**	1.69
Labour and Processing Charges	**2.20**	3.21
Royalty	**77.62**	87.18
TOTAL	**434.08**	418.40
25- Employee benefits expense (Refer Note 37)		
Salaries, Wages, Bonus and Gratuity	**514.62**	459.19
Contribution to Provident and Other Funds	**22.36**	21.21
Staff Welfare Expenses	**11.20**	9.65
TOTAL	**548.18**	490.05

	Year endedd 30.06.2013 ₹/Crores	Year endedd 30.06.2012 ₹/Crores
26- Finance costs		
Interest on Long-term and Short-term Borrowings	**135.72**	76.32
Other Borrowing Costs	**1.36**	3.58
Net Loss on Foreign Exchange Fluctuation	**-**	4.72
TOTAL	**137.08**	84.62
27- Other expenses		
Rent (Refer Note 34(d)(ii))	**33.47**	27.97
Rates and Taxes	**11.57**	9.66
Printing and Stationery	**3.52**	3.75
Communication	**15.36**	15.48
Travelling and Conveyance	**51.05**	49.03
Packing, Freight and Forwarding	**48.01**	48.57
Legal, Professional and Consultancy Charges	**50.01**	40.96
Retainership Expenses	**44.95**	37.20
Training and Conference	**4.91**	5.34
Office Electricity and Water	**11.28**	10.42
Insurance	**9.52**	6.82
Advertisement, Publicity and Entertainment	**51.56**	64.36
Hire Charges	**2.73**	3.42
Commission on Sales	**2.57**	7.25
Bank Charges	**21.31**	23.55
Provision for Doubtful Debts	**64.91**	63.40
Provision for Doubtful Loans and Advances	**0.50**	1.31
Provision for Doubtful Other Current Assets	**0.61**	0.83
Fixed Assets Written-Off	**0.15**	0.92
Goodwill Written-Off	**-**	6.05
Repairs		
- Plant and Machinery	**1.65**	1.26
- Buildings	**2.46**	1.46
- Others	**9.28**	11.17
License Fees	**-**	1.23
Miscellaneous	**28.58**	19.42
TOTAL	**469.96**	460.83

28-LLand and Buildings and certain Plant and Machinery were revalued by external registered valuers after considering depreciation upto that date on the governing principle of current replacement cost/value. The amounts added/reduced on aforesaid revaluation in 1992, 2005, 2006 and 2007 were as under:

	Date of Revaluation	₹/Crores
Land	June 30, 1992	4.44
Land	November 1, 2006	16.78
Leasehold Land	March 27, 2006 and August 13, 2007	2.53
Buildings	June 30, 1992	6.44
Buildings	November 1, 2006	0.25
Plant and Machinery	June 30, 1992	(1.01)
TOTAL		**29.43**
Less: Goodwill		5.70
Transferred to Revaluation Reserve		**23.73**
Less:		
-Expenditure incurred on acquisition of business in 1992		0.86
-Loss on sale of Land		0.15
-Depreciation and Amortisation		0.33
-Adjusted on amalgamation of Subsidiaries in earlier years		22.39
Balance as at June 30, 2013		-

29- Estimated value of contracts on capital account, excluding capital advances, remaining to be executed and not provided for amount to ₹ 0.37 Crores (2012 - ₹ 3.50 Crores).

30- **Contingent Liabilities:**

a) Claims against the Group not acknowledged as debts:

	2013 ₹/Crores	2012 ₹/Crores
Sales Tax*	**72.99**	44.89
Excise*	**11.13**	9.63
Income Tax*	**2.95**	3.95
Octroi*	**4.98**	5.08
Industrial Disputes, Civil Suits and Consumer Disputes	**16.39**	16.68

“* Includes sum of ₹ 22.58 Crores (2012 - ₹ 18.70 Crores) deposited by the Company against the above.

The amounts shown in item (a) represents the best possible estimates arrived at on the basis of available information. The uncertainties and possible reimbursements are dependent on the out come of the different legal processes which have been initiated by the Group or the claimants as the case may be and therefore cannot be predicted accurately.

b) Corporate Guarantee of ₹ Nil (2012 - ₹ 72.87 Crores) was given to Banks for working capital facilities sanctioned to a joint venture of a subsidiary company of which the total amount utilised as at June 30, 2013 is ₹ Nil (2012 - ₹ 72.87 Crores).

31- The Group has the following provision for warranty liability in the books of accounts:

	2013 ₹/Crores	2012 ₹/Crores
Opening Balance as on July 1	**11.27**	5.47
Additions during the year	**20.87**	29.28
Utilised/Reversed during the year	**21.13**	23.48
Closing Balance as on June 30	**11.01**	11.27

The warranty provision has been recognised for expected warranty claims for the first year of warranty on products sold during the year. Due to the very nature of such costs, Outflows of economic benefits against this provision is expected to happen with in one year.

32- Taxation:

a) Provision for taxation has been computed by applying the Income Tax Act, 1961 and other relevant tax regulations in the jurisdiction where the Group conducts the business to the profit for the financial year ended June 30, 2013, although the actual tax liability of the Group has to be computed each year by reference to taxable profit for each fiscal year ended March 31.

b) Deferred Tax:

Major components of Deferred tax arising on account of timing difference along with their movement as at June 30, 2013 are:

₹/Crores

	As at 01.07.12	Movement during the year	As at 30.06.13
Assets			
Provision for Doubtful Debts/Advances/Other Current Assets	28.09	(3.23)	24.86
Impact of expenditure charged to Statement of Consolidated profit and loss but allowable for tax purpose in future years	12.82	0.28	13.10
Taxable losses and unabsorbed tax depreciation allowable in future years	4.14	53.66	57.80
Total (A)	**45.05**	**50.71**	**95.76**
Liabilities			
Difference between WDV of fixed assets as per books and under Income tax Act, 1961	5.89	4.97	10.86
Duties, Taxes and Cess allowed for tax purpose on payment basis	9.28	0.54	9.82
Other timing differences	2.58	(0.51)	2.07
Total (B)	**17.75**	**5.00**	**22.75**
Net Deferred Tax Assets (A)-(B)	**27.30**	**45.71**	**73.02**
Previous Year	21.38	5.93	27.31

33- Employee Stock Option Plan (ESOP):

The Company has established Employee Stock Option Scheme 2000 and Employee Stock Based Compensation Plan 2005, for a total grant of 31,90,200 and 33,35,487 options respectively to the employees of the Company and its subsidiaries. These options vest on a graded basis over a period of 42 and 60 months respectively from the date of grant and are to be exercised with in a maximum period of 5 years from the date of vesting.

The Board of Directors/Committee approves the grant of options, including the grant of options that lapse out of each grant.

Each option of ₹ 10/- confers on the employee a right to five equity shares of ₹ 2/- each.

Exercise price is market price as specified in the Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 issued by the Securities and Exchange Board of India ("SEBI").

Details of Grants made under Employee Stock Option Scheme 2000

Date of Grant	Exercise price of the option for five equity shares of ₹ 2/- each	Options outstanding at the beginning of the year	Options granted during the year	Options forfeited during the year	Options exercised during the year	Options expired during the year	Options outstanding at the end of the year	Options exercisable at the end of the year
28-Jan-04	538.15	115362	-	-	-	115362	-	-
		(128965)	(-)	(-)	(-)	(13603)	(115362)	(115362)
25-Aug-04	603.95	23249	-	-	-	23249	-	-
		(36984)	(-)	(-)	(-)	(13735)	(23249)	(23249)
18-Jan-05	809.85	73004	-	-	-	8800	64204	64204
		(121428)	(-)	(-)	(-)	(48424)	(73004)	(73004)
15-Feb-05	809.30	-	-	-	-	-	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)
15-Mar-05	834.40	10828	-	-	-	1680	9148	9148
		(18263)	(-)	(-)	(-)	(7435)	(10828)	(10828)
15-Apr-05	789.85	880	-	-	-	-	880	880
		(3332)	(-)	(-)	(-)	(2452)	(880)	(880)
14-May-05	770.15	1180	-	-	-	-	1180	1180
		(3655)	(-)	(-)	(-)	(2475)	(1180)	(1180)
15-Jun-05	756.15	675	-	-	-	675	-	-
		(675)	(-)	(-)	(-)	(-)	(675)	(675)
15-Jul-05	978.75	896	-	-	-	896	-	-
		(10480)	(-)	(-)	(-)	(9584)	(896)	(896)
13-Aug-05	1144.00	10101	-	-	-	5609	4492	4492
		(16030)	(-)	(-)	(-)	(5929)	(10101)	(10101)
15-Sep-05	1271.25	5278	-	-	-	2262	3016	3016
		(9140)	(-)	(-)	(-)	(3862)	(5278)	(5278)
15-Mar-07	648.75	136700	-	-	-	41500	95200	95200
		(136700)	(-)	(-)	(-)	(-)	(136700)	(136700)
23-Jan-08	898.25	41400	-	-	-	4500	36900	36900
		(52395)	(-)	(-)	(-)	(10995)	(41400)	(41400)
18-Aug-09	627.25	20000	-	-	-	-	20000	12000
		(20000)	(-)	(-)	(-)	(-)	(20000)	(12000)
26-Oct-10	586.75	80000	-	8,000	-	12000	60000	36000
		(80000)	(-)	(-)	(-)	(-)	(80000)	(24000)
2-Feb-11	516.50	12000	-	-	-	-	12000	7200
		(12000)	(-)	(-)	(-)	(-)	(12000)	(3600)
30-Jan-12	233.25	16,000	0	-	-	-	16000	4800
		(-)	(16000)	(-)	(-)	(-)	(16000)	(-)
18-Jun-12	202.00	12,000	0	-	-	-	12000	3600
		(-)	(12000)	(-)	(-)	(-)	(12000)	(-)
	TOTAL	**559553**	**-**	**8,000**	**-**	**216533**	**335020**	**278620**
		(650047)	(28000)	(-)	(-)	(118494)	(559553)	(459153)

Note: Previous year's figures are given in brackets.

Notes to the Consolidated Financial Statements

Details of Grants made under Employee Stock Based Compensation Plan 2005

Date of Grant	Exercise price of the option for five equity shares of ₹ 2/- each	Options outstanding at the beginning of the year	Options granted during the year	Options forfeited during the year	Options exercised during the year	Options expired during the year	Options outstanding at the end of the year	Options exercisable at the end of the year
13-Aug-05	1144.00	1242610	-	-	-	415232	827378	827378
		(1738150)	(-)	(-)	(-)	(495540)	(1242610)	(1242610)
19-Oct-05	1157.50	25600	-	-	-	8410	17190	17190
		(42090)	(-)	(-)	(-)	(9660)	(25600)	(25600)
15-Nov-05	1267.75	11840	-	-	-	7010	4830	4830
		(16000)	(-)	(-)	(-)	(4160)	(11840)	(11840)
15-Dec-05	1348.25	6960	-	-	-	4200	2760	2760
		(10700)	(-)	(-)	(-)	(3740)	(6960)	(6960)
14-Jan-06	1300.00	6864	-	-	-	2796	4068	4068
		(8740)	(-)	(-)	(-)	(1876)	(6864)	(6864)
15-Feb-06	1308.00	2592	-	-	-	648	1944	1944
		(3240)	(-)	(-)	(-)	(648)	(2592)	(2592)
16-Mar-06	1031.00	7560	-	-	-	3150	4410	4410
		(12350)	(-)	(-)	(-)	(4790)	(7560)	(7560)
17-Apr-06	868.75	2320	-	-	-	580	1740	1740
		(3900)	(-)	(-)	(-)	(1580)	(2320)	(2320)
15-May-06	842.50	6280	-	-	-	2170	4110	4110
		(7850)	(-)	(-)	(-)	(1570)	(6280)	(6280)
15-Jun-06	620.50	7880	-	-	-	3500	4380	4380
		(10330)	(-)	(-)	(-)	(2450)	(7880)	(7880)
17-Jul-06	673.75	6740	-	-	-	2628	4112	4112
		(10302)	(-)	(-)	(-)	(3562)	(6740)	(6740)
15-Mar-07	648.75	304020	-	0	-	85620	218400	218400
		(341080)	(-)	(5580)	(-)	(31480)	(304020)	(304020)
23-Jan-08	898.25	118170	-	1950	-	19095	97125	97125
		(146670)	(-)	(9690)	(-)	(18810)	(118170)	(95820)
16-Aug-11	375.00	30000	-	-	-	-	30000	6000
		(-)	(30000)	(-)	(-)	(-)	(30000)	(-)
17-Aug-11	375.00	7000	-	-	-	-	7000	1400
		(-)	(7000)	(-)	(-)	(-)	(7000)	(-)
18-Jun-12	202.00	4000	-	-	-	-	4000	800
		(-)	(4000)	(-)	(-)	(-)	(4000)	(-)
30-Jan-13	186.00	-	20000	-	-	-	20000	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)
14-Feb-13	178.00	-	8000	-	-	-	8000	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)
10-May-13	187.00	-	10000	-	-	-	10000	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)
	TOTAL	**1790436**	**38000**	**1950**	**-**	**555039**	**1271447**	**1200647**
		(2344572)	(41000)	(15270)	(-)	(579866)	(1790436)	(1727086)

Note: Previous year's figures are given in brackets.

Assumptions

The fair value of each stock option granted under Employee Stock Option Scheme 2000 and Employee Stock Based Compensation Plan 2005 as on the date of grant has been computed using Black-Scholes Option Pricing Formula and the model inputs are given as under:

	Employee Stock Option Scheme 2000	Employee Stock Based Compensation Plan 2005
Volatility	31% to 68%	31% to 65%
Risk free rate	4.57% to 8.24%	6.49% to 8.65%
Exercise Price	₹ 202 to ₹ 1,271.25	₹ 178.00 to ₹ 1,348.25
Time to Maturity (years)	2.20 to 5.50	2.50 to 7.00
Dividend Yield	9% to 31%	10% to 37%
Life of options	8.5 Years	10 Years
Fair Value of options as at the grant date	₹ 1.29 to ₹ 203.14	₹ 0.83 to ₹ 262.97

Notes:

1. Volatility: Based on historical volatility in the share price movement of the Company.
2. Risk Free Rate: Being the interest rate applicable for maturity equal to the expected life of options based on yield curve for Government Securities.
3. Time to Maturity: Vesting period and volatility of the underlying equity shares have been considered for estimation.
4. Dividend Yield: Based on historical dividend payouts.

The impact on the profit of the Group for the year ended June 30, 2013 and the basic and diluted earnings per share had the Group followed the fair value method of accounting for stock options is set out below:

Proforma Disclosures

	2013 ₹/Crores	2012 ₹/Crores
Profit/(Loss) after tax as per Statement of Profit and Loss [Net of Minority Interest] (a)	**(79.98)**	72.07
Add: Employee Stock Compensation Expense as per Intrinsic Value Method	**-**	-
Less: Employee Stock Compensation Expense as per Fair Value Method	**2.02**	0.39
Profit/(Loss) after tax recomputed for recognition of employee stock compensation expense under fair value method (b)*	**(82.00)**	71.68
Earning/(Loss) Per Share based on earnings as per (a) above: (Refer Note 35)		
- Basic	**(₹ 3.59)**	₹ 3.23
- Diluted	**(₹ 3.59)**	₹ 3.23
Earning/(Loss) Per Share had fair value method been employed for accounting of employee stock options:		
- Basic	**(₹ 3.68)**	₹ 3.22
- Diluted	**(₹ 3.68)**	₹ 3.22

* Excludes impact on tax expense of employee stock compensation expense.

34- Leases :

a) Finance Leases:

As Lessor:

(i) The Group has given on finance lease certain assets/inventories which comprise of computers, radio terminals and office equipments, etc. These leases have a primary period, which is fixed and non-cancelable. There are no exceptional/restrictive covenants in the lease agreements.

(ii) The gross investment in the assets given on finance leases as at June 30, 2013 and its present value as at that date are as follows:

	Total minimum lease receivable ₹/Crores	Interest included in minimum lease receivable ₹/Crores	Present value of minimum lease receivable ₹/Crores
Not later than one year	**134.08** (96.73)	**32.82** (28.28)	**101.26** (68.45)
Later than one year and not later than five years	**362.90** (342.25)	**54.67** (51.93)	**308.23** (290.32)
Later than five years	**2.62** (2.62)	**0.15** (0.15)	**2.47** (2.47)
TOTAL	**499.60** (441.60)	**87.64** (80.36)	**411.96** (361.24)

Note: Previous year's figures are given in brackets.

b) Sale and Leaseback and further sub-lease on finance lease basis

(i) The Group has entered into transaction of sale and leaseback on finance lease basis and further sub-lease on finance lease basis for certain assets/inventories which comprise of computer systems and other related products. These leases have a primary period, which is fixed and non-cancelable. There are no exceptional/restrictive covenants in these lease agreements.

(ii) Details of mimimum lease payments and mimimum sub-lease receivables as at June 30, 2012 and its present value as at that date are as follows:

	Payable on sale and leaseback			Receivable on Sub-lease		
	Total minimum lease payable ₹/Crores	Interest included in minimum lease payable ₹/Crores	Present value of minimum lease payable ₹/Crores	Total minimum lease receivable ₹/Crores	Interest included in minimum lease receivable ₹/Crores	Present value of minimum lease receivable ₹/Crores
Not later than one year	**27.45** (22.90)	**5.29** (5.33)	**22.16** (17.57)	**26.20** (22.52)	**4.77** (4.47)	**21.43** (18.05)
Later than one year and not later than five years	**34.80** (44.23)	**4.67** (6.49)	**30.13** (37.74)	**36.09** (48.51)	**4.29** (5.36)	**31.80** (43.15)
TOTAL	**62.25** (67.13)	**9.96** (11.82)	**52.29** (55.31)	**62.29** (71.03)	**9.06** (9.83)	**53.23** (61.20)

Note: Previous year's figures are given in brackets.

c) **Sale and Leaseback**

As Lessee:

	Total minimum lease payable ₹/Crores	Interest included in minimum lease payable ₹/Crores	Present value of minimum lease payable ₹/Crores
Not later than one year	**4.89**	**0.93**	**3.96**
	(4.61)	(1.27)	(3.34)
Later than one year and not later than five years	**7.37**	**0.63**	**6.74**
	(12.26)	(1.57)	(10.69)
TOTAL	**12.26**	**1.56**	**10.70**
	(16.87)	(2.84)	(14.03)

d) **Cancelable Operating Leases**

As Lessee:

(i) The Group has taken various residential/commercial premises under cancelable operating leases. These leases are normally renewable on expiry.

(ii) The rental expense in respect of operating leases is ₹ 33.47 Crores (2012 - ₹ 27.97 Crores) which is disclosed as Rent expense under 'Other expenses'.

As Lessor:

The gross block, accumulated depreciation and depreciation expense in respect of building and office automation products i.e. photocopying machines given on operating lease are as below:

	2013 ₹/Crores	2012 ₹/Crores
Gross Block	**61.51**	57.66
Accumulated Depreciation	**24.86**	17.85
Net Block	**36.65**	39.81
Depreciation Expense	**7.01**	5.96

e) **Non-Cancelable Operating Leases**

As Lessee:

(i) The Group has taken computers and furniture and fixtures on non-cancelable operating leases the future minimum lease payments in respect of which are:

	2013 ₹/Crores	2012 ₹/Crores
Not later than one year	**1.21**	1.24
Later than one year and not later than five years	**0.22**	1.77
TOTAL	**1.43**	3.01

(ii) Minimum lease payments in respect of assets taken on lease recognised as an expense in the Statement of Profit and Loss for the year ended June 30, 2013 are ₹ Nil (2012 - ₹ 2.23 Crores) which is included in Purchase of Services under 'Other direct expenses'.

Notes to the Consolidated Financial Statements

35- Earnings per share (EPS)

The earnings considered in ascertaining the Group's EPS represent profit/(loss) for the year after tax. Basic EPS is computed and disclosed using the weighted average number of equity shares outstanding during the year. Diluted EPS is computed and disclosed using the weighted average number of equity and dilutive equivalent shares outstanding during the year except when results would be anti-dilutive.

Calculation of EPS:

Particulars	2013	2012
Profit/(Loss) after tax ('/Crores) [Net of Minority Interest]	**(79.98)**	72.07
Weighted average number of shares considered as outstanding in computation of Basic EPS	**222,879,629**	222,879,629
Add: Dilutive impact of stock options - Issued for no consideration	**385**	246
Weighted average number of shares outstanding in computation of Diluted EPS	**222,880,014**	222,879,875
Basic EPS (of ₹ 2/- each)	**(₹ 3.59)**	₹ 3.23
Diluted EPS (of ₹ 2/- each)	**(₹ 3.59)**	₹ 3.23

36- Segment Reporting

The Group recognises the following segments as its primary segments.

In the previous year, the Company was reporting ""Computer Systems and Other Related Products and Services" and 'Telecommunication and Office Automation" as its primary segments.

During the current year, considering the existing internal reporting structure, the Company has reviewed existing segment reporting and has reorganized its primary business segments as "Hardware Products and Solutions business" (comprising of Hardware Solutions business, Computing products manufacturing facility and Channel business), "Services business", "Learning business" and "Distribution business". Consequent to which Segment Disclosures for the current year and corresponding numbers for the previous year, have been presented based on the revised Segments.

The nature and the business of primary Segments are as below:

a) Hardware Products and Solutions business comprises of Hardware Solutions business and Computing products manufacturing facility & Channel business. Hardware Solutions business includes sale of office automation products, hardware solutions & products sold directly to enterprises, government and providing Sytem Integration Solutions in different Industry verticals. Computing products manufacturing facility and Channel business includes manufacturing of computer hardware systems and sale of hardware products through channel partners.

b) The Services business provides IT infrastructure managed services, break-fix services, cloud services, enterprise application services, software development & support services, office automation maintenance services, managed print services and telecom & consumer electronics support services.

c) Learning business includes training services and educational content and related Hardware offerings for private schools, colleges and other education institutes and vocational training.

d) The businesses of distribution segment consist of distribution of telecommunication and other digital lifestyle products.

There is no change in the secondary segment reporting, which continues to be based upon geographical location of the customers. Details of secondary segments are not disclosed as more than 90% of the Company's revenues, results and assets relate to the domestic market.

Notes to the Consolidated Financial Statements

Consolidated Segment wise performance for the year ended June 30, 2013 ₹/Crores

	Primary Segments	Hardware Products & Solutions	Services	Distribution	Learning	Internet & Related Services (Discontinued Operations)	Inter-segment Elimination	Total
(i)	**Revenue**							
	External Revenue	**3009.74**	**576.78**	**5618.05**	**90.26**	**-**		**9294.83**
		(3163.08)	(604.59)	(6958.02)	(92.22)	(22.34)		(10840.25)
	Inter-segment Revenue	**344.80**		**84.20**	**0.57**	**-**	**-429.57**	
		(45.40)		(4.49)	(0.11)	(0.76)	(-50.76)	
	Total Gross Revenue	**3354.54**	**576.78**	**5702.25**	**90.83**	**-**	**-429.57**	**9294.83**
		(3208.49)	(604.59)	(6962.50)	(92.32)	(23.11)	(-50.76)	(10840.25)
	Less: Excise Duty	**50.75**						**50.75**
		(86.20)						(86.20)
	Total Net Revenue	**3303.79**	**576.78**	**5702.25**	**90.83**	**-**	**-429.57**	**9244.08**
		(3122.29)	(604.59)	(6962.50)	(92.32)	(23.11)	(-50.76)	(10754.05)
(ii)	**Results**	**-132.97**	**69.01**	**95.80**	**-3.54**	**-**		**28.30**
		(-90.21)	(125.89)	(149.00)	(-4.47)	(-5.54)		(174.67)
	Less: Unallocable Expenditure							**123.58**
								(115.12)
	Operating Profit							**-95.28**
								(59.55)
	Add: Other Income (Excluding Operational Income)							**106.81**
								(109.46)
	Less: Finance Charges							**137.09**
								(84.62)
	Profit Before Tax							**-125.56**
								(84.39)
	Less: Tax Expense							**-45.59**
								(14.39)
	Profit After Tax							**-79.97**
								(70.00)
(iii)	**Segment Assets**	**2952.57**	**381.81**	**463.58**	**75.45**			**3873.41**
		(2860.62)	(312.59)	(557.57)	(67.08)			(3797.86)
	Unallocated Corporate Assets							
	a) Liquid Assets							**920.70**
								(438.56)
	b) Others							**884.21**
								(789.78)
	Total Assets							**5678.32**
								(5026.20)
(iv)	**Segment Liabilities**	**1923.26**	**163.53**	**517.51**	**58.66**			**2662.96**
		(1675.07)	(159.53)	(464.43)	(68.52)			(2367.55)
	Unallocated Corporate Liabilities							**86.50**
								(56.61)
	Total Liabilities							**2749.46**
								(2424.16)
(v)	**Capital Expenditure (allocable)**	**19.83**	**16.16**	**0.82**	**15.28**	**-**		**52.09**
		(53.02)	(9.05)	(1.34)	(27.35)	(0.50)		(91.26)
	Capital Expenditure (unallocable)							**21.11**
								(6.07)
(vi)	**Depreciation**	**20.34**	**9.13**	**0.67**	**6.80**	**-**		**36.94**
		(17.78)	(8.78)	(1.11)	(4.23)	(1.30)		(33.20)
	Depreciation (unallocable)							**14.95**
								(12.86)
(vii)	**Other Non Cash Expenses (allocable)**	**56.77**	**6.81**	**-**	**2.59**	**-**		**66.17**
		(59.54)	(3.26)	(6.74)	(1.68)	(0.65)		(71.87)
	Other Non Cash Expenses (unallocable)							-
								(0.64)

Note: Previous year's figures are given in brackets.
Segment Results include ₹ 11.31 crores (2012 - ₹ 17.77 crores) of certain Operating other income which is included in 'Other income' in the Statement of Profit and Loss.

37- The Group has calculated the various benefits provided to employees as under:

(a) Defined Contribution

(i) Superannuation Fund

During the year, the Group has recognised the following amounts in the Statement of Profit and Loss:

	2013 ₹/Crores	2012 ₹/Crores
Employers Contribution to Superannuation Fund*	**2.21**	2.49

(b) State Plans

(i) Employee State Insurance

(ii) Employee's Pension Scheme 1995

During the year, the Group has recognised the following amounts in the Statement of Profit and Loss:

	2013 ₹/Crores	2012 ₹/Crores
Employers contribution to Employee State Insurance*	**4.95**	3.82
Employers contribution to Employee's Pension Scheme 1995*	**7.36**	7.93

* Included in Contribution to Provident and Other Funds under Employee benefits expense (Refer Note 25).

The Company contributes to the employee provident fund trust "Hindustan Computers Limited Employees Provident Fund Trust" which is managed by the Company. The Company's Provident Fund Trust is exempted under Section 17 of Employees' Provident Fund Act, 1952. Conditions for grant of exemptions stipulate that the employer shall make good deficiency, if any, in the interest rate declared by the trust vis-à-vis statutory rate. As per guidance note on AS – 15, Employee Benefits (Revised 2005), provident funds set up by employers, which requires interest shortfall to be met by the employer, needs to be treated as defined benefit plan.

The Trust includes employees of the Company as well as of Digilife Distribution and Marketing Services Limited, a wholly owned subsidiary and HCL Corporation Private Limited, a related party. In view of the same, it is a multi employer defined benefit plan.

The Trust has been investing the Provident fund contributions of the employees of all the three companies in a composite manner and the same cannot be separately identified entity wise.

In view of the same an actuarial valuation, in accordance with the AS-15 (Revised), was carried out at composite level. As per actuarial certificate there is no shortfall in the earning of fund against statutorily required "interest rate guarantee" and accordingly, the "liability on account of interest rate guarantee" is nil.

(c) Defined Benefit

(i) Gratuity

(ii) Provident Fund #

In accordance with Accounting Standard 15 (revised 2005), an actuarial valuation was carried out in the respect of the aforesaid defined benefit plan based on the following assumptions:

	Gratuity		**Provident Fund**	
	2013	2012	**2013**	2012
Discount rate (per annum)	**7.93%**	8.60%	**8.50%**	8.50%
Rate of increase in compensation levels	**6.00%**	7.00%	**Not Applicable**	Not Applicable
Rate of return on plan assets	**Not Applicable**	Not Applicable	**Not Applicable**	Not Applicable
Expected statutory interest rate	**Not Applicable**	Not Applicable	**8.50%**	8.50%
Expected short fall in interest earnings	**Not Applicable**	Not Applicable	**0.05%**	0.05%
Expected average remaining working lives of employees (years)	**24.32**	24.34	**24.32**	24.34

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

₹/Crores

	2013		2012	
	Gratuity	Provident Fund	Gratuity	Provident Fund
Reconciliation of opening and closing balances of the present value of the defined benefit obligation:				
Present value of obligation at the beginning of the year	**22.81**	**140.59**	22.22	123.64
Acquired on the purchase of business	**-**	**-**	-	-
Current service cost	**3.17**	**7.72**	3.42	6.97
Past service cost	**-**	**-**	-	-
Interest cost	**1.56**	**11.95**	1.71	10.51
Actuarial (gain)/loss	**0.15**	**1.76**	(0.56)	(1.78)
Benefits (paid)	**(5.63)**	**(30.00)**	(3.98)	(17.54)
Settlements/transfer In	**-**	**3.16**	-	1.48
Contribution by plan participants	**-**	**17.66**	-	17.31
Present value of obligation at the end of the year	**22.07**	**152.84**	22.81	140.59

₹/Crores

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:	2013	2012
	Provident Fund	Provident Fund
Fair value of plan assets at the beginning of the year	**141.86**	122.64
Expected Return on Plan Assets	**12.06**	10.42
Employer Contribution	**7.72**	6.97
Settlements/Transfer In	**3.16**	1.48
Employee Contribution	**17.66**	17.31
Benefit Paid	**(30.00)**	(17.54)
Actuarial gain/(loss) on Plan Assets	**0.39**	0.58
Fair value of plan assets at the end of the year	**152.85**	141.86

₹/Crores

Cost recognised for the year:	2013		2012	
	Gratuity	Provident Fund	Gratuity	Provident Fund
Current service cost	**3.17**	**-**	3.42	-
Company contribution to Provident Fund	**-**	**7.72**	-	6.97
Past service cost	**-**	**-**	-	-
Interest cost	**1.56**	**-**	1.71	-
Actuarial (gain)/loss	**0.15**	**-**	(0.56)	-
Interest guarantee liability	**-**	**-**	-	-
Shortfall in fund	**-**	**-**	-	-
Net cost recognised for the year*	**4.88**	**7.72**	4.57	6.97

* Included in Salaries, Wages, Bonus and Gratuity for Gratuity and Contribution to Provident and Other Funds for Provident Fund under Employee benefits expense (Refer Note 25).

In the absence of the relevant information from the Actuary, the above details do not include the composition of Plan assets.

₹/Crores

Reconciliation of the present value of the defined benefit obligation and the fair value of the plan assets:	Gratuity				
	2013	2012	2011	2010	2009
Present value of the obligation as at the end of the year	**22.07**	22.81	22.22	17.61	15.34
Fair value of plan assets at the end of the year	**-**	-	-	-	-
Assets/(Liabilities) recognised in the Balance Sheet	**(22.07)**	(22.81)	(22.22)	(17.61)	(15.34)
Experience adjustment in plan liabilities	**0.16**	0.03	3.90	-	-
Experience adjustment in plan assets	**-**	-	-	-	-

	Provident Fund	
	2013	2012
Present value of the obligation as at the end of the year	**(152.84)**	(140.59)
Fair value of plan assets at the end of the year	**152.85**	141.86
Assets/(Liabilities) recognised in the Balance Sheet	**-****	-**
Expected Contribution to the Provident fund in the next year	**8.18**	7.72

** As there is surplus, same has not been recognised in Balance Sheet.

38- The Company remits the dividends to its non resident shareholders in Indian Rupees.

39- Pursuant to the approval of the shareholders and in terms of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, the Company has:

(a) On receipt of 25% subscription money, allotted 2,10,59,515 warrants priced at ₹ 152.90 per warrant to certain promoters on a preferential basis on October 7, 2009. Subsequently, 1,64,38,848 warrants have been converted into equal number of equity shares of ₹ 2/- each on October 29, 2009 and 46,20,667 on April 5, 2011 on receipt of the balance 75% subscription money.

(b) Raised ₹ 472.67 Crores by allotment of 3,05,55,713 equity shares of ₹ 2/- each at a price of ₹ 154.69 per equity share including a premium of ₹ 152.69 per equity share through Qualified Institutional Placement on October 21, 2009.

The funds raised through above issues have been utilised as under:

Particulars	As at June 30, 2013 (₹/Crores)	As at June 30, 2012 (₹/Crores)
Gross Proceeds		
- Preferential Issue	322.00	322.00
- Qualified Institutions Placement	472.67	472.67
Less: Share Expenses incurred adjusted with Securities Premium Account during the year	(14.55)	(14.55)
Net Proceeds	**780.12**	**780.12**
Utilisation towards		
- Capital expenditure	118.01	87.46
- Acquisition	49.83	27.51
- Working Capital	300.00	300.00
Total Utilisation	**467.84**	**414.97**
Unutilised		
Currently held in Unquoted (Others) Current Investments	312.28	365.15
Total Unutilised	**312.28**	**365.15**

40- (a) Loss of ₹ 0.45 crores (2012- Profit of ₹ 0.99 Crores) on sale of fixed assets has been adjusted against the Profit/Loss on sale of fixed assets.

b) Advertisement, Publicity and Entertainment expenses, wherever on sharing basis, are shown at amounts borne by the Group.

41- Contract-in-progress

	As at June 30, 2013 (₹/Crores)	As at June 30, 2012 (₹/Crores)
Contract revenue recognised for the period	**643.01**	342.60
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) for all contracts in progress upto the period ended	**3586.01**	2943.00
The amount of advances received	**62.98**	93.35
Gross amount due from customers for contracts-in-progress	**1176.43**	1075.87
Gross amount due to customers for contracts-in-progress	**83.37**	84.33

42- Disclosure of related parties and related party transactions:

a) Company having substantial interest:

HCL Corporation Private Limited

b) Other related parties with whom transactions have taken place during the year and/or where balances exist:

HCL Technologies Limited
HCL Comnet Systems and Services Limited
HCL BPO Services (NI) Limited
SSN College of Engineering
SSN Trust

Joint Venture
Techmart Telecom Distribution FZCO, Dubai

c) Key Management Personnel :

Mr. Ajai Chowdhry (Resigned as Whole Time Director with effect from March 31, 2012)
Mr. Harsh Chitale
Mr. J.V. Ramamurthy
Mr. Sandeep Kanwar

d) Summary of Consolidated Related Party disclosures:
Note: All transactions with related parties have been entered into in the normal course of business.

₹/Crores

A. Transactions	Company having substantial interest		Others		Key Management Personnel		Total	
	Jun-13	Jun-12	**Jun-13**	Jun-12	**Jun-13**	Jun-12	**Jun-13**	Jun-12
Sales and Related Income	**0.02**	**0.00**	**97.31**	**148.47**			**97.33**	**148.47**
- HCL Technologies Limited			88.66	131.47				
- HCL Comnet Systems and Services Limited			-	4.20				
Services	**-**	**0.01**	**10.47**	**11.10**			**10.47**	**11.11**
- HCL Technologies Limited			7.66	7.94				
- HCL BPO Services (NI) Limited			1.66	2.20				
- HCL Comnet Limited			-	-				
Other Income				**4.86**			**-**	**4.86**
- Techmart Telecom Distribution FZCO, Dubai				4.86				
Purchase of Services			**3.32**	**6.11**			**3.32**	**6.11**
- HCL Technologies Limited			3.32	6.11				
Remuneration#					**5.26**	**8.74**	**5.26**	**8.74**
- Mr. Ajai Chowdhry					-	3.14		
- Mr. Harsh Chitale					2.81*	2.50		
- Mr. J.V. Ramamurthy					1.14*	1.56		
- Mr. Sandeep Kanwar					1.30	1.54		
Reimbursements towards expenditure								
a) Received	**-**	**0.09**	**0.02**	**0.50**			**0.02**	**0.59**
- HCL Technologies Limited			0.01	0.50				
b) Made	**0.73**	**0.27**	**3.25**	**1.96**			**3.98**	**2.23**
- HCL Technologies Limited			3.22	1.92				
- HCL Comnet Limited			-	-				
B. Amount due to/from related parties								
Trade Receivables	0.08	0.06	44.72	66.87			44.80	66.93
Loans and Advances	0.34	0.34	0.87	2.38			1.21	2.72
Trade Payables			-	0.01			-	0.01
Advance Received from Customer			0.18	0.16			0.18	0.16

* The Remuneration is subject to Shareholders' approval via a special resolution in the ensuing Annual General Meeting.
# Does not include employee stock compensation expense accounted as per intrinsic value method and retirement benefits on account of Gratuity and Leave Encashment as these benefits are determined actuarially for the Company as a whole and separate figures applicable to individual employees are not readily available.

43- a) Derivative Instruments outstanding at the Balance Sheet date:

The Group has following outstanding derivative as at the reporting date:

Particulars	Foreign Currency Value / Crores		Average Rate		Maximum Maturity Period	
	2013	2012	**2013**	2012	**2013**	2012
Forward Contracts to buy USD	**$6.65**	$8.18	**57.07**	56.10	**23 Months**	9 Months
Options to hedge USD liability	**$0.20**	$0.80	**57.18**	55.93	**1 Months**	13 Months

The above dervatives have been undertaken to hedge the foreign currency exposures on Import/Royalty payables as at June 30, 2013.

b) As on June 30, 2013, the foreign currency exposure that is not hedged by a derivative instrument or otherwise in respect of Trade Payables are ₹ 482.00 Crores (2012 - ₹ 216.49 Crores) and in respect of Trade Receivables are ₹ 36.70 Crores (2012 - ₹ 38.80 Crores).

c) Mark-to-Market Losses provided for June 30, 2013 of ₹ 0.44 Crores (2012 - ₹ 0.27 Crores).

d) The unaccrued forward exchange cover as on June 30, 2013 of ₹ 8.32 Crores (2012 - ₹ 7.06 Crores) has been included under 'Other current assets' and 'Other non current assets' as 'Unamortised Premium on Forwards Contracts'.

e) Pursuant to notification u/s 211(3C) of the Companies Act, 1956 issued by the Ministry of Corporate Affairs on December 29, 2011, the Company has opted to accumulate the exchange difference arising on translation of foreign currency items having a term of 12 months or more and amortise such exchange difference over the period of the item. Accordingly, a loss of ₹ 17.96 Crores (2012 - ₹ 11.47 Crores) stands deferred as at June 30, 2013.

44- The Group has an interest in the following jointly controlled entity:

Name of the Company	Shareholding	Incorporated in
Nokia HCL Mobile Internet Services Limited	**49%**	India
Techmart Telecom Distribution FZCO, Dubai (Disolved on January 3, 2013)	**20%**	Dubai

The aggregate amounts of assets, liabilities, income and expenditure to the extent of the interest of the Group in the above jointly controlled entities are given hereunder:

₹/Crores

Particulars	Year ended June 30, 2013	Year ended June 30, 2012
Revenue from operations	7.22	130.09
Other income	0.04	3.81
TOTAL	**7.26**	**133.90**
Purchases of stock-in-trade	6.26	142.78
Purchase of Sevices	0.81	-
Changes in inventories of finished goods, work-in-progress and stock-in-trade	0.00	(12.93)
Employee benefits expense	0.02	0.49
Other expenses	0.08	2.02
Depreciation and amortisation expense	-	0.10
TOTAL	**7.17**	**132.46**
Profit before tax	0.09	1.44

₹/Crores

Particulars	As at June 30, 2013	As at June 30, 2012
Liabilities		
Short-term borrowings	**-**	4.42
Trade payables	**1.16**	8.59
Other Current Liabilities	**0.02**	-
Total Liabilities	**1.18**	**13.01**
Assets		
Tangible assets	**-**	0.03
Inventories	**-**	6.33
Trade receivables	**0.63**	0.01
Cash and bank balances	**0.32**	8.67
Other Non Current assets	**0.03**	
Short-term loans and advances	**0.30**	0.10
Total Assets	**1.28**	**15.14**

45- The results of HCL Investment Pte. Limited, HCL Touch Inc. and Nokia HCL Mobile Internet Services Limited, a joint venture with Nokia Corporation, Finland have been taken on the basis of unaudited financial statements for the financial year ended June 30, 2013. It is unlikely that the audited results would be materially different from the unaudited results.

46- The Board of Directors had at its meeting held on January 14, 2013, approved a business restructuring plan consisting of a Composite Scheme of Arrangement (the Scheme) under the provisions of Section 391 and 394 of the Companies Act, 1956. The Scheme inter-alia envisages transfer of the Hardware Solutions Business, Services business and Learning Business (collectively the "Transferred Undertakings") of the Company to separate wholly owned subsidiaries namely HCL System Integration Limited, HCL Care Limited and HCL Learning Limited, respectively. The Scheme also envisages merger of HCL Infocom Limited, a wholly owned subsidiary with the Company. January 1, 2013 has been fixed as the Appointed Date. The Equity Shareholders, Secured and Unsecured Creditors of the Company have at their respective meeting, convened as per the directions of the Hon'ble High Court of Delhi accorded their approval to the Scheme. The final petition has also been filed with Hon'ble High Court of Delhi for its sanction.The Scheme is subject to requisite sanction of the Hon'ble High Court of Judicature at Delhi and other regulatory authorities.

47- Previous year's figures have also been regrouped/recasted, where neccessary, to conform to the current year's presentation.

For Price Waterhouse
Firm Registration Number-301112E
Chartered Accountants

ABHISHEK RARA
Partner
Membership Number 77779

Place : Noida
Dated : August 14, 2013

For and on behalf of the Board of Directors

HARSH CHITALE
Chief Executive Officer
& Whole Time Director

E.A. KSHIRSAGAR
Director

SANDEEP KANWAR
Chief Financial Officer

SUSHIL KUMAR JAIN
Company Secretary

Statement regarding Subsidiary Companies pursuant to Section 212 of the Companies Act, 1956

S. No.	Name of the subsidiary	Financial year to which accounts relate	Holding Company's interest in the subsidiary at the end of financial year		Net aggregate amount of Subsidiary Company's profits after deducting its losses or vice-versa, so far it concerns members of Holding Company which are not dealt with in the Company's accounts (Amount in ₹ Thousands)		Net aggregate amount of Subsidiary Company's profits after deducting its losses or vice-versa, so far it concerns members of Holding Company which are dealt with in the Company's accounts (Amount in ₹ Thousands)	
			Shareholding No. of shares	Extent of holding (%)	For the year ended June 30, 2013	For previous financial years of the subsidiary since it became the Holding Company's subsidiary	For the year ended June 30, 2013	For previous financial years of the subsidiary since it became the Holding Company's subsidiary
1	Digilife Distribution and Marketing Services Ltd.	June 30, 2013	48050000	100	55,096	(186,158)	Nil	Nil
2	HCL Infocom Ltd.	June 30, 2013	479500	100	(135)	(1,325)	Nil	Nil
3	RMA Software Park Pvt. Ltd.	March 31, 2013	10000	100	(15392)*	(68470)*	Nil	Nil
4	HCL Insys Pte Ltd., Singapore	June 30, 2013	6,199,991 in SGD and 3,800,000 in USD	100	100,542.1	92,908	Nil	Nil
5	HCL Investment Pte Ltd., Singapore	June 30, 2013	1 in SGD and 1775000 in USD	100	(28,840.3)	56,704	Nil	Nil
6	Pimpri Chinchwad eServices Limited	June 30, 2013	42500	85	(27)	(364)	Nil	Nil
7	HCL Infosystems MEA FZE, Dubai**	June 30, 2013	10 in AED	100	(89,761)	200,520	Nil	Nil
8	HCL Infosystems LLC, Dubai**	June 30, 2013	147 in AED	49	(2,635)	(24,263)	Nil	Nil
9	HCL Infosystems MEA LLC, Abu Dhabi**	June 30, 2013	49 in AED	49	(5,331)	(25,265)	Nil	Nil
10	HCL Infosystems South Africa (Pty) Ltd.**	June 30, 2013	1 in ZAR	100	(12,636)	(10,023)	Nil	Nil
11	HCL Touch Inc., USA	June 30, 2013	150 in USD	100	(4,952)	(4,007)	Nil	NA
12	HCL Infosystems Qatar WLL**	June 30, 2013	49 in AED	49	731	(1,552.64)	Nil	NA
13	Techmart Telecom Distribution, FZCO**	June 30, 2013	1 in ZAR	20	15,355	NA	Nil	Nil
14	HCL Computing Products Limited	June 30, 2013	100000	100	(177)	NA	Nil	Nil
15	HCL System Integration Limited**	June 30, 2013	50000	10	(77)	NA	Nil	Nil
16	HCL Care Limited**	June 30, 2013	50000	10	(77)	NA	Nil	Nil
17	HCL Learning Limited**	June 30, 2013	50000	10	(77)	NA	Nil	Nil

* Represents the loss for the year ended June 30 considered in consolidated Profit and Loss Account
** Shares held through a subsidiary

Statement containing information under Section 212(5)(a) of the Companies Act, 1956

Statement whether there has been any, and, if so, what change in the Holding Company's interest in the Subsidiary between the end of the financial year or of the last of the financial years of the Subsidiary and the end of the Holding Company's financial year:

S. No.	Name of Subsidiary	Financial Year of Subsidiary	Change in the Holding Company's interest in the Subsidiary between the end of the financial year of the Subsidiary and the end of the Holding Company's financial year
1	RMA Software Park Private Limited	March 31, 2013	Nil

Statement containing information under Section 212(5)(b) of the Companies Act, 1956

S. No.	Name of Subsidiary	Financial Year of Subsidiary	Material change in the money borrowed by Subsidiary for any purpose other than that of meeting current liabilities (Amount in ₹ Thousands)
1	RMA Software Park Private Limited	March 31, 2013	15279

Financial Summary of Subsidiaries as at June 30, 2013

(Amount in ₹ /Lacs)

Particulars	Digilife Distribution and Marketing Services Ltd.	HCL Infocom Ltd.	RMA Software Park Pvt. Ltd.#	HCL Insys Pte. Ltd., Singapore	HCL Investments Pte. Ltd., Singapore	Pimpri Chinchwad eServices Limited	HCL Infosystems MEA FZE, Dubai	HCL Infosystems LLC, Dubai	HCL Infosystems MEA LLC, Abu Dhabi
Share Capital	4805.00	47.95	1.00	4496.32	964.89	5.00	147.58	43.73	21.86
Reserves	(1,310.62)	(14.60)	3219.33	2245.08	372.34	(3.91)	1,109.60	(557.53)	(634.06)
Total Assets	20118.58	39.75	6897.95	13194.44	1451.38	0.62	14,457.57	16.40	224.11
Total Liabilities	20118.58	39.75	6897.95	13194.44	1451.38	0.62	14,457.57	16.40	224.11
Investments	Nil	39.50	Nil	4350.72	118.79	Nil	98.39	Nil	Nil
Turnover	64533.23	Nil	Nil	43805.49	173.74	Nil	19,901.20	Nil	1,494.90
Profit/(Loss) before taxation	533.92	(1.35)	(157.92)	1005.42	(278.37)	(0.32)	(913.25)	(54.36)	(108.72)
Provision for taxation (Current/FBT)	(17.05)	Nil	Nil	Nil	10.03	Nil	Nil	Nil	Nil
Profit/(Loss) after taxation	550.96	(1.35)	(157.92)	1005.42	(288.40)	(0.32)	(913.25)	(54.36)	(108.72)
Proposed Dividend	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

For the year ended March 31, 2013

Particulars	HCL Infosystems Qatar WLL	HCL Infosystems South Africa (Pty) Ltd.	HCL Touch Inc., USA**	Techmart Telecom Distribution, FZCO	HCL Computing Products Limited	HCL System Integration Ltd	HCL CARE Ltd	HCL LEARNING Ltd
Share Capital	27.33	117.67	0.00	0	10	5.00	5.00	5.00
Reserves	(16.40)	(242.78)	0.80	0	(1.77)	(0.77)	(0.77)	(0.77)
Total Assets	1514.08	24.71	0.80	206.48	10.13	4.99	4.99	4.99
Total Liabilities	1514.08	24.71	0.80	206.48	10.13	4.99	4.99	4.99
Investments	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Turnover	1000.22	1.99	274.21	3150.7	Nil	Nil	Nil	Nil
Profit/(Loss) before taxation	16.85	(126.36)	(49.52)	9.85	(1.77)	(0.77)	(0.77)	(0.77)
Provision for taxation (Current/FBT)	1.63	Nil	(49.52)	Nil	Nil	Nil	Nil	Nil
Profit/(Loss) after taxation	15.22	(126.36)	(49.52)	9.85	(1.77)	(0.77)	(0.77)	(0.77)
Proposed Dividend	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

NOTES

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