HCL

TRANSFORMATION

Annual Report
2011-2012

TECHNOLOGY
that touches ***lives.™***

Corporate Information

BOARD OF DIRECTORS	**Chief Executive Officer and Whole-time Director** Harsh Chitale **Whole-time Director and Chief Operating Officer** J.V. Ramamurthy **Directors** V.N. Koura E.A. Kshirsagar D.S. Puri Anita Ramachandran 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 Hong Kong 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.)

Contents

Our Management Team

Harsh Chitale
Chief Executive Officer & Whole Time Director

J.V. Ramamurthy
Whole Time Director & Chief Operating Officer

Sandeep Kanwar
Chief Financial Officer

Rothin Bhattacharyya
EVP - Marketing, Strategy & Business Development

Vivek Punekar
Chief Human Resources Officer

Neeraj Jaitley
President of Enterprise Solutions

Sanjay David
Business Head - Distribution & Marketing Services (DMS)

Princy Bhatnagar
Business Head - Consumer Computing

Gautam Advani
Business Head - Mobility

Anand Ekambaram
Business Head - HCL Learning

Sayantan Nandi
Business Head - HCL Care

Our Growth Drivers

Services

Cloud Computing

HCL blu Enterprise Cloud delivers high performance cloud computing services backed by a strong infrastructure backbone and HCL's national support network to ensure business continuity for organisations. HCL Infosystems is taking a focused approach on providing the best in class Enterprise Cloud Services which are customised as per the needs of organisations. Under its blu cloud offerings, the company provides various services for Infrastructure, Collaboration and Enterprise Applications.

EAS

The Enterprise Application Services of the company consists of Complete Packaged Application & Development Services. The Portfolio comprises of ERP, CRM, BI, SCM, ECM, Mobility Solutions, Software as a Service, Application Development as well as other sustenance mode services. These services and solutions are delivered with HCLI's SEI CMMi level 5 assessed methodologies & best practices.

IT Infrastructure Services

HCLI IT Infrastructure Services enables enterprises to meet all challenges in scaling and managing their IT infrastructures by providing focused and efficient solutions. HCLI IT Infrastructure Services includes Infrastructure Management Services, VAS, Break Fix Services etc.

System Integration (SI)

The SI business focuses on various verticals like BFSI & COOP, Defence, E Gov, Healthcare, Homeland Security, TTL (Travel, Transport and Logistics), Media and Entertainment, Power, Telecom etc.

HCL Care

HCL Care provides customized service solutions to Customers through quality service processes, infrastructure & technically skilled resources.

With a pan India presence HCL Touch has over 720 customer touch points across the country. HCL Care also provides field support services with an extensive national footprint. Global Touch reaches out to different global markets to provide similar services.

Distribution

Distribution & Marketing Services (DMS) arm distributes lifestyle products of various leading brands across the country in both rural and urban markets. HCL has India's largest distribution and retail network, taking to the market a range of Digital Lifestyle products in partnership with leading global ICT brands, including Apple, Nokia, Toshiba, Hitachi and many more. Being the largest Consumer Products distributor in India and the largest distributor in Organized Trade, DMS is the only National Distributor reaching tier three and four towns & rural markets with the widest channel reach. A value based distribution offering including strategic consulting services, pre- sales support and other important elements like promotion, packaging & marketing sets HCLI's distribution apart from its competitors.

The company aims to further expand its distribution portfolio and enter different product categories. HCL One has been put into action to synergize different businesses of the company to expand the distribution network.

Mobility & Computing Products

After the launch of its first tablet, X1 in October 2011, the mobility business has witnessed substantial growth and enjoys significant market share in the sub- 10K tablet category. The company also launched the U1 Tab in this financial year. The HCL ME Tablets provide the Indian customer with an absolute value for money device. These tablets are trendy, stylish, are based on the latest Android OS and provide an unique user experience. Service is a key differentiator for our mobility business with excellent support from HCL Care across the nation. HCL ME Tablets are being used increasingly by enterprise customers with the company providing services of porting the existing applications on tablets or making custom made solutions as per customer needs.

Learning

HCL Learning, the Education & Learning division of the company has been recording a robust growth rate. Apart from our effective Learning Solutions like Digischool and DigiCampus, content rich Educational Tablets is another innovation that has been introduced by the division for both schools and colleges. My EduTab enables students, teachers & parents to connect, collaborate and share information as well as content over the Cloud. HCL Learning will continue on its growth path by focusing on providing quality content as well as integrated learning solutions for various educational institutions.

Emerging Markets

The company's increasing presence in emerging markets represents a significant step and is part of the company's overall transformation strategy to provide a complete set of products, services and solutions in these markets.

It has increased its footprints in Africa, Middle East and South East Asia by setting up newer operations and forging partnerships to reach out to greater number of customers. The company has recently expanded in Qatar and have been able to gain newer and bigger projects in all the focussed emerging markets. The Middle East business is critical as it is the centre of growth that drives the overall emerging market business for HCL Infosystems.

2011-12 Highpoints

ENTERPRISE BUSINESS UNIT

System Integration and IT Services

- Awarded the order for the Managed Service Provider (MSP) from Unique Identification Authority of India (UIDAI) as part of one of the largest IT Services contract. As part of the contract, HCL Infosystems would implement and manage the Central ID Repository (CIDR).
- HCL Infosystems as a part of a special purpose company which also includes Larsen & Toubro and Tata Power Co. has been successfully selected for the design and development phase for the Tactical Communication System by the Ministry of Defence, Government of India.
- Bagged a Rs. 250 crore plus order from Electronics Corporation of Tamil Nadu Ltd. (ELCOT) to provide 2 lakh units of Laptops to government and state aided schools and colleges across the state of Tamil Nadu.
- The **BFSI vertical** bagged various orders from leading banks like Syndicate Bank, Central Bank of India, Axis Bank and HDFC Bank among others.
- The company was also empaneled with the National Federation for Urban Co- Op Banks and Credit Societies (NAFCUB) for roll out of core banking solution to urban co- operative.
- The company won **Financial Inclusion** projects from UCO Bank, Central Bank of India, Himachal Pradesh State Cooperative Bank Ltd. (HPSCB) and SBH. The business also won a Services Surveillance order from the Shriram Group.
- The **Utility vertical** won an ERP hardware project from Himachal Pradesh State Electricity Board Limited (HPSEBL).
- Bagged project from Sadbhav Infrastructure Pvt. Ltd. to implement the Automation, Computerisation and Integration of 22 Border Check Posts (BCPs) in the State of Maharashtra.
- The **Defense vertical** won a major network expansion project from one of the armed forces. The implementation involves Design, Planning, Engineering, Supply, Installation; Testing & Commissioning of MPLS based IP Network.
- Bagged large multiyear contract for nationwide Infrastructure Managed Services engagement from a leading Pharma company in India.

Cloud Computing

- Won various orders from organisations like Piaggio Vehicles Pvt. Ltd., Health and Family Welfare Department; Government of Tamil Nadu, Thiess India, Shell Lubricants, South Indian Bank, Narayana Hrudayalaya and IIM Bangalore among others.
- Launched new services and established new partnerships with leading industry players like Google and Microsoft.

HCL Care

- Bagged Dell Printers as a new customer.
- Won a major order from a large telecom products company to set up exclusive L1 and L2 customer care centres.

Office Automation

- The Business won various orders from organisations like All India Radio (Delhi), Doordarshan, Cisco, Vodafone, Reliance Life Insurance, Gujarat Informatics Ltd., Delhi University, Durg Police, Pearson, Broadcasting Media Equipment Ltd., Spice BPO, ANZ Technology Services, Bangalore, L&T, Mumbai, Aviva Life Insurance, SBI (All India), LIC, Mumbai, Ericsson Global, Delhi, Reliance General Insurance, ABB among others.
- The business in collaboration with Cisco announced first of its kind market outreach for WebEx.

DISTRIBUTION

- The longstanding relationship of HCL Infosystems and Nokia was renewed. Recently the partnership witnessed positive movement as there was an increase in market share.
- Digilife - Distribution and Marketing Services (DDMS) further enhanced its portfolio with signing on brands like Hitachi and Emtec for distribution and marketing mandates.
- Our distribution business also added many new partners such as Maxell, Asder, Lexibook, DeLonghi and Eureka Forbes - Eurodiya and has expanded its footprint in the rural and tier 3 and 4 towns in India.

LEARNING

- A major development for the Learning Business has been the acquisition of Edurix, a part of Attano Media and Education Private Ltd. by which the in- house content capability of the business would be further strengthened.
- Forayed into Management Education - launched Distance Education Program in association with Annamalai University.
- Launched a Path Breaking Education Tablet – My EduTab for both schools and colleges. My EduTab will enable students, teachers & parents to connect, collaborate and share information as well as content over the Cloud.
- Won major orders from Bethlahem Matric & Hr. Sec School, Kanyakumari, Delhi Public School, Sushant Lok, Gurgaon, Saveetha University, Chennai, Victorius Kidss Educares, Pune, State Bank of India Officers' Association Education Trust, (Chennai & Coimbatore), Delhi Public School, Bokaro and St. Paul's School, Darjeeling among others.
- The business also launched a new service – Learn on Cloud which is a self learning portal for students and offers courses like JAVA, Chip Designing, Mobile Application Development etc.

CONSUMER AND SMB COMPUTING & MOBILITY

Consumer and SMB Computing

- Launched the exclusive Ra.One Series of laptops which included HCL ME ICON 1034, XITE 2025 & XITE 2035. The Ra.One High definition Laptop series was power packed to give consumers an exhilarating on the go cinematic experience.
- Launched Beanstalk series AIO PC and Smart Series 1044 Laptop as part of Consumer Computing 2012.
- Launched First ever HCL Flagship Store in Delhi- NCR. Customers will get access to the entire range of HCL's products - HCL Desktops, ME Laptops, ME Gaming Consoles, All- in- Ones and other IT accessories & peripherals in the Flagship Store.

Mobility

- Launched new sleek Next- Gen ME Tablets – the X1, U1 and 3G enabled tablet Y2.
- The Mobility Business bagged new enterprise customers including Sunpharma, Intas, Qmax, Glenmark, Education Initiative, Edelweiss, Cleartrip, Royal Images, American Power Conversion, SIO Health Care among others.

EMERGING MARKETS

- The company bought out the remaining 40% stake held by the NTS Group in HCL Infosystems MEA, making it a wholly owned subsidiary of HCL Infosystems Ltd.
- Our Middle East business, HCL Infosystems MEA, the company's wholly owned subsidiary won major orders from NITI Distributors Ltd., RAK Ceramics, Mashraf Al Rayan, BDL Gulf FZCO, Emirates Airlines, Etisalat, Fly Dubai, Dubai Health Authority (DHA), GEMS Education, Federal Electricity, Sharjah Civil Aviation, Water Authority (FEWA) and Dubai Electricity & Water Authority (DEWA) among others.
- The subsidiary in Singapore signed up a 5 years managed services engagement for providing Infrastructure Managed Service to multiple IDA agencies in Singapore.
- The company also started its operations in Qatar which will address the System Integration, Services & IT support needs of companies across verticals in this region. As part of the new operations, HCL Infosystems has set up a partnership with Dyarco International WLL, a leading business consultancy in Qatar and a subsidiary of the Al Faisal Holding.
- The Company had also joined hands with Consolidated Gulf Co. for market outreach in Qatar. The company will provide HCL Laptops, Desktops and Tablets in the country.

Distinctions

- Jaipur Development Center received CMMI ML5 SCAMPI Class A Certification from Software Engineering Institute (SEI), Carnegie Mellon.
- Ranked No. 1 Employer of the Year by DQ-CMR Best Employer Survey 2011.
- Ranked No. 1 in IT Services Customer Survey by the prestigious DQ CMR CSA Award.
- 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.
- Bagged DDI's "Grow your Own Leaders Award" for overall management culture & effectiveness of the organization's talent management system.
- Bagged Skoch Digital Inclusion Award in "Technology in Service Delivery" category for successful implementation of Kolhapur Municipal Corporation E-Governance project.
- Bagged VARIndia 2011 award for Best Projector DLP (Infocus), Best PC Indian Brand and No.1 Distributor.
- Voted by the channel Partners as the "Most Trusted Company" in System Integration Category at the 10th VARIndia IT Forum 2012.
- Pondicherry plant bagged an award in the large scale category at the FICCI Quality System Excellence Awards 2011.
- The Repair Facility of HCL Infosystems was rated as the best repair facility in the world by NOKIA Corporation with 4 & ½ star rating during Global Supplier Assessment 2012.
- HCL Learning bagged a few awards:
    - Bagged Bloomberg|UTV B-School Excellence award for Institute Management Systems (IMS) in the category of "Best Cloud Based Education Institute Management System".
    - Bagged Star News National Education Award for Digischool in the category of "Best ICT Enabled Content for K12 Education".
    - Bagged Star News National Education Award for Digicampus in the category of "Best Technology BASED Solutions for Higher Education Institutes".
    - Bagged the prestigious Jury Award at the 7th eINDIA awards in the category of Best Open and Distance Learning Practices in Higher education for Xcelerate program.
    - Bagged Best Innovative Live Two Way Learning Solution for Test Preparation - Xcelerate and Most Preferred Learning Solutions Partner for Schools – Digischool at the World Education Congress.
    - HCL Learning bagged the Public Choice Award for the 'Best Tablet Providers in Education' for My EduTab at the World Education Awards 2012.

Financial highlights

Revenue and Profitability (Consolidated)

₹/Crores

YEAR ENDED JUNE 30	2012	2011	2010	2009	2008
Total Revenue	**10856**	11548	12159	12378	12403
PBIDT	**215**	347	411	417	497
Interest	**85**	80	39	45	48
Depreciation	**46**	38	26	21	19
Profit before Tax	**84**	229	346	351	430
Provision for Tax	**14**	60	104	111	130
Profit after Tax (PAT)	**70**	169	242	240	300
Profit available for Appropriation	**817**	972	1033	951	904
Equity Dividend	**67**	**176**	**171**	**111**	**137**
Basic Earning Per Share (₹)*	**3.23**	7.67	11.92	14.02	17.6
PBIDT (%)	**2%**	3%	3%	3%	4%
Profit before Tax/Revenue (%)	**1%**	2%	3%	3%	3%
Return on Net worth (%)	**4%**	9%	13%	21%	30%
Return on Capital Employed (%) #	**6%**	12%	16%	29%	34%
Equity Dividend (%)	**150%****	400%	375%	325%	400%

*** Based on equity shares of ₹ 2/- each on Balance Sheet date.**
**** Includes interim dividends aggregating to 150% amounting to ₹ 66.88 Crores**
 # Calculated on PBIT

Assets and Liabilities (Consolidated)

₹/Crores

AS AT JUNE 30	2012	2011	2010	2009	2008
Sources of Funds					
Equity Funds	**45**	45	44	34	34
Share Warrant Application Money	**-**	-	18	-	-
Reserves and Surplus	**1866**	1863	1831	1088	982
Minority Interest	**0**	4	-	-	-
Borrowings	**691**	628	520	227	354
Other Current and Non Current Liabilities	**2424**	2166	2356	2014	1712
Deferred Tax Liabilities (Net)	**-**	-	-	-	7
Total	**5026**	4706	4769	3363	3089
Application of Funds					
Net block	**405**	369	287	185	170
Investments	**432**	607	854	260	215
Deferred Tax Assets (Net)	**27**	22	13	6	-
Other Current and Non Current Assets	**4162**	3708	3615	2912	2704
Total	**5026**	4706	4769	3363	3089

Management Discussion and Analysis

Overview

The Year 2011-12 was a challenging year for us as we were faced with many simultaneous adverse changes in the external environment. We had not seen challenges of this magnitude in the recent past. These challenges impacted the financial performance of the company in the year. Some of the key challenges faced by the company during FY12 were as given below:

- **Depreciation of Indian Rupee:** Our business requires us to import significant value (~ ₹ 2000 Cr.) of electronic components, software and products every year. Hence, any depreciation of Indian Rupee means increase in costs. During the year FY12, Indian Rupee lost 19% against USD. Total impact of this depreciation on your Company's profit in the year FY12, was to the tune of ₹133 Crores (₹ 65 Crores reported as ERD loss and Rs.68 Crores as Margin drop) in our Hardware and System Integration Businesses.

- **Slowdown in decision making in the core sector:** Large percentage of our B2B (Business to Business) business comes from the Infrastructure and public sector. Year 2011-12 saw a slowdown and delay in many projects in these sectors. Government procurement was lower, leading to a substantial drop in businesses dependent on government spending. This slow down had an adverse impact on the business in the following ways:

  1. It lead to delays in project completion leading to cost over runs
  2. It resulted in lower revenue recognition and sales
  3. Payment delays that increased Working Capital and hence increase in Interest Cost.

  Total impact of all this, on profits of our Systems Integration business was to the order of ₹ 300 Crores in Revenue and ₹ 80 Crores in Pre-Tax Profit.

- **Natural calamities in South East Asia which disrupted supply chain of the IT hardware industry:** In October 11, floods in Thailand significantly damaged factories that make Hard Disk Drives (HDD). As a result, prices of hard disk drives went up by as much as 50% for the period from November 2011 - March 2012. These factors caused an increase in the cost of PCs.

While the financial impact of these challenges has been steep, these challenges essentially impacted our company's B2B (Business to Business) business segments that provide IT and office automation hardware and Systems Integration projects to public sector and enterprises. These business segments have long term contracts and hence have constraints in passing on an unforeseen cost escalation to the customer. These businesses are dependent on the government sector spend on projects and on capex spend of the private enterprises. Last year, this spend in the economy went down sharply and hence, its impact was seen by us in terms of a 19% drop in sales of our B2B Solutions and SI businesses. These business segments constitute about 25% of your company's portfolio. Your company is working on strategies to mitigate impact of these challenges faced by some of its businesses.

All the other business segments of the company, which make up almost 75% of our business portfolio, fared quite well and posted good growth in profits. Our Consumer & SMB Computing products business grew 17% y-o-y in sales with a substantial improvement in the operating margins. Newly launched HCL care business doubled in size and our Enterprise Services registered a growth of 6% y-o-y in sales along with an expansion in service margins. Our telecom products distribution maintained a marginal 1% growth in sales, despite a first time decline in the value of telecom products market in FY12. HCL Learning division registered a growth of over 75% y-o-y.

Other significant developments during FY12 that have positioned your company well for future success are:

- **Renewal of agreement with Nokia:** Distribution of digital lifestyle products continues to be an area of focus for us. In August 2011, we renewed our agreement with Nokia for distribution of their products. This agreement will again come up for renewal on 31st December 2014. As per the agreement, we are the National Distribution Partner for National Organised Trade and for all the towns below a certain population.

- **Your Company was selected for large and prestigious engagements during the year.**
    - **UIDAI Managed Services Program (MSP):** Your Company has bagged a large contract from UIDAI for implementing and managing the Central ID Repository. This 7 year engagement is one of the largest IT managed services engagement ever to be awarded in India. LOI was received during the year, which was subsequently converted to contract in August'12.
    - **Tactical Communication System:** A special purpose company comprising of L&T, Tata Power & HCL Infosystems has been selected for the design and development phase of the project Tactical Communication System for Indian Army. This is a first such `make' program of the Indian Defence sector to be awarded to the private sector. If the prototype, developed under this phase of the project is deemed to be successful, then it can make the SPC eligible for supply of tactical communication system to the Indian army.
- **We incubated many future growth drivers during the year**
    - **HCL Learning-** We launched DigiSchool last year and these solutions are now taking a good foothold in some of the leading schools in the country. In June this year, we acquired a content development organization, Edurix, (part of Attano Media and Education Private Ltd). Edurix designs and implements content for the K-12 education segment. With acquisition of this capability, HCL Learning now has capability to customize content for devices like tablets, dongles and for online platforms.
    - **HCL Global Touch & HCL Care Services-** In July last year, we started offering maintenance and support services to users of PCs and Smart-phones in the North America remotely. We are seeing good growth of these services. During the year FY12, we also built our support services offering for Indian consumers of multiple brands of PCs and phones. This offering is now being taken to the market through our nationwide network of HCL Care support centres backed up by trained service technicians, remote support help desks and hardware repair factories.
    - **HCL `ME' Tablets-** HCL launched its tablets in the value segment in late 2011-12. These products have taken good foothold in the market and have a high market share in the value segment. Tablet market is expected to grow at a very rapid rate in India over the next few years.
- **Overseas Expansion**

1. **Africa & SAARC Nations**
    - Your Company increased footprints in SAARC nations by establishing partner network through renowned ICT organizations in respective regions. We established dedicated help line for support of HCL products in Sri Lanka and computerized over 400+ schools in Eastern Province of Sri Lanka.
    - Your Company was appointed as a strategic partner to the Government of Ghana (Ministry of ICT) for its various ICT initiatives.
2. **Middle East**
    - In FY 11 your Company had established its presence in the Middle East through purchase of 60% stake in a company called `NTS' (then renamed as HCL MEA). In August'12, Your Company has purchased the balance 40% share in HCL MEA, which is now a 100% owned subsidiary. In March 2012, we further strengthened our presence in the Middle East through establishment of a subsidiary in Qatar
    - Your Company announced a strategic partnership with Consolidated Gulf Co. (GCG) and BDL Gulf FZCO in Dubai to make available HCL Laptops, Desktops and Tablets in Qatar.
    - Your Company bagged various projects from prestigious clients this year. We provided products, services and solutions to organizations like NITI Distributors Ltd., Union National Bank, RAK Ceramics, DP World, Ministry of Education, GEMS Education, Emirates Airlines and Fly Dubai. Your Company also won security projects for various banks like HSBC, Abu Dhabi Islamic Bank, Citibank, Rak Bank, Emirates NBD and Mashreq Bank.
3. **Singapore**
    - **Start of Managed Services in Singapore -** Your Company bagged a very prestigious long term contract from Infocomm Development Authority (IDA), Singapore for providing Facility Management Services to various Government agencies & Ministries and statutory bodies in

Singapore. As a part of this engagement, we have now established a state of the art Remote Infrastructure Management (RIM) centre in Singapore.

Aspire Business Transformation Programme - In FY11 we kick started a business transformation program to prepare your company for the future. We also engaged a leading management consultant to help us program manage various activities that were identified as a part of this program. Aspire has enabled significant success stories for us. These include efficiencies in the go to market channel for computing products, improved credit control, cost reduction through infrastructure consolidation, and optimisation of service operations. These operational efficiencies have helped us mitigate some of the impact of adversities in the external environment, described earlier.

- **As we pursue this transformation journey,** we believe the future HCL Infosystems will emerge with focus in the following areas:
    1. **Services.** We aim to grow our B2B and B2C services businesses. Our services business will be global and the share of higher value added services and Managed Services will grow multi-fold.
    2. **Leading Position in Solutions for Technology enabled Education**
    3. **Strong Distribution Business** consisting of unmatched reach in rural and urban markets and a large portfolio of partnerships for value added distribution.
    4. **IT and Office Automation solutions businesses** that leverage our sales reach, strong partnerships and with superior services.

As part of this transformation journey, we have been assessing various options to optimize and streamline operations of our Personal Computing and Tablet Businesses. We have decided to form a Wholly Own Subsidiary ("WOS") to hold the Consumer and SMB PC/Tablet related businesses (i.e. B2C computing, ECC, Mobility). This will enable this company to have a sharper focus, streamline operations and achieve better economies of scale in sourcing, manufacturing and marketing in the Computing Products business

This arrangement will also enable the SI & Services businesses to have flexibility in partnering with a range of OEM partners, as required by customers. Such multi-brand partnerships are critical for growth of our Solutions & Services businesses.

I. Quality Initiatives

Our Quality management is committed to adoption of international best practices and standards. Our Quality systems conform to and are certified for various International standards. These include:

- Quality Management System - ISO 9001: 2008 for various divisions
- Environment Management - ISO 14001 certification
- Occupational Health and Safety - OHSAS 18001 certification
- Information Security Management - ISO 27001 certification
- Software Capability Maturity Model - CMMI Level 3 (Level 5 implementation in progress)

This has been further strengthened through the following certifications during last year.

- Green Data Centre Platinum certification by US Green Building Council
- HCL Security ISO 9001 certification
- Customer data centre certification for ISO 27001

Documented Integrated Quality Management System (iQMS) framework is deployed for all functions within the company.

Quality and process improvement has also been linked with ongoing ASPIRE excellence tracks. Various Cost and Lean improvement projects have been undertaken as a part of Aspire program to help reduce the cost and increase overall profitability.

Focus on Customer Delight

Achieving Customer Delight has always been a key focus of your company. Various initiatives undertaken in the past years have helped us in retaining HCL Infosystems on the top for the Fourth time in a row in CSA 2012 (Customer Satisfaction Audit) conducted independently by IDC-DQ during Jan - Mar'12.

Out of 20 parameters, our company has got highest score in 12 parameters. "Overall service offering", "Ability to support multi location", "Reliability of service provided" and "Responsiveness of the team" being significant ones.

To further strengthen our customer focus and management of our engagement with top 100 customers, during the year, we instituted "Key Accounts Managers" and "National Service Account

IT Services: The Top Vendor

Vendor	Score	Rank '11	Rank '12	Change
HCL Infosystem	89.1	1	1	0 ⇔
TCS	86.5	2	2	0 ⇔
IBM	86.3	3	3	0 ⇔
Wipro	85.8	4	4	0 ⇔
HCL Comnet	85.7	5	5	0 ⇔
HP	85.5	7	6	1 ⇧

⇔ No Change ⇧ UP

Please note that the following scores are on a scale of 100 with 100 indicating the highest degree of satisfaction

Managers".

Major Global partners have recognized the services we have been delivering to their customers, which is a testimony of our efforts. In a global assessment by Nokia Corporation, HCL Care Repair facility received a 4.5 star rating which ranks this facility as the best in the world on Quality & Processes.

II. Risks & concerns and risk mitigation

HCLI Enterprise Risk Management Framework is a key strategic tool in proactively ensuring that possible business risks are systematically identified and addressed in a planned manner.

Key risks that impact performance of our various businesses are as follows:

1. **Technology churn and changes in consumer preferences:** A shift in customer preference from Net-books to more convenient tablets is example of one such shift
2. **Disruptions in the IT Components supply chain:** This supply chain is today globally integrated and unfortunately concentrated in a select few countries. This exposes the business to supply chain disruptions emerging out of any natural calamities or political disturbances in those countries. We observed such a disruption last year in the supply of HDDs
3. **Changes in the portfolio or health of major distribution partners:** We have a large distribution business and its business performance is dependent on performance of some of its key partners from whom it buys products. High dependence on such select partners exposes the business to potential risks associated with the health of those partners.
4. **Exchange rate variation risk:** With close to ₹ 2000 crore of annual imports, we have a large exposure to any FX rate variation. A sharp drop in the value of Rupee can increase our costs and impact profitability substantially as was observed in FY 11-12.
5. **Customer credit risk:** In our Systems Integration business we execute engagements that run into multiple years. Any change in the financial health of the customers during the tenancy of the engagement can create a risk in terms of delays in receiving our payments. We do have a number of old projects that are running currently with different State utilities and public sector telcos. Their financial health does have a bearing on performance of our Solutions business.
6. **Delays in projects under implementation:** Any delay in the project under execution exposes your company to cost over runs as well as impacts the working capital of the Project business.
7. **Risks to the human capital of the company:** Our ability to continue to do a great job for our customers and win in the market place depends on our ability to attract, retain and engage top talent.

Your company plans, mitigating actions against each of these risks and the effectiveness of the Risk Management action plans are measured, tracked and reported quarterly to the Board appropriately.

Some key actions initiated under the risk management program during the financial year were as follows:

- Credit controller has been added to assess customer and channel partner credit risk and approve credit limits for each of them. Credit insurance has been taken to cover credit offered to the channel partners.
- Cover taken under various insurance policies such as fidelity insurance and liability insurance was enhanced during the year, based on review of the risks observed during the year.
- In view of the volatility in the FX environment, the Board has approved a more stringent hedging policy on foreign exchange and the same has already been implemented across the company to deal with the volatile FX environment.
- Segregation of Project Management Office (PMO) & Central Bid Team (CBT) from sales to manage challenges in System Integration business around contract management & project estimation.

III. Internal control systems and their adequacy

Your company has put in place adequate controls that are commensurate with its size and the nature of its 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 or losses, executing transactions with proper authorization and ensuring compliance of corporate polices. These processes have been further revised as a part of the iQMS framework and an upgraded control framework has been put in place with a roll out of a new Authority Schedule for all operations in the company.

Your company has an internal audit function and internal audit is based on an Audit Plan, which is reviewed each year in consultation with the Audit Committee. The Internal Audit process is 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 unauthorised use, among others.

Stringent disciplinary actions are taken when ever internal audit finds non compliance to corporate policies and controls.

IV. Human Resource Development

In today's competitive world, we believe that our success is contingent on our ability to attract and retain the best talent the industry has to offer. Keeping this in mind, your company conducts various programs for Leadership training, functional training & technical training at its Training Campus at Hyderabad. We carried forward our iLead Development Centres, one year customised development programs. We continued training & development initiatives to develop a robust leadership pipeline and provide our people with extensive blended learning opportunities for career development and growth.

As an enabler to our Business excellence initiative, ASPIRE, we introduced a new Performance Management System. Performance is now assessed on two dimensions - results as well as behaviours and competencies. We believe that our path to Business Excellence will be greatly enhanced through this new Performance Management System.

During the year, your company focused on building a strong leadership bench required for success in new upcoming growth areas. Many new Business Unit Heads and Functional Managers were hired with relevant back ground and skill sets to the leadership team of the company. 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 has also focused on attracting talent at entry and mid management level and runs a robust Management Trainee and Exec MBA recruitment program for recruitments from top Management and Engineering Colleges in the country.

Your company continues to get accolades from third party agencies for being one of the best employers in the IT Industry.

The employee strength has increased from 7357 in 2011 to 7572 in 2012.

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.

COMMENTS ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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 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, 2012.

RESULTS OF OPERATIONS ₹ crores

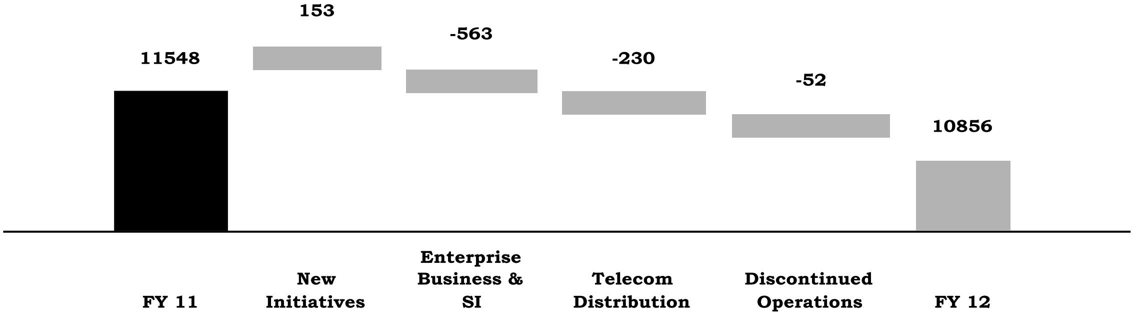
Particulars	FY 12	FY 11
Revenue	**10,856**	**11,548**
Cost of Sales	9,752	10,384
Gross Profit	1,104	1,164
Personnel Costs	489	487
Administration, Selling & Others	461	426
Depreciation	46	38
Operating Profit before Exchange differences	**108**	**213**
Other Income	127	85
Finance Costs	85	79
Profit Before Tax before Exchange differences	150	219
Exchange differences	66	(10)
Tax Expense	14	60
Minority Interest	-2	1
Profit After Tax	**72**	**168**
EPS - Basic (in Rupees)	3.2	7.7

Gross Business Income

Consolidated Revenues for the year were ₹ 10,856 crores as against ₹ 11,548 crores in the previous year.

New Initiatives in Learning, Tablets and Global Touch show potential of being the new growth drivers and recorded y-o-y growth.

Enterprise Business and Systems Integration business revenues were impacted as imports got dearer due to falling rupee, also due to delays in customer acceptances and in release of orders.



Telecom Distribution revenues dropped. While Nokia revenues remained stable during the year, portfolio revamp in some of the major distribution partners such as Eastman Kodak, led to de-growth in Telecom Distribution business.

Discontinued Operations constitute Internet and related services business of the Company's erstwhile subsidiary HCL Infinet Ltd. which was sold during the year.

Gross Margins

There was no change in Gross margins percentage in FY 2012 as compared to FY 2011. In absolute terms, gross margins were ₹ 1104 crores as against ₹ 1164 crores in the previous year.

Personnel Costs

Personnel costs increased marginally from ₹ 487 crores in FY 2011 to ₹ 489 crores in FY 2012.

Administration, Selling and Other Expenses

Administration, Selling & Other expenses increased from ₹ 426 crores in FY 2011 to ₹ 461 crores in FY 2012. The increase was mainly on account of provisions due to delay in customer receipts ₹ 29 crores and increase in consultancy charges.

Better optimisation of resources during the year enabled the company to control its spend on infrastructure and selling expenses in comparison to previous year.

₹ crores

Particulars	FY 12	FY 11
Administration Expenses	213	226
Selling & Distribution Expenses	56	71
Provision for Doubtful Debts & Other current assets	66	37
Legal, Professional & Consultancy Charges	78	45
Others	48	47
Total	**461**	**426**

Depreciation

Depreciation increased from ₹ 38 crores in FY 2011 to ₹ 46 crores in FY 2012, due to increase in Fixed Asset base.

Other Income

Other Income In FY 2012 was ₹ 127 crores as against ₹ 85 crores in FY 2011.

Income from Lease rentals increased by ₹ 15 crores during the year.

₹ crores

Particulars	FY 12	FY 11
Investment Income	49	41
Operating Income	18	20
Income from Lease rentals	28	13
Gain on Sale of Infinet	26	
Others	6	11
Total	**127**	**85**

Finance Costs

Finance costs in FY 2012 were ₹ 85 crores as against ₹ 79 crores in FY 2011. The increase in finance cost was mainly due to increase in the average interest rates and incremental borrowings.

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. However, steep depreciation in Indian rupee against US Dollar resulted in Foreign exchange loss of ₹ 66 crores during the year as compared to a gain of ₹ 10 crores previous year.

Unrealised exchange loss accounted for ₹ 34 crores during current year as against unrealised exchange gain of ₹ 4 crores in previous year.

Pursuant to notification u/s 211(3C) of the Companies Act , 1956 the Company has deferred exchange loss of ₹ 11 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.

Profit before Tax

Profit before Tax in FY 2012 was ₹ 84 crores as against ₹ 229 crores in the previous year. Lower profitability was primarily due to differential foreign exchange loss of ₹ 76 crores.

Tax Expense

The provision for current and deferred tax for the year was ₹ 14 crores.

Profit after Tax

Profit after Tax and Minority interest for FY 2012 was ₹ 72 crores as against ₹ 168 crores in FY 2011.

Earnings per Share

Basic EPS for FY 2012 was ₹ 3.2 per share as against ₹ 7.7 per share in FY 2011.

FINANCIAL POSITION

₹ crores

Particulars	FY 12	FY 11
EQUITY AND LIABILITIES		
Net Worth	1,911	1,907
Minority Interest	-	4
Non Current Liabilities	307	285
Current Liabilities	2,808	2,510
Total	**5,026**	**4,706**
ASSETS		
Fixed Assets	404	369
Non Current Assets	452	253
Investments	432	607
Current Assets	3,738	3,477
Total	**5,026**	**4,706**

Net worth / Shareholders funds

Net Worth grew to ₹ 1911 crores as at June 30, 2012 from ₹ 1907 crores as at the close of the previous year.

Reserves & Surplus were ₹ 1867 crores at year-end after appropriating ₹ 78 crores for dividend and dividend distribution tax.

Dividend

During the year, the Company paid dividends aggregating to ₹ 3/- (150%) per fully paid up equity share of ₹ 2/- each.

Minority Interest

The Company through its wholly owned subsidiary, HCL Insys Pte. Limited, Singapore acquired the remaining 40% equity stake in HCL Infosystems MEA FZCO with effect from January 1, 2012. Accordingly, the Company doesn't have any exposure to minority interest.

Non Current Liabilities

Non Current Liabilities were at ₹ 307 crores as at June 30, 2012 as compared to ₹ 285 crores as at June 30, 2011 mainly due to increase in creditors for material by ₹ 67 crores.

Current Liabilities

Current Liabilities were at ₹ 2808 crores as at June 30, 2012 as compared to ₹ 2510 crores as at June 30, 2011. Short term local and import acceptances for materials increased by ₹ 271 crores year on year.

Fixed Assets

Net block grew to ₹ 404 crores as at June 30, 2012 from ₹ 369 crores as at June 30, 2011. The increase was mainly due to capitalization on acquisition of EDURIX from Attano Media and Education Private Limited and goodwill on acquisition of HCL Infosystems MEA FZCO.

Non Current Assets

Non current assets increased by ₹ 199 crores to ₹ 452 crores as at June 30, 2012 from ₹ 253 crores as at June 30, 2011, mainly due to increase in long term lease rent recoverable by ₹ 177 crores.

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 and bonds at June 30, 2012 were ₹ 432 crores.

Inventories

Inventories as at June 30, 2012 were ₹ 707 crores as against ₹ 614 crores as at June 30, 2011.

Inventory turnover on sales in financial year ended 2012 was 15 times as against 19 times in the previous year.

Trade Receivables

Debtors as at June 30, 2012 were ₹ 1241 crores as against ₹ 1337 crores as at June 30, 2011. However, Debtors as number of days of sales in FY 2012 remained constant at 42 days as compared to FY 11.

Cash and Bank

Cash in hand & Balances with Bank in collection / disbursement accounts were ₹ 303 crores as at June 30, 2012 as against ₹ 266 crores as at June 30, 2011. The increase is due to redemption of Investments.

Other Current Assets

Other current assets increased from ₹ 996 crores as at June 30, 2011 to ₹ 1217 crores as at June 30, 2012. Lease rent recoverable increased by ₹ 60 crores, accrued revenue to be billed by ₹ 28 crores and contracts in progress by ₹ 127 crores.

CASH FLOW STATEMENT

₹ crores

Particulars	FY 12	FY 11
Cash from Operating Activities	239	(13)
Cash from/(used in) from Investing Activities	(52)	91
Cash used in Financing Activities	(157)	(122)
Net Increase/(Decrease) in Cash and Cash Equivalents	**30**	**(44)**

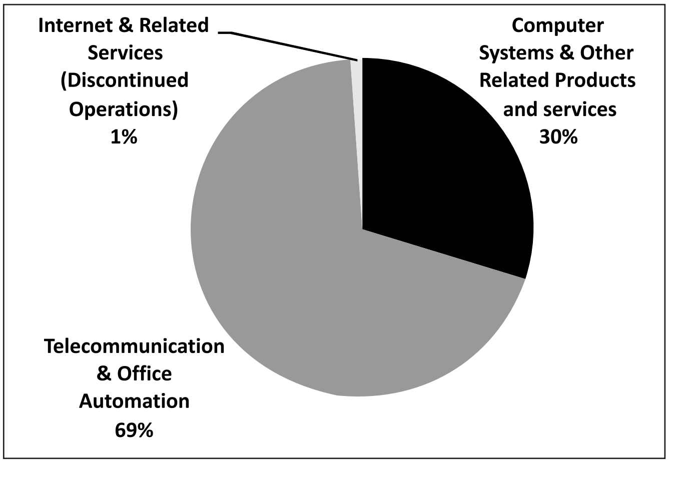
Changes in working capital particularly increase in outstanding material liabilities by ₹ 325 crores net of increase in inventory by ₹ 93 crores resulted in inflow from operating activities in FY 2012.

Cash used in Investing activities in FY 2012 include inflow from redemption of Investments ₹ 214 crores and divestment of HCL Infinet Ltd. ₹ 24 crores offset by an increase in Lease rent recoverable of ₹ 237 crores and capital expenditure of ₹ 79 crores.

Cash outflows from Financing activities in FY 2012 include payment of interest ₹ 90 crores and dividend ₹ 130 crores. It also includes increase in borrowings by ₹ 62 crores.

SEGMENT PERFORMANCE

As at the year end, the Company was operating in two segments namely Computer Systems and related products & services and Telecommunication & Office Automation. It also operated in another segment namely Internet & Related Services, which was discontinued during the year.



Computer Systems and Related Products & Services

The segment operations comprise of

- Manufacturing and Trading of computer hardware systems and sales of Tablets;
- Executing comprehensive Systems Integration projects;
- Offering Roll out, Infrastructure management and Security solutions in different Industry verticals;
- Providing IT services such as Cloud computing, Facility management services;
- Facilitating computer-aided learning projects in schools.

The subsidiary HCL Insys Pte Limited, Singapore and its step down subsidiary HCL Infosystems MEA, Dubai along with its subsidiaries form part of the Computer Systems segment.

Segment revenues in FY 2012 were ₹ 3329 crores as against ₹ 3691 crores in previous year.

Segment PBIT before foreign exchange impact in FY 2012 was ₹ 48 crores as against ₹ 112 crores in previous year.

Segment PBIT after foreign exchange impact in FY 2012 was ₹ (0.3) crores as against ₹ 118 crores in previous year.

Falling rupee, delay in customer decision / acceptances and deceleration in the growth of the Indian economy resulted in lower revenues, cost overruns and receivables provisioning, impacting the segment.

Capital employed in the segment as at June 30, 2012 was lower at ₹ 1127 crores as against ₹ 1363 crores as at June 30, 2011.

Telecommunication & Office Automation

The segment operations comprise of

- Distribution of Telecommunication and other digital lifestyle products;
- Sales of Office automation products and providing related comprehensive maintenance and allied services;
- Providing repair services (including online support) for telecom and computing products.

The subsidiary Digilife Distribution and Marketing Services Ltd. (formerly known as HCL Security Limited) and HCL Investments Pte Limited, Singapore, and its joint venture Techmart Telecom Distribution FZCO, Dubai, form part of Telecommunication & Office Automation segment.

Segment revenues in FY 2012 were ₹ 7531 crores as against ₹ 7805 crores in the previous year. Nokia revenues remained stable during the year. However, portfolio revamp in some of the major distribution partners such as Eastman Kodak, led to de-growth in this segment.

Segment PBIT before foreign exchange impact in FY 2012 was ₹ 172 crores as against ₹ 189 crores in the previous year.

Segment PBIT after foreign exchange impact in FY 2012 was ₹ 156 crores as against ₹ 193 crores in the previous year.

Capital employed in the segment as at June 30, 2012 was ₹ 416 crores as against ₹ 310 crores as at June 30, 2011.

Internet and Related Services

The segment provided Internet and related services through the Company's wholly owned subsidiary HCL Infinet Limited to business enterprises. The offerings included Internet access services, virtual private network and other connectivity services.

The Company with effect from October 31, 2011 has sold its entire equity stake in HCL Infinet Limited.

Segment Revenue in FY 2012 was ₹ 23 crores as against ₹ 75 crores in the previous year. Segment PBIT in FY 2012 was ₹ (6) crores as against ₹ (11) crores in the previous year.

Report on Corporate Social Responsibility

Social Responsibility & Community Development

HCL Infosystems remains committed to bring positive change in triple bottom line. Our vision for a sustainable future is based on creation of knowledge and capabilities at larger societal levels. In this period HCL Infosystems worked closely with Government of India, National Skills Development Corporation and various state governments for capacity building of youth by imparting skill sets in IT and electronics. A number of programmes have been undertaken by employee volunteers to enrich the lives of the disadvantaged, especially under privileged children and the elderly. The initiatives taken include sponsoring child education - volunteering to teach IT, capacity building of autistic children, organizing blood donation camps, collection drives and green movement to save the environment. Diversity of workforce and inclusion of all classes of society has been actively promoted through participation in job fairs exclusive to people with disabilities, additional support for women employees and emphasis on recruitment from smaller towns and far-flung areas of the country.

HCL INFOSYSTEMS Mindia

Mindia is all about saluting the prowess of the Indian mind. At HCL Infosystems we believe that it is the Indian mind that is responsible for our country's growth today. To celebrate the prowess of the Indian mind, HCL Infosystems has enunciated the concept of Mindia. Mindia is an apt manifestation of basic feeling that binds all Indians together that of being 'Proud to be an Indian'. The HCL Infosystems Mindia conclaves aim to bring an interactive platform where illustrious minds of India share their perspective about the greatness and distinctness of the Indian mind. HCL Infosystems Mind Conclaves are a series of events organized across the country to propagate the thought 'Mindia'. The conclave has already covered 26 cities across the country since its inception.

HCL INFOSYSTEMS Concert Series

HCL Infosystems Concert series is yet another initiative taken up by HCL Infosystems in association with The Indian Habitat Centre, Delhi and the Music Academy, Chennai. Through this initiative, HCL Infosystems provides a renowned platform to upcoming talents in the Indian performing art forms. HCL Infosystems 'Expression of the Mind' is the salutation to the 'Gurus' of the Indian classical dance and music. This way HCL Infosystems strives to showcase the 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, close to 400 concerts have been successfully organized under HCL Infosystems concert series over the past 11 years.

CSR Initiatives during the year

Skilling India:

1. In its commitment to build capacities in IT and hardware domain HCL Infosystems signed a MoU with NSDC, to support Ministry of Home Affairs' goal of preparing technically qualified youth of J & K under Project Udaan. Over the next 5 years, 400 youth from the region will be imparted training.
2. Centre for Development of North East Region, IIM, Shillong and HCL Infosystems signed a MoU to promote IT integrated development across areas of Education, Employability, Healthcare, e-Governance and Financial Inclusion. This partnership is aligned with the goals of Ministry of Development of North East Region (DONER's) of leveraging IT to enhance opportunities for the citizens of the region.
3. HCL Infosystems is supporting NIELIT Itanagar, Arunachal Pradesh for capacity building of the students in the IT hardware industry. NIELIT is an autonomous body of the Department of Information Technology, Ministry of Communications & Information Technology, Government of India, providing industry relevant courses in the areas of Information, Electronics and Communication Technology (IECT).
4. HCL Infosystems continued to support youth from Chindwara, Madhya Pradesh for employment. During the year, 35 youths were trained on Infrastructure Management.

Support to NGO's:

1. HCL Infosystems continued its support to organizations working for empowerment of women. NGOs like Goonj, Sukarya and Chetanalaya were supported through thematic drives and campaigns.
2. To promote Right to Dignified livelihoods, HCL Infosystems supported Social Enterprises by proving them access to computing devices for undertaking projects that would empower many underprivileged women.
3. HCL Infosystems supported Researchers and Communication officers of NGO's in the sector of electronic communications. The trained officers of these NGO are now better equipped to communicate with students and families of special children through exciting audio visual applications.
4. Under privileged children of 20 schools across India were aided through contribution of books donated by HCL Infosystems employees at four locations - NOIDA, Chennai, Mumbai and Pondicherry.

Employee engagement drives:

1. Hundreds of employees donated blood during Voluntary blood donation campaigns organized across HCL offices.
2. To provide opportunity to engage with Non Profit organizations, CSR team at HCL Infosystems organized an event "Engage" in NOIDA. The campaign facilitated HCL staff to engage with NGO's to positively impact lives of people at bottom of pyramid. Many employees of the organization signed up as volunteers with the following NGO's :
   - **Wildlife Trust:** A Wild life conservation NGO operating Pan India

- **The Tehelka Foundation:** A Rights based NGO working with Juveniles.
- **Action Aid: -** An international NGO working with marginalized communities pan India.
- **Atmashakti Trust: -** A Human Rights based NGO working for food security in Orissa.
- **Make-A-Wish Foundation:** Fulfilling wish of critically ill children.
- **Don Bosco:** Education and Skilling NGO aiming to train and place 20 million youth from bottom of pyramid.

3. HCL Infosystems staff pledged to support computer literacy to Juvenile offenders in collaboration with The Tehelka Foundation at Sahyog Juvenile Correctional Home in Delhi.
4. Periodic Environment awareness campaigns are a part of HCL Infosystems commitment to Environment conservation. Last financial year witnessed three such campaigns on e-waste collection.
5. HCL women workforce was oriented on various legal provisions and legal aids constituted within the judicial system of India during World Women's Day awareness drive.

Other CSR Activities

1. Uttarakhand Manufacturing Unit continued its support to 7 Anganwadi's in the nearby villages.
2. Uttarakhand Manufacturing Unit provided free installation of computers to nearby Government schools owned by ITI's.
3. Uttarakhand Manufacturing Unit provided training to students from Technical Institutes and Colleges in nearby city & towns for enhancing their practical knowledge.
4. Health checkup camps were organized in NOIDA, Uttarakhand and Eastern region of HCL Infosystems.
5. Gift collection drive was organized in NOIDA, Puducherry and Mumbai for distribution of gifts amongst underprivileged children.

Statement on non-discriminatory employment policy of the business entity

Equal Opportunities & Non Discrimination Policy: According to this policy, HCL shall 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, different ability. All employment will be based on the principle of equal employment opportunity.

Affirmative Action Policy: In 2011, HCL signed CII's Code of Conduct and institutionalized an Affirmative Action Policy within the company. HCL Infosystems believes that equal opportunity in employment for all sections of society is an important component of its growth and competitiveness. Inclusive growth is also interlinked with the growth and development of the country. Within this framework, HCL Infosystems commits to Affirmative Action for social equity for the disadvantaged sections of the society (particularly Scheduled Castes and Scheduled Tribes) in the workplace.

Diversity has a positive impact on business and the company will take steps to create equal employment opportunities. The company does not and will not practice or support conscious discrimination in any form.

HCL Infosystems will not bias employment away from applicants belonging to disadvantaged sections of society if they possess the necessary skills and job credentials. The company will make efforts for training of employees from socially disadvantaged sections of society in order to enhance their capabilities and competitive skills. HCL Infosystems' Affirmative Action initiatives are a part of our Corporate Sustainability model.

Environment Sustainability Report

Highlights

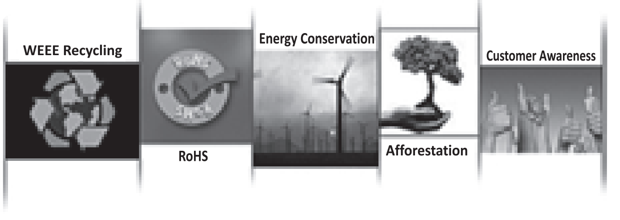
- HCL was the **first Indian** company to introduce **BEE Labeled Laptops**.
- Disclosure of **carbon footprint** as per global standards and setting the target to reduce it year on year.
- Product design to support **minimal power** consumption.
- HCL was the **first Indian ICT** manufacturer to have 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.
- Increase in collection of e-waste by 100% as compared to last year.

HCL on Environment Management - Our Commitment to Social Responsibility

We at HCL 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 to have least stress on the environment.

HCL 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 as **HCL's ecoSafe**.



HCL's 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 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 commits to manufacture products that are environment friendly in all respects and are free from hazardous chemicals.

HCL ecoSafe focuses on product lifecycle management to ensure that our products right from when they are manufactured, bought by customers, recovered at their end-of-life and recycled after useful life is done in an environmentally responsible manner.

HCL Ecosafe is a well structured Program, and its functions have broadly been divided into 3 categories:

1. Chemical Compliance
2. E-waste
3. Energy

Chemical Compliance

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

<u>HCL Infosystems Chemical Policy based on Precautionary Principle:</u>

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 is strongly in favour of government legislation such as the Electronic Products Standard law which restricts/ bans use of certain identified chemicals in Electronic Products.

HCL Infosystems identifies these substances with consideration for legal requirements as mandated by the Ministry of Environment and Forest, Government of India, international treaties and conventions, RoHS legislation etc. as applicable to its area of operations and by the following criteria:

a. Substances with hazardous properties that are a known threat to human health or the environment
b. Substances with hazardous properties that show strong indications of significant risks to human health or the environment
c. Substances with hazardous properties that are known to bio persists and bio accumulates in humans or the environment

To enforce the company's precautionary measures, HCL Infosystems strives to eliminate such substances of concern in its products by:

a. Maintaining a Banned and Restricted Substance List
b. Choosing designs and materials that avoid the use of substances of concern
c. Committing suppliers not to use these substances contractually
d. Substitution of viable alternate substances.

<u>HCL Infosystems' methodology for Identifying Harmful Chemicals in Future:</u>

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

HCL Infosystems on compliance to RoHS under EU Directive (2002/95/EC)

Restriction of Hazardous Substances or 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 presences of these elements in products are 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, workstations, and Servers.

Information provided along with the product

All the products carry the adequate information on customer health and safety. HCL also mentions the hazardous constituents present in the product in the information booklet. The process for disposal of Waste of Electrical & Electronic Equipment (WEEE) and where to dispose WEEE is mentioned in the information booklet. The symbol of crossed out wheeled bin placed on the product 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.

Electronic Waste Management

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 environmental 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 the country's premier information enabling and integration company has formulated a comprehensive programme for the recovery and recycling of WEEE in an environmentally safe manner.

Key Objectives:

The key objective of HCL's 'E-Waste Policy' aims at providing efficient and easy product recovery options to its consumers to facilitate responsible product retirement of all its manufactured EEE products. The key objectives of the policy include:

Product design:

We have taken appropriate care in, designing and production of products that facilitate dismantling and recovery/reuse.

Separate collection/Recovery:

HCL extends the recycling facility to its users regardless of the fact, when and where they purchased the product. HCL 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 has adopted the following options:

a. Increasing the number of collection points in co-ordination with the recyclers.
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

HCL launched its Green Bag Campaign under which we collect old equipments from HCL customers across India. We are also reaching out to all our customers and 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 centres.
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 Touch spread points spread across the country.

We have been seeing a continuous improvement in e-waste collection since last five years. Last year we have collected close to 65tons of e-waste which is almost 40 % more than what we collected in the year 2010-2011.

Energy Management

Energy is one field where we have made a considerable improvement. We divide our Energy efforts in 2 broad categories:

1. Energy Efficient Products
2. Energy Efficient Operations

HCL Infosystems Support for mandatory Reduction of GHG Emissions:

Primary to HCL's strategy to reduce the environmental impact of its operations is its commitment to improve energy efficiency and reduce carbon footprint. HCL has commenced working towards accomplishing this commitment. In order to conform to the requirements of international reporting, more robust data and management systems will be developed by HCL as delineated in the various protocols and accepted standards.

HCL will report its GHG emissions based on:

a) The guidelines provided by "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard", revised edition, 2004.
b) "Sustainability Reporting Guidelines: G3", published by Global Reporting Initiative (GRI), 2006 and
c) Relevant provisions of ISO 14064 on "Greenhouse Gas Quantification, Reporting and Verification" - Greenhouse gases - Part 1: Specification for the quantification, monitoring and reporting of organization emissions and removals.

GHG emissions under Scope 1 and Scope 2 will be reported by HCL containing:

a) Scope 1: Production of electricity, heat, or steam, physical or chemical processing / manufacture
b) Scope 2: GHG emissions from imports of electricity, heat, or steam

   2007 was a crucial year for HCL, when we started calculating our GHG emissions from financial year 2007-08. To start with, we started collecting data for our GHG emissions for locations of HCL Infosystems which contained all kinds of locations spread across the country.

Among all the last 4 years, in 2007-08 we had a growth acceleration resulting in a higher carbon footprint. Therefore we decided to adopt 2007-08 as the base year for our Green House Gas footprint calculation and disclosure.

We have been publishing our internally audited figures on scope 1 and scope 2 emissions since then. In 2007-08, HCL's overall emissions were 15587.44 tonnes of CO_2 equivalent. And thereafter we have reduced it to 13.4% till last year 2010-2011 at 13,507 tonnes of CO2 equivalent. We are confident that we will surpass our target of 20% reducing by the year 2014 from base year 2007.

Energy Saving

HCL always work towards making products which consumes less energy. 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 the GHG consumption year on year from last 4 years. All our laptops are BEE star compliant and our desktops are Energy star compliant.

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

Directors' Report

To the Members,

Your Directors have pleasure in presenting their Twenty Sixth Annual Report together with the Audited Accounts for the financial year ended 30th June, 2012.

Financial Highlights

₹ in Crores

Particulars	Consolidated		Standalone	
	2011-12	2010-11	**2011-12**	2010-11
Net Sales and other income	**10896.56**	11510.60	**10392.56**	11014.29
Profit before Interest, Depreciation and Tax	**215.07**	347.18	**184.75**	344.27
Finance Charges	**84.62**	79.38	**80.09**	73.97
Depreciation and Amortisation	**46.06**	38.36	**43.12**	33.20
Profit before Tax	**84.39**	229.44	**61.54**	237.10
Provision for Taxation: Current	**20.32**	66.19	**19.61**	65.94
For earlier years	**-**	1.79	**-**	1.79
Deferred	**(5.93)**	(7.87)	**(5.93)**	(7.86)
Net Profit after Tax (Before Minority interest)	**70.00**	169.33	**47.86**	177.23
Minority interest	**(2.07)**	1.14	-	-
Net Profit after Tax (After Minority interest)	**72.07**	168.19	**47.86**	177.23
Profit available for appropriation	**816.89**	971.95	**831.28**	1010.55
Appropriations				
Debenture Redemption Reserve	**(12.00)**	4.00	**(12.00)**	4.00
Interim Dividend	**66.88**	131.72	**66.88**	131.72
Proposed Dividend	**-**	44.58	**-**	44.58
Tax on Dividend (including Interim Dividend)	**10.86**	29.11	**10.86**	29.11
Transfer to General Reserve	**4.79**	17.72	**4.79**	17.72
Balance of Profit carried forward to next year	**746.37**	744.82	**760.75**	783.42

Performance

The consolidated net revenue of the Company was ₹ 10896.56 Crores as against ₹11510.60 Crores in the previous year. The consolidated profit before tax was ₹ 84.39 Crores as against ₹ 229.44 Crores in the previous year.

Your Directors recommend Nil final dividend. During the year, three interim (quarterly) dividends aggregating to ₹ 3/- per share (150%) were paid.

Operations

A review of operations of the businesses of your Company for the year ended 30th June, 2012 is provided in the Management Discussion and Analysis Report forming part of the Annual Report.

Acquisition

During the year, the Company on June 29, 2012 has acquired content for the K-12 education segment from Attano Media and Education Private Limited at a negotiated consideration.

Reorganization of business

Subsequent to the year end, the Shareholders of the Company by way of postal ballot have given their approval under section 293(1)(a) of the Companies Act, 1956 for transfer of the Company's Computing Products Manufacturing and Channel Business as a going concern on slump sale basis, effective on such date as the Board deems fit for the Company, to a wholly owned subsidiary/group/affiliate/other entity either at book value or for such lump sum consideration being not less than the book value.

Issue of Shares

During the year under review, no equity shares were allotted under Employee Stock Option Scheme 2000.

Redemption of Non-Convertible Debentures

Exercising its Call option, the Company has on 19th December, 2011 repaid the Non-Convertible Debentures (NCDs) allotted to Life Insurance Corporation of India Limited amounting to ₹ 80 Crores and the interest due thereon.

Awards & Recognition

The year that went by witnessed numerous recognitions for your Company as we bagged several awards and accolades as under:

1) Bagged Skoch Digital Inclusion Award in "Technology in Service Delivery" category for successful implementation of Kolhapur Municipal Corporation E-Governance project.
2) Ranked No. 1 in IT Services Customer Survey by the prestigious DQ CMR CSA Award.
3) Bagged VARIndia 2011 award for Best Projector DLP (Infocus), Best PC Indian Brand and No.1 Distributor.
4) Voted by the channel Partners as the "Most Trusted Company" in System Integration Category at the 10th VARIndia IT Forum 2012.
5) Received CMMI ML5 SCAMPI Class A Certification from Software Engineering Institute (SEI), Carnegie Mellon for Jaipur Development Center.
6) Ranked No. 1 Employer of the Year by DQ-CMR Best Employer Survey 2011.
7) Bagged DDI's "Grow your Own Leaders Award" for overall management culture & effectiveness of the organization's talent management system.
8) 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.
9) Won an award in the large scale category at the FICCI Quality System Excellence Awards 2011 for Puducherry plant.
10) HCL Learning bagged the following awards:
    - Bloomberg|UTV B-School Excellence award for Institute Management Systems (IMS) in the category of "Best Cloud Based Education Institute Management System".
    - Star News National Education Award for Digischool in the category of "Best ICT Enabled Content for K12 Education".
    - Star News National Education Award for Digicampus in the category of "Best Technology BASED Solutions for Higher Education Institutes".
    - The prestigious Jury Award at the 7th eINDIA awards in the category of Best Open and Distance Learning Practices in Higher education for Xcelerate program.
    - Best Innovative Live Two Way Learning Solution for Test Preparation - Xcelerate and Most Preferred Learning Solutions Partner for Schools - Digischool at the World Education Congress.

Employee Stock Option Plan

Employee Stock Option Scheme 2000

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.

Employee Stock Based Compensation Plan 2005

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.

Credit Ratings

The credit rating by ICRA continued at 'A1+' rating indicating highest safety to the Company's Commercial Paper program of ₹ 500 Crores.

The long term rating assigned by Fitch to the Company continued at 'AA- (ind)'. The long term rating by Fitch also continued at 'AA- (ind)' for Non-Convertible Debenture programme of ₹ 80 Crores.

Fixed Deposits

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 2012-2013 to BSE and NSE.

Directors

After a long association with HCL of over 35 years, Mr. Ajai Chowdhry stepped down from the position of Director of the Company w.e.f. 30th June, 2012. Mr. Chowdhry had earlier stepped down from the position of Whole-time Director of the Company w.e.f 31st March, 2012. Mr. Chowdhry was one of the 6 co-founders of HCL and took over as the CEO of your company in 1994. In his long inning as the CEO (1994-2010), he steered the aggressive growth of the Company. During his tenure as the CEO, the company grew its sales from ₹ 600 crores (year 1994-95) to ₹ 11,000 crores (year 2010-11). Besides contributing to the growth of the Company, Mr. Chowdhry contributed to the growth of Indian IT hardware industry as a whole and has been a member of many Industry-Government task forces set up for the growth of the industry. He was the chairman, CII National Defence Council and was also the Co-Chairman of IT task force set up by the Ministry of IT & Communications, Government of India amongst many other leading positions in several government committees on IT, Electronics and Hardware. In recognition of his contribution to the Indian IT industry he received many recognitions and awards. In 2011, the honourable President of India conferred upon him the prestigious Padma Bhushan. Some of the other awards bestowed upon him included the CNBC Asia Business Award 2010 for the Viewers Choice category, India Innovator of the Year Award by the then Honorable Finance Minister, Mr Pranab Mukherjee at the 6th edition of the CNBC TV18 India Business Leader Awards 2010 and DATAQUEST 'IT Person of the Year 2007' Award. The Board places on record its appreciation for the contributions made by him during his tenure with the Company.

Mr. Harsh Chitale and Mr. Pradeep K. Khosla were appointed as Additional Directors of the Company with effect from 17th August, 2011 and were appointed as Directors by the Shareholders at the Annual General Meeting of the Company on 4th November, 2011. Mr. Chitale was also appointed as Whole-time Director of the Company with effect from 17th August, 2011.

Mr. Dhirendra Singh has been appointed as an Additional Director on Board of the Company with effect from 31st January, 2012. The Company has received notice from member(s) of the Company, under section 257 of the Companies Act, 1956, proposing his appointment as Director of the Company, along with the requisite deposit.

In accordance with the Articles of Association of the Company, Mr. V.N. Koura, Ms. Anita Ramachandran and Dr. Nikhil Sinha, Directors, retire by rotation and being eligible, offer themselves for re-appointment.

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.

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, 2012 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. 1 in the Best Employer Survey conducted by IDC-Dataquest and ranked amongst Top fifty in the Best Companies to Work For 2011 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) HCL Infosystems MEA FZCO, Dubai (HCL MEA)

The Company through its wholly owned subsidiary, HCL Insys Pte. Limited, Singapore has on August 7, 2012 acquired the remaining 40% equity stake w.e.f January 1, 2012 in HCL MEA. Consequently, HCL MEA w.e.f January 1, 2012, has become a wholly owned subsidiary of HCL Insys Pte. Limited, Singapore.

(b) HCL Computing Products Limited (HCPL)

Incorporated as a wholly owned subsidiary on 12th July, 2012. The Computing Products Manufacturing and Channel Business of the Company will be transferred to HCPL.

(c) Techmart Telecom Distribution FZCO, Dubai (Techmart)

Techmart, Dubai, in which a subsidiary of the Company has 20% stake, is being dissolved.

(d) HCL Infinet Limited

The Company has on 10th November, 2011 concluded the sale of entire equity stake in HCL Infinet Limited, a wholly owned subsidiary to M/s Tikona Digital Networks Limited. Consequently, HCL Infinet Limited has ceased to be subsidiary of the Company.

(e) HCL Touch Inc., US

Incorporated as a wholly owned subsidiary on 29th August, 2011, to carry on HCL Touch Global Support Centre and handle the transaction of US based customers through internet marketing and channel partnership.

(f) Pimpri Chinchwad eServices Limited

In terms of a Joint Venture agreement and on transfer of 15% equity stake to IL&FS Environmental Infrastructure and Services Limited, the subsidiary of Infrastructure Leasing and Financial Services Limited (IL&FS), the Company has been converted into a Joint Venture with IL&FS w.e.f. 29th August, 2011.

(g) Digilife Distribution and Marketing Services Limited

The name of HCL Security Limited, the wholly owned subsidiary, was changed to Digilife Distribution and Marketing Services Limited (Digilife) with effect from 26th July, 2011. Digilife is engaged in Digital Entertainment business with effect from 1st August, 2011.

In terms of the exemption granted by Ministry of Corporate Affairs (MCA) vide General Circular No. 2/2011 dated 8th February, 2011, 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 Insys Pte Limited, Singapore;
- HCL Investments Pte Limited, Singapore;
- HCL Infosystems MEA FZCO, 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

The annual accounts of these subsidiaries are available for inspection on any working day at the Registered Office of the Company. The Company shall also furnish a hard copy of details of accounts of these subsidiaries to any Shareholder on demand. These accounts are also available on the website of the Company at www.hclinfosystems.com. 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.

Acknowledgement

The Directors wish to place on record their appreciation for the continued co-operation the Company received from various departments of the Central and State Government, Bankers, Financial Institutions, Dealers and Suppliers and also acknowledge the contribution made by the Employees.

The Board also wishes to place on record its gratitude to the valued Customers, Members and Investing Public for the continued support and confidence reposed in the Company.

On behalf of the Board of Directors

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

Date : 24th August, 2012

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

Under HCL ecoSafe policy, energy conservation has been a key area of focus with emphasis on reducing power consumption in products and on employing measures in manufacturing of products that minimize energy consumption.

All our manufacturing facilities practice various measures to reduce power consumption by using natural light during daytime and have different capacity DG sets that consume optimum amount of diesel as per required load.

Some of the ecoSafe initiatives carried out at our factories include:

1. Scheduled running hours with automatic timer control for water pumping from underground bore well to sump to reduce water consumption in Pondicherry Manufacturing Unit.
2. All FRP (Transparent sheets) were replaced with Polycarbonate sheets (at rooftop) to increase the natural illumination level.
3. Power shutdown after normal working hours was implemented daily in all areas including production area at Pondicherry Manufacturing Unit.
4. Recycled water from STP was used for all gardening purposes as part of water conservation in Pondicherry & Uttaranchal Manufacturing Units.
5. Replaced CRT monitors with TFT monitors; resulting in power saving of 8400 units in a year in Uttaranchal Manufacturing Unit.
6. Improved the efficiency of ACs by increasing the insulation to minimize the cooling loss in Uttaranchal Manufacturing Unit.
7. Rescheduled water pump, RO & STP operation and RT of machines in non-peak hrs (Night) in Uttaranchal Manufacturing Unit.
8. Sharing fans to reduce power consumption in Uttaranchal Manufacturing Unit.

Eco-safe Program

Under the sustainable business initiative program undertaken by HCL, HCL Labs have worked on products that are environmental friendly. Your company's personal computing products are ROHS compliant & build in technology reduces the power footprint and are energy efficient.

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.

Energy Efficient Data Center

HCL Infosystems now has 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.

B. Research and Development

1. Product Innovation & Engineering

R&D's vision is to value add to the company's customer base through innovations in offerings and processes. Your Company's R&D also called "HCL Labs" have been setup with the mission to develop HCL IP that gives our businesses a competitive edge in their respective markets, enabling them to acquire new customers & increase customer stickiness in an increasingly competitive world.

The identification & selection of products taken up for development is done through the Concept to Commercialization (C2C) process driven by Marketing & R&D. The process captures customer need, the business potential & HCL's ability to successfully develop/source a product and take it to market.

Beginning with a seed team of 80+ engineers, HCL Labs today is a strong team of 250 with five centers spread across Jaipur, Noida, Chennai & Pondicherry. During the last year, R&D has brought about standardization of design & development processes across its centers. R&D Jaipur center has achieved CMMiL5 maturity & certification. HCL Labs have been recognized by Department of Scientific & Industrial Research. This registration enables HCL Labs to participate in Government initiated R&D programs of national strategic interests.

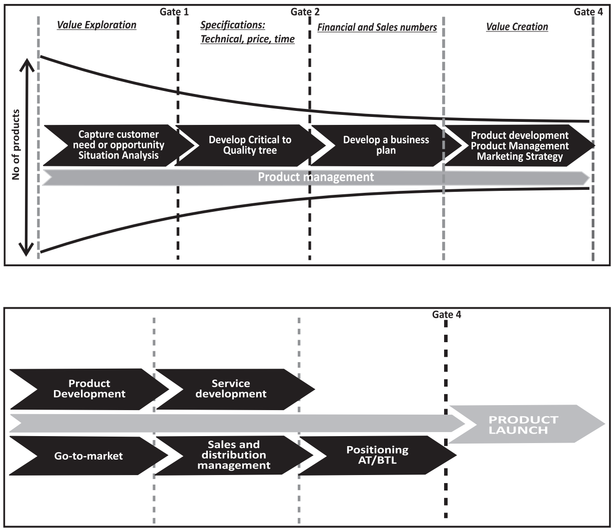


Fig. 1.1 HCL C2C Process

2. Benefit derived as a result of R & D

Major offerings developed / enhanced as a result of R&D during FY 11-12 include:

a. **BancMate-Financial Inclusion -** Your Company has worked closely with stake holders in developing an end to end stack consisting of smart card, HHT, FI switch & CBS which enables a business correspondent in the field to carry out an online or offline transaction synced with Core Banking System (CBS) of the Banks.

b. **Banc Scan -** It is an end to end Business Intelligence solution framework for the banking vertical developed by HCL Labs. It includes data extraction, integration to delivering actionable, collaborative and web based dashboard to multiple business of a bank.

c. **HCL User Interface (UI) for Tablet -**The UI components in the Tablet developed by HCL includes android launcher, widgets, boot animation sequence, live wallpapers, Themes which offers the customers an intuitive & encouraging interface. This HCL UI defines the personalities of the successfully launched HCL Tablet series - the X1 and Y1.

d. **PC Projector-** HCL Labs have developed Duolo, a PC cum Projector unit for use in schools and colleges.

e. **Tefilla Network Management Software (NMS):** Tefilla NMS is a network management tool developed to address the needs of an enterprise CIO. Service oriented architecture based, it has the flexibility to add & customize modules to cater to the new elements & incorporate customer specific business logic requirements. Its features make it highly adaptable to the customers. It is offered on Cloud as Software as a Service (SaaS) addressing the emerging new models of service delivery.

f. **Customer Self Service Terminal -** Among the products released under this category this year, your Company has developed the Automatic Ticket Vending Solution for unreserved ticketing service for Indian railways. These series of products cater to the emerging self service terminal market in our country.

3. Expenditure on R & D

		(₹/Crores)
Capital	:	6.57
Revenue	:	3.73
Total	:	**10.30**

4. Technology Absorption, Adaptation and Innovation

India is a nation with aspiring young population. It is a vast country both in terms of geographical spread & diversity requiring localized solutions & services. This offers immense opportunities for innovation & your company with over three decades of experience; is creating products for India from India with a mission to build affordable localized solutions.

Five R & D centers of HCL Labs have leveraged the latest in technology, customizing the same to meet the needs of customers here in India. Your company has developed an end to end framework for delivery of affordable financial inclusion services with web 2.0 digital learning delivery framework.

The year saw your company develop capability in the field of UI development for digital lifestyle devices, mobile application on android, IOS platforms, SOA architecture of products and development of framework that enables software products on cloud as SaaS.

5. Foreign Exchange Earnings and Outgo

This year your company witnessed multifarious major achievements ranging from strengthening its footprints globally to winning varied projects of prestige.

- Your Company bagged a very prestigious long term contract from Infocomm Development Authority (IDA),Singapore for providing Facility Management Services to various Government agencies & Ministries and statutory bodies in Singapore. The initial phase of the contract includes providing Managed Services to Singapore Parliament, Peoples Association, Ministry of National Development, Workforce Development Authority, Ministry of Cultural Youth & Sports Affairs and Singapore Sports Council. Our company has also been awarded the Bulk contract to contest and bid for the balance 105 government agencies in Singapore.
- Your Company increased footprints in African & SAARC nations by establishing partner network through renowned ICT organizations in respective regions. We established dedicated help line for support of HCL products in Sri Lanka and computerized over 400+ schools in Eastern Province of Sri Lanka.
- Your Company bagged repeated orders for further strengthening its PAN Africa presence.

- Your Company was appointed as a strategic partner to the Government of Ghana (Ministry of ICT) for its various ICT initiatives.
- Your Company strengthened internationally by establishing office in Dubai in 2010 and broadened our aggressive expansion plans in the Middle East by establishing an office in Qatar in March 2012.
- Your Company bagged a prestigious order from Mashraf Al Rayan, Qatar in addition to its existing major clientele like Qatar International Islamic Bank, Doha Bank & Qatar Islamic Bank among others.
- Your Company announced a strategic partnership with Consolidated Gulf Co. (GCG) and BDL Gulf FZCO in Dubai to make available HCL Laptops, Desktops and Tablets in Qatar.
- Your Company bagged various projects from prestigious clients this year. We provided products, services and solutions to organizations like NITI Distributors Ltd., Union National Bank, RAK Ceramics, DP World among others.
- Your Company signed major deals and repeat orders with Ministry of Education, GEMS Education, Emirates Airlines and Fly Dubai.
- Your Company acquired Security projects for various banks like HSBC, Abu Dhabi Islamic Bank, Citibank, Rak Bank, Emirates NBD and Mashreq Bank.

During the period under review, the Company's earnings in foreign currency were ₹ 71.15 Crores (Previous Year ₹ 80.67 Crores). The expenditure in foreign currency including imports during the year amounted to ₹ 1627.13 Crores (Previous year ₹ 1983.63 Crores).

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, 2012 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 30/06/2012	Options Exercised till 30/06/2012	Options Lapsed/ Forfeited during Y. E. 30/06/2012	Options in force as on 30/06/2012
10-Aug-00	289.00	Fully vested	1363708	-	-
28-Jan-04	538.15	Fully vested	844093	13603	115362
25-Aug-04	603.95	Fully vested	57892	13735	23249
18-Jan-05	809.85	Fully vested	39977	48424	73004
15-Feb-05	809.30	Fully vested	2400	-	-
15-Mar-05	834.40	Fully vested	3794	7435	10828
15-Apr-05	789.85	Fully vested	960	2452	880
14-May-05	770.15	Fully vested	970	2475	1180
15-Jun-05	756.15	Fully vested	3565	-	675
15-Jul-05	978.75	Fully vested	1318	9584	896
13-Aug-05	1144.00	Fully vested	-	5929	10101
15-Sep-05	1271.25	Fully vested	-	3862	5278
15-Mar-07	648.75	Fully vested	7300	-	136700
23-Jan-08	898.25	Fully vested	-	10995	41400
18-Aug-09	627.25	12000	-	-	12000
26-Oct-10	586.75	24000	-	-	24000
2-Feb-11	516.50	3600	-	-	3600
30-Jan-12	233.25	-	-	-	-
18-Jun-12	202.00	-	-	-	-
	Total		**2325977**	**118494**	**459153**

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 30/06/2012	Options Exercised till 30/06/2012	Options Lapsed/ Forfeited during Y. E. 30/06/2012	Options in force as on 30/06/2012
13-Aug-05	1144.00	Fully vested	9074	495540	1242610
19-Oct-05	1157.50	Fully vested	-	9660	25600
15-Nov-05	1267.75	Fully vested	-	4160	11840
15-Dec-05	1348.25	Fully vested	-	3740	6960
14-Jan-06	1300.00	Fully vested	-	1876	6864
15-Feb-06	1308.00	Fully vested	-	648	2592
16-Mar-06	1031.00	Fully vested	-	4790	7560
17-Apr-06	868.75	Fully vested	-	1580	2320
15-May-06	842.50	Fully vested	-	1570	6280
15-Jun-06	620.50	Fully vested	430	2450	7880
17-Jul-06	673.75	Fully vested	80	3562	6740
15-Mar-07	648.75	Fully vested	7860	37060	304020
23-Jan-08	898.25	136845	-	28500	95820
16-Aug-11	375.00	-	-	-	-
17-Aug-11	375.00	-	-	-	-
18-Jun-12	202.00	-	-	-	-
Total			**17444**	**595136**	**1727086**

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	1061.17
4.	Weighted average fair value of options granted (₹) :	121.23	143.32
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. Rothin Bhattacharya	20000	-
	• Mr. Anand Ekambaram	20000	-
	• Mr. Sanjay Kumar David	12000	-
	• 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. A.P.S. Bedi	18000	6500
	• Mr. Vivek Punekar	14500	5500
	• 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
(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	**Employ 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 8.34%
Exercise Price :	₹ 202.00 to ₹ 1271.25	₹ 202.00 to ₹ 1348.25
Time to Maturity (years) :	2.20 to 5.50	2.50 to 7.00
Dividend Yield :	9% to 31%	10% to 36%
Life of options :	8.5 Years	10 Years
Fair Value of options as at the grant date :	₹1.29 to ₹ 203.14	₹1.37 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, 2012 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:

	2012 **₹ Crores**	2011 ₹ Crores
Profit after tax as per Profit and Loss (a)	**47.86**	177.23
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)	**0.39**	0.70
Profit after tax recomputed for recognition of employee stock compensation expense under fair value method (b)*	**47.47**	176.53
Earning Per Share based on earnings as per (a) above:		
- Basic	**₹ 2.15**	₹ 8.08
- Diluted	**₹ 2.15**	₹ 8.08
Earning Per Share had fair value method been employed for accounting of employee stock options:		
- Basic	**₹ 2.13**	₹ 8.05
- Diluted	**₹ 2.13**	₹ 8.05

* 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

1. We have examined whether the accompanying Employee Stock Option Scheme 2000 (hereinafter referred to as the "2000 Plan") and Employee Stock based Compensation Plan 2005 (hereinafter referred to as the "2005 Plan") of HCL Infosystems Limited (hereinafter referred to as the "Company"), which we have initialed for identification purposes only, has been implemented 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 192A of the Companies Act,1956 approving the 2005 Plan on June 13, 2005 (hereinafter referred to as the "Shareholders' Resolution") respectively, with reference to the books of accounts, records and other relevant documents maintained by the Company and produced for our examination.

2. 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.

3. 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.

4. This certificate has been prepared at the request 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. It should not be used for any other purpose or by any person other than the addressees of this certificate. Price Waterhouse neither accepts nor assumes any duty of care or liability for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing.

For Price Waterhouse
Firm Registration No. 301112E
Chartered Accountants

Abhishek Rara
Partner
Membership No. 77779

Place : Noida
Date : August 24, 2012

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, 2012, 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, 2012 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.

Names	Category	No. of Board Meetings during 2011-12		Whether attended last AGM held on 4th November, 2011	No. of Directorships in other public companies as on 30th June 2012	No. of Committee positions held in public companies as on 30th June 2012	
		Held	Attended			Chairman	Member
Mr. Harsh Chitale* (Whole-time Director & CEO)	Executive Director	5	5	Yes	2	-	1
Mr. Ajai Chowdhry** (Chairman)	Promoter & Non-executive Director	5	5	Yes	-	-	-
Mr. J. V. Ramamurthy (Whole-time Director & COO)	Executive Director	5	5	Yes	3	-	1
Mr. D. S. Puri	Promoter & Non-executive Director	5	5	No	-	1	-
Mr. E. A. Kshirsagar	Independent & Non-executive Director	5	5	Yes	7	5	4
Ms. Anita Ramachandran	Independent & Non-executive Director	5	4	No	3	-	3
Mr. V. N. Koura	Independent & Non-executive Director	5	4	No	3	1	-
Dr. Nikhil Sinha	Non-executive Director	5	5	Yes	-	-	1
Mr. Ajay Vohra	Independent & Non-executive Director	5	3	No	1	1	1
Dr. Pradeep K. Khosla*	Independent & Non-executive Director	5	3	No	-	-	-
Mr. Dhirendra Singh***	Independent & Non-executive Director	3	2	N.A.	3	-	1

* Mr. Harsh Chitale and Dr. Pradeep K. Khosla were appointed as Additional Directors w.e.f. 17th August, 2011. Mr. Chitale was also appointed as Whole-time Director w.e.f. 17th August, 2011.

** Mr. Ajay Chowdhry resigned from the position of Whole-time Director w.e.f. 31st March, 2012 and from the position of Director w.e.f. 30th June, 2012.

*** Mr. Dhirendra Singh was appointed as an Additional Director w.e.f. 31st January, 2012.

(iv) Five Board Meetings were held during the financial year 2011-12 and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held are as follows:

17th August, 2011 | 3rd & 4th November, 2011 | 30th & 31st January, 2012
24th & 25th April, 2012 | 26th June, 2012

(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 on Economic Conditions & Business Outlook.
- 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 overseas subsidiary 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.
- Approval/Noting of contribution for charitable purposes.

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 Agreements 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**	**No. of Meetings**	
		Held	**Attended**
Mr. E. A. Kshirsagar (Chairman)	Independent & Non-executive	5	5
Ms. Anita Ramachandran (Member)	Independent & Non-executive	5	4
Dr. Nikhil Sinha (Member)	Non-executive	5	5
Mr. Ajay Vohra (Member)	Independent & Non-executive	5	4
Mr. Dhirendra Singh (Member)*	Independent & Non-executive	-	-

* Mr. Dhirendra Singh was appointed as Member of the Committee w.e.f. 30th June, 2012.

(v) The Audit Committee met 5 times during the financial year 2011-12 on the following dates:

17th August, 2011 | 3rd November, 2011 | 6th December, 2011
30th & 31st January, 2012 | 25th April, 2012

(vi) The previous Annual General Meeting of the Company was held on 4th November, 2011 and it was attended by the Chairman of the 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	No. of Meetings	
		Held	Attended
Ms. Anita Ramachandran (Chairperson)	Independent & Non-executive	5	4
Mr. Ajai Chowdhry (Member)*	Promoter & Non-executive	5	5
Mr. D. S. Puri (Member)	Promoter & Non-executive	5	5
Mr. E. A. Kshirsagar (Member)	Independent & Non-executive	5	5

* Mr. Ajai Chowdhry ceased to be director of the Company w.e.f. 30th June, 2012.

(iii) The Committee met 5 times during the financial year 2011-12 on the following dates:

17th August, 2011 | 3rd November, 2011 | 30th January, 2012
25th April, 2012 | 26th June, 2012

(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 a 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.

(v) Details of remuneration paid / payable to all the Directors for the period from 1st July, 2011 to 30th June, 2012:

(₹/Lacs)

Name	Salary & Allowances	Perquisites	Performance Linked Bonus	Commission	Sitting Fees
Executive Directors					
Mr. Harsh Chitale*	157.56	10.24	72.18	-	-
Mr. Ajai Chowdhry**	135.24	53.76	100.00	-	-
Mr. J. V. Ramamurthy	82.41	13.11	16.00	-	-
Non-executive Directors					
Mr. D. S. Puri	-	-	-	-	-
Mr. E. A. Kshirsagar	-	-	-	26.0	5.8
Ms. Anita Ramachandran	-	-	-	14.0	2.4
Mr. V. N. Koura	-	-	-	8.0	0.8
Dr. Nikhil Sinha	-	-	-	12.0	4.0
Mr. Ajay Vohra	-	-	-	10.0	1.4
Dr. Pradeep K. Khosla	-	-	-	8.0	0.6
Mr. Dhirendra Singh	-	-	-	4.0	0.4

* w.e.f. 17th August, 2012
** up to 31st March, 2012

During the year Mr. Harsh Chitale, Mr. Ajai Chowdhry and Mr. J. V. Ramamurthy were paid Performance Linked Bonus of ₹ 60 lacs, ₹ 125 lacs and ₹ 60 lacs respectively pertaining to the year 2010-11.

The above remuneration excludes reimbursement of expenses on actual 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, 2012, 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, 2012, 18,000 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 Director:

(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, 2012, 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	No of Meetings	
		Held	Attended
Mr. D. S. Puri (Chairman)	Promoter & Non-executive	4	4
Mr. E. A. Kshirsagar (Member)	Independent & Non-executive	4	4
Mr. Ajai Chowdhry (Member)*	Promoter & Non- executive	4	4

* Mr. Ajai Chowdhry ceased to be director of the Company w.e.f. 30th June, 2012.

(iii) The Committee met 4 times during the financial year 2011-12 on the following dates:

17th August, 2011 | 3rd November, 2011 | 30th January, 2012 | 25th April, 2012

(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 13 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, 2012.

6. NOMINATION COMMITTEE:

(i) The Board had constituted a Nomination Committee to, among other matters, advise the Company on appointment, screening and review of top management positions, building a leadership pipeline and identifying successors for key positions.

(ii) The composition of the Nomination Committee is given below:

Name	Category
Ms. Anita Ramachandran (Chairperson)	Independent & Non-executive
Mr. E. A. Kshirsagar (Member)	Independent & Non-executive
Dr. Nikhil Sinha (Member)	Non-executive

7. 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 2011-12."

Sd/-
Harsh Chitale
CEO

8. UNLISTED SUBSIDIARY COMPANIES:

The Company has twelve unlisted subsidiaries as on 30th June, 2012 as under:

S.N.	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 FZCO, 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	26th January, 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 and HCL Infocom Limited. Mr. J. V. Ramamurthy is also Director of RMA Software Park Private Limited and HCL Infosystems MEA FZCO, Dubai. The Minutes of the Board Meetings of the subsidiary companies are regularly placed before the Board.

9. GENERAL BODY MEETINGS:

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

Financial Year	Date	Time	Location
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
2008-09	23rd October, 2009	10:00 A.M	FICCI Auditorium, 1, Tansen Marg, New Delhi-110001

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

(iii) The following ordinary resolution has been passed through postal ballot, the results of which was declared on 16th August, 2012:

"Transfer of the Company's Computing Products Manufacturing and Channel Business to a wholly owned subsidiary/ group/affiliate/other entity"

10. 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, 2012 and the Board reviewed the same.

11. 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, 2012.

(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 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.

12. 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 Vernacular newspaper of the State where the Registered Office of the Company is situated.

The quarterly financial results during the financial year 2011-12 were published as detailed below:

Quarter (FY 2011-12)	Date of Board Meeting	Date of Publication	Name of the Newspaper
1	3rd & 4th November, 2011	5th November, 2011	The Financial Express & Veer Arjun
2	30th & 31st January, 2012	1st February, 2012	Business Standard & Veer Arjun
3	24th & 25th April, 2012	26th April, 2012	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) **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.

(v) **Chairman's Communique:** The Highlights of the quarterly financial results along with a message from the Chairman are sent to each shareholder. Printed copy of the Chairman's Speech is distributed to all the shareholders at the Annual General Meetings.

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

13. GENERAL SHAREHOLDERS' INFORMATION:

(i) Annual General Meeting:
Date : Wednesday, 7th November, 2012
Time : 10:30 A.M.
Venue : FICCI Auditorium, 1, Tansen Marg, New Delhi-110001

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

(iii) Financial Calendar (Tentative Calendar for the financial year 2012-13) :

Adoption of Results for the quarter ending 30th September, 2012	:	6th & 7th November, 2012
Adoption of Results for the quarter ending 31st December, 2012	:	23rd & 24th January, 2013
Adoption of Results for the quarter ending 31st March, 2013	:	24th & 25th April, 2013
Adoption of Results for the year ending 30th June, 2013	:	28th & 29th August, 2013

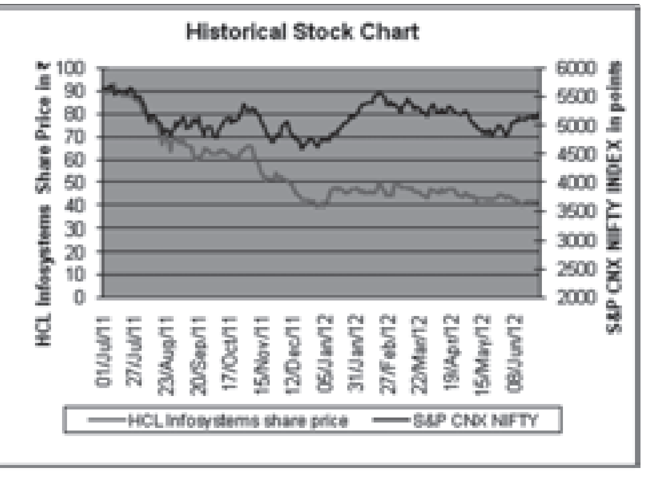
(iv) Date of Book Closure : 5th November to 7th November, 2012 (both days inclusive)

(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, 2011	97.80	84.50
August, 2011	86.65	59.90
September, 2011	71.00	58.00
October, 2011	65.65	60.00
November, 2011	67.60	48.10
December, 2011	53.70	38.50
January, 2012	48.50	36.10
February, 2012	51.70	42.35
March, 2012	51.20	42.25
April, 2012	49.00	43.20
May, 2012	45.75	40.10
June, 2012	45.35	39.00



(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) Dividend History for Last 5 years:

Financial Year	Dividend Rate including Interim Dividend (Per equity share of ₹ 2/-)	
	₹/Share	(%)
2011-12	3.0	150
2010-11	8.0	400
2009-10	7.5	375
2008-09	6.5	325
2007-08	8.0	400

(xii) Distribution of Shareholding as on 30th June, 2012:

	Shareholders		Total Shares	
No. of Equity Shares	**Number**	**(%)**	**Number**	**(%)**
Upto 500	48343	82.13	6994550	3.14
501-1000	5171	8.79	4186249	1.89
1001-2000	2779	4.72	4189959	1.88
2001-3000	909	1.54	2325096	1.04
3001-4000	376	0.64	1352679	0.61
4001-5000	303	0.51	1435617	0.64
5001-10000	502	0.85	3669579	1.64
10001 and above	481	0.82	198725900	89.16
TOTAL	**58864**	**100.00**	**222879629**	**100.00**

(xiii) Shareholding pattern as on 30th June, 2012:

Category	No. of shares	Percentage (%)
Promoters / Promoters Group	11,31,53,358	50.77
Mutual Funds / UTI	43,29,025	1.94
Financial Institutions / Banks	41,01,081	1.84
Foreign Institutional Investors	6,15,14,931	27.60
Bodies Corporate	66,61,082	2.99
Indian Public	3,19,85,135	14.35
NRI / OCBs	11,35,017	0.51
TOTAL	**22,28,79,629**	**100.00**

(xiv) 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, 2012, 98.53% equity shares of the Company were held in dematerialized form.

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

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

(xv) The Company has not issued any GDRs/ADRs There are no outstanding Warrants or Convertible instruments as on 30th June, 2012.

(xvi) 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. 77, 78, South Phase, Ambattur Industrial Estate, Chennai - 600 058
- 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

(xvii) 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, locations 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, 2012, as stipulated in Clause 49 of the Listing Agreements 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 Agreements.

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. 77779

Place : Noida
Date : August 24, 2012

Auditors' Report

To
The Members of HCL Infosystems Limited

1. We have audited the attached Balance Sheet of HCL Infosystems Limited (the "Company") as at June 30, 2012, and the related Statement of Profit and Loss and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') 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.

4. Further to our comments in the Annexure referred to in paragraph 3 above, 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 purposes 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, 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on June 30, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

   (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at June 30, 2012;

      (ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

      (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Abhishek Rara
Partner
Membership Number: 77779

Place : Noida
Date : August 24, 2012

Annexure To Auditors' Report

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of HCL Infosystems Limited on the financial statements for the year ended June 30, 2012]

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 three 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 of 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 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 generally regular in depositing undisputed statutory dues in respect of works contract tax and employees' state insurance, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, investor education and protection fund, income tax, wealth tax, service tax, sales tax, customs duty and excise duty, 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, the particulars of dues of income tax, sales tax and excise duty as at June 30, 2012 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	14.31	5.13	2002-2008	Commercial Tax Tribunal, Noida / High Court, Allahabad / Joint Commissioner (Appeals) Commercial Tax, Noida/ Additional Commissioner (Appeals) Commercial Tax, Noida
Uttar Pradesh Value Added Tax Act, 2008	Commercial Tax (Including Penalty)	0.82	0.44	2008-2012	Joint Commissioner (Appeals) of 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	2.08	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	2.64	0.97	2003-2009	Commercial Tax, Officer, Chennai / Deputy Commissioner (Appeals) of Chennai Sales Tax, Chennai
West Bengal Sales Tax Act, 1994	Sales Tax	1.83	-	2005-2009	Joint Commissioner (Appeals) of Sales Tax, Kolkata
Rajasthan Sales Tax Act, 1994	Sales Tax	0.04	0.01	1998-2006	Deputy Commissioner (Appeals) of Sales Tax, Jaipur
Rajasthan Value Added Tax Act, 2003	Commercial tax	0.16	-	2006-2008	Deputy Commissioner (Appeals) of Commercial Tax, Jaipur
Kerala General Sales Tax Act, 1963	Sales Tax	1.08	0.55	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	5.09	2.58	2005-2012	Assessing Officer, Bengaluru/ Deputy Commissioner Apeal Bengaluru/Joint Commissioner Appeals Sales Tax, Bengaluru
Andhra Pradesh Value Added Tax Act, 2005	Sales Tax	0.25	0.24	2005-2008	Commissioner (Appeals) of Commercial Tax, Hyderabad
Punjab General Sales Tax Act, 1948	Sales Tax (including Penalty)	0.06	-	2004-2005	High Court, Chandigarh & Punjab
Punjab Value Added Tax Act, 2005	Sales Tax (including Penalty)	0.72	0.50	2007-2009	Tribunal, Chandigarh
Jammu & Kashmir Value Added tax Act, 2005	Sales Tax (including Penalty)	2.75	0.08	2007-2009	Deputy Commissioner Appeals, Jammu
Uttrakhand Value Added Tax Act, 2005	Sales Tax (including Penalty)	12.98	1.48	2006-2009	Joint Commissioner Commercial Tax, Dehradun/ Deputy Commissioner Commercial Tax, Dehradun
Central Excise Act, 1944	Excise Duty (Including Penalty)	9.63	0.64	1980-2010	Central Excise & Service Tax Appellate Tribunal / Commissioner (Appeals)
Income Tax Act, 1961	Income Tax	3.95	0.89	1989-2009	Commissioner (Appeals) / High Court
Total		**58.47**	**13.62**		

For detailed listing refer Note 53

10. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or 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, on an overall basis, 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 had created security or charge in respect of debentures issued in earlier years and redeemed during the year and which were not outstanding at the year-end.

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, except for processing of fraudulent expenses by certain employees, whose services have since been terminated, resulting in an aggregate loss of ₹ 0.52 Crores, by way of write off of fraudulent expenses, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Abhishek Rara
Partner
Membership Number: 77779

Place : Noida
Date : August 24, 2012

Balance Sheet as at June 30, 2012

	Notes	As at 30.06.2012 ₹/Crores		As at 30.06.2011 ₹/Crores	
Equity and Liabilities:					
Shareholders' funds					
Share capital	2, 3	**44.58**		44.58	
Reserves and surplus	3	**1,872.58**	**1,917.16**	1,902.46	1,947.04
Non-current liabilities					
Long-term borrowings	4	**123.07**		186.08	
Other long-term liabilities	5	**148.83**		56.45	
Long-term provisions	6	**23.65**	**295.55**	26.91	269.44
Current liabilities					
Short-term borrowings	7	**477.49**		353.61	
Trade payables	8	**1,637.87**		1,438.63	
Other current liabilities	9	**523.32**		480.64	
Short-term provisions	10	**15.81**	**2,654.49**	76.51	2,349.39
Total Equity and Liabilities			**4,867.20**		4,565.87
Assets:					
Non-current assets					
Fixed assets					
- Tangible assets	11	**194.91**		189.08	
- Intangible assets	11	**57.25**		42.98	
- Capital work-in-progress		**35.54**		18.51	
- Intangible assets under development		**10.52**		-	
Non-current investments	12	**117.82**		86.62	
Deferred tax assets (net)	33	**22.73**		16.80	
Long-term loans and advances	14	**58.87**		57.26	
Trade receivables	15	**22.81**		21.68	
Other non-current assets	16	**336.78**	**857.23**	158.86	591.79
Current assets					
Current investments	13	**431.77**		618.43	
Inventories	17	**658.95**		586.25	
Trade receivables	18	**1,180.61**		1,244.14	
Cash and bank balances	19	**224.20**		234.69	
Short-term loans and advances	20	**297.83**		295.34	
Other current assets	21	**1,216.61**	**4,009.97**	995.23	3,974.08
Total Assets			**4,867.20**		4,565.87
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

ABHISHEK RARA
Partner
Membership Number 77779

Place : Noida
Dated : August 24, 2012

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 Profit & Loss for the year ended June 30, 2012

	Notes	Year ended 30.06.2012 ₹/Crores		Year ended 30.06.2011 ₹/Crores	
Revenue:					
Revenue from operations (gross)	22	**10,380.81**		11,062.40	
Less: Excise Duty		**86.20**	**10,294.61**	122.19	10,940.21
Other income	23		**97.95**		74.08
			10,392.56		11,014.29
Expenses:					
Cost of materials consumed	39		**1,273.29**		1,626.57
Purchases of stock-in-trade	36		**7,617.59**		7,596.51
Changes in inventories of finished goods, work-in-progress and stock-in-trade	24		**(36.91)**		230.80
Other direct expense	25		**401.94**		374.85
Employee benefits expense	26		**458.79**		448.31
Finance costs	27		**80.09**		73.97
Depreciation and amortisation expense	11		**43.12**		33.20
Other expenses	28		**493.11**		392.98
			10,331.02		10,777.19
Profit before tax			**61.54**		237.10
Tax expense					
Current tax		**29.65**		65.94	
Less: MAT Credit Entitlement		**(10.04)**		–	
Current tax - For the year		**19.61**		65.94	
Current tax - For earlier years		**–**		1.79	
Deferred tax	33	**(5.93)**	**13.68**	(7.86)	59.87
Profit for the year			**47.86**		177.23
Earning per equity share (in ₹)	46				
Basic (of ₹ 2/- each)			**2.15**		8.08
Diluted (of ₹ 2/- each)			**2.15**		8.08
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

ABHISHEK RARA
Partner
Membership Number 77779

Place : Noida
Dated : August 24, 2012

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

Cash Flow Statement for the year ended June 30, 2012

	Year ended 30.06.2012 ₹/Crores		Year ended 30.06.2011 ₹/Crores	
1. Cash Flow from Operating Activities:				
Profit before tax		**61.54**		237.10
Adjustments for:				
Depreciation and Amortisation Expense	**43.12**		33.20	
Finance Costs	**80.09**		73.97	
Interest Income	**(33.08)**		(15.74)	
Dividend Income	**(1.97)**		(28.91)	
Net (Profit)/Loss on Sale of Fixed Assets	**(1.96)**		0.16	
Fixed Assets Written Off	**0.29**		–	
Profit on Disposal of Unquoted (Others) Current Investments	**(41.09)**		(9.37)	
Provision for Doubtful Debts	**62.52**		35.72	
Provision for Doubtful Loans and Advances	**4.36**		7.52	
Provision for Doubtful Other Current Assets	**0.71**		0.41	
Provisions/Liabilities no longer required Written Back	**(17.01)**		(17.17)	
Provision for Gratuity and Other Employee Benefits	**(1.83)**		2.72	
Diminution in the Value of Unquoted/Quoted (Others) Current Investments	**(0.20)**		2.41	
Unrealised Foreign Exchange (Gain)/Loss	**34.58**		(6.03)	
Provision for Warranty Liability	**6.07**	**134.60**	(1.17)	77.72
Operating profit before working capital changes		**196.14**		314.82
Adjustments for changes in working capital:				
- (Increase)/Decrease in Trade Receivables	**1.93**		(22.71)	
- (Increase)/Decrease in Loans and Advances and Other Assets	**(239.59)**		(120.76)	
- (Increase)/Decrease in Inventories	**(72.70)**		249.15	
- Increase/(Decrease) in Liabilities	**297.80**	**(12.56)**	(360.60)	(254.92)
Cash generated from operations		**183.58**		59.90
- Taxes (Paid)/Received (Net of Tax Deducted at Source)		**(0.03)**		(41.78)
Net cash from operating activities (A)		**183.55**		18.12
2. Cash flow from Investing Activities:				
Purchase of Fixed Assets (including Intangible Assets)	**(45.41)**		(82.67)	
Capital Work-In-Progress (including Intangible Assets Under Development)	**(27.55)**		5.74	
Proceeds from Sale of Fixed Assets	**5.42**		0.44	
Proceeds from Sale of Current Investments	**1,853.12**		4,937.14	
Lease Rental Recoverable	**(237.07)**		(98.91)	
Purchase of Current Investments	**(1,639.02)**		(4,683.20)	
Interest Received	**29.77**		14.16	
Redemption/Maturity of Bank Deposits (with original maturity of more than three months)	**0.04**		-	
Movement in Margin Money Account	**0.45**		(2.91)	
Dividend Received on Current Investments	**1.97**		28.91	
Proceeds from Sale of Subsidiary	**24.05**		–	
Purchase of Investment in Subsidiary	**(31.20)**	**(65.43)**	(40.84)	77.86
Net cash from/(used in) investing activities (B)		**(65.43)**		77.86

Cash Flow Statement for the year ended June 30, 2012

	Year ended 30.06.2012 ₹/Crores		Year ended 30.06.2011 ₹/Crores	
3. Cash Flow from Financing Activities:				
Share Capital issued	**-**		0.93	
Securities Premium Received (Net)	**-**		52.03	
Secured Loans				
Short term paid	**(6.12)**		(36.38)	
Long term paid	**(32.74)**		(5.21)	
Unscured Loans				
Short term received	**155.96**		55.00	
Long term received	**-**		79.34	
Long term paid	**(30.28)**		(25.14)	
Interest Paid	**(85.51)**		(73.38)	
Dividend Paid	**(111.34)**		(174.87)	
Corporate Dividend Distribution Tax Paid	**(18.09)**	**(128.12)**	(29.13)	(156.81)
Net cash (used in) financing activities (C)		**(128.12)**		(156.81)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		**(10.00)**		(60.83)
Opening Balance of Cash and Cash Equivalents		**230.50**		291.33
Closing Balance of Cash and Cash Equivalents [Includes exchange rate fluctuation of ₹ 3.39 Crores (2011 - ₹ 0.08 Crores)]		**220.50**		230.50
Cash and cash equivalents comprise		**220.50**		230.50
Cash, Cheques and Drafts (on hand)		**76.34**		60.40
Balances with Banks on Current Accounts		**138.03**		170.10
Balances with Banks on Deposits Accounts		**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 the following balances with banks which are not available for use by the Company:

	Year ended 30.6.2012 ₹/Crores	Year ended 30.06.2011 ₹/Crores
Unclaimed Dividend	**3.90**	3.79

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 77779

Place : Noida
Dated : August 24, 2012

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) Rule, 2006, as amended] 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 of 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

(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 a contract are recognised 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:

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. 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 30.06.2012 ₹/Crores		As at 30.06.2011 ₹/Crores
2- Share Capital				
Authorised				
55,00,00,000 Equity Shares (2011 - 55,00,00,000) of ₹ 2/- each		**110.00**		110.00
5,00,000 Preference Shares (2011 - 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 44.

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

Particulars	**As at 30.06.2012** Number of Shares	% of shares	As at 30.06.2011 Number of Shares	% of Shares
(a) HCL Corporation Private Limited (Formerly known as 'Guddu Investments (Pondi) Private Limited')	95,500,651	42.85	95,500,651	42.85
(b) Franklin Templeton Investment Funds	21,249,492	9.53	21,287,892	9.55
(c) HSBC Global Investment funds Mauritius Ltd.	16,300,000	7.31	16,300,000	7.31
(d) AKM Systems Pvt. Ltd.	12,179,627	5.46	11,997,007	5.38

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, 2010	218,258,502	43.65	0.00	826.30	193.32	8.00	833.32	1,860.94
Issue of equity shares on conversion of share warrants	4,620,667	0.93	-	69.74	-	-	-	69.74
Issue of equity shares on exercise of employee stock options	460	0.00 #	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	177.23	177.23
Proposed Dividend	-	-	-	-	-	-	(44.58)	(44.58)
Corporate Dividend Distribution Tax on Proposed Dividend	-	-	-	-	-	-	(7.23)	(7.23)
Interim Dividend	-	-	-	-	-	-	(131.72)	(131.72)
Corporate Dividend Distribution Tax on Interim Dividend	-	-	-	-	-	-	(21.88)	(21.88)
Transfer to Debenture Redemption Reserve	-	-	-	-	-	4.00	(4.00)	-
Transfer to General Reserve	-	-	-	-	17.72	-	(17.72)	-
Securities Premium Account utilised during the year	-	-	-	(0.04)	-	-	-	(0.04)
As at June 30, 2011	**222,879,629**	**44.58**	**0.00**	**896.00**	**211.04**	**12.00**	**783.42**	**1,902.46**
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, 2012	**222,879,629**	**44.58**	**0.00**	**896.00**	**215.83**	**-**	**760.75**	**1,872.58**

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

\# Represents ₹ 920

Notes to the financial Statements

	As at 30.06.2012 ₹/Crores		As at 30.06.2011 ₹/Crores	
4- Long-term borrowings				
Secured:				
Debentures		**-**		80.00
Term Loans				
- From Banks		**53.34**		-
- From Others		**0.11**		6.19
		53.45		86.19
Unsecured:				
Term Loans				
- From Others		**21.18**		30.45
Finance Lease Obligation (Refer Note 45)		**48.44**		69.44
		69.62		99.89
TOTAL		**123.07**		186.08

Notes:

1. The Company issued 800 Rated Taxable Secured Redeemable Non-Convertible Debentures of face value of ₹ 10 lakhs each, aggregating to ₹ 80.00 Crores, at a coupon rate of 12.75% per annum payable annually on private placement basis to Life Insurance Corporation of India on December 19, 2008. These Debentures were redeemable at par at the end of 5th year from the date of allotment, with a call option exercisable by the issuer, only at the end of 3 years from the date of allotment and secured by way of first mortgage and charge on identified immovable and movable assets of the Company. During the year, on December 19, 2011 the Company has exercised it's call option and accordingly has repaid these debentures.
2. Secured Term Loan from Others amounting to ₹ 6.19 Crores (2011 - ₹ 11.82 Crores), out of which ₹ 6.08 Crores (2011 - ₹ 5.63 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.
3. Secured Term Loan from Banks amounting to ₹ 80.00 Crores (2011 - ₹ Nil), out of which ₹ 26.67 Crores (2011 - ₹ Nil) 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.
4. Unsecured Term loans from Others amounting to ₹ 31.26 Crores (2011 - ₹ 44.47 Crores) and ₹ 0.07 Crores (2011 - ₹ 0.21 Crores), out of which ₹ 10.15 Crores (2011- ₹ 14.23 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- Other long-term liabilities				
Trade Payables - Oustanding due to Other than Micro and Small Enterprises [Including Acceptance ₹ 66.81 Crores (2011 - ₹ Nil)]		**121.15**		10.39
Deferred Revenue		**24.39**		42.89
Others		**3.29**		3.17
TOTAL		**148.83**		56.45
6- Long-term provisions				
Provision for Gratuity and Other Employee Benefits (Refer Note 48)		**23.65**		26.91
TOTAL		**23.65**		26.91

Notes to the financial Statements

	As at 30.06.2012 ₹/Crores		As at 30.06.2011 ₹/Crores	
7- Short-term borrowings				
Secured:				
Loans from Banks				
- Cash Credits		**12.49**		18.61
		12.49		18.61
Unsecured:				
Others				
- Commercial Paper		**265.00**		280.00
- Term Loans from Banks		**200.00**		55.00
		465.00		335.00
TOTAL		**477.49**		353.61

Notes:
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 30.06.2012 ₹/Crores		As at 30.06.2011 ₹/Crores	
8- Trade payables				
Trade Payables				
- Oustanding due to Micro and Small Enterprises (Refer Note 34)		**1.89**		1.17
- Oustanding due to Other than Micro and Small Enterprises [ncluding Acceptance ₹ 651.61 Crores (2011 - ₹ 380.45 Crores)]		**1,635.98**		1,437.46
TOTAL		**1,637.87**		1,438.63
9- Other current liabilities				
Current Maturities of Long-Term Debts (Refer Note 4)		**42.90**		19.85
Current Maturities of Finance Lease Obligations [Refer Note 4 and 45]		**20.90**		17.99
Interest Accrued but not due on Borrowings		**0.75**		6.65
Unpaid Dividends*		**3.90**		3.79
Deferred Revenue		**146.66**		162.50
Advances Received from Customers		**147.13**		110.01
Statutory Dues Payable		**85.63**		74.64
Employees Benefits Payable		**38.92**		70.91
Capital Creditors		**36.53**		14.30
TOTAL		**523.32**		480.64

* 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, 2012. These shall be credited and paid to the Fund as and when due.

	As at 30.06.2012 ₹/Crores		As at 30.06.2011 ₹/Crores	
10- Short-term provisions				
Provision for Gratuity and Other Employee Benefits [Refer Note 48]		**4.66**		3.23
Provision for Warranty Liability (Refer Note 32)		**11.15**		5.08
Provision for Income Tax [Net of Advance Income Tax of ₹ Nil (2011 - ₹ 687.85 Crores)]		**-**		16.39
Provision for Proposed Dividend		**-**		44.58
Provision for Corporate Dividend Distribution Tax on Proposed Dividend		**-**		7.23
TOTAL		**15.81**		76.51

Notes to the financial Statements

11- Fixed Assets

₹/Crores

Particulars	Gross Block				Depreciation/Amortisation				Net Block	
	As at 01.07.2011	Additions	Disposal	As at 30.06.2012	As at 01.07.2011	Additions	Disposal	As at 30.06.2012	As at 30.06.2012	As at 30.06.2011
Tangible Assets:										
Leasehold Land	15.24	-	-	**15.24**	0.99	0.18	-	**1.17**	**14.07**	14.25
Assets Given on Operating Lease										
Plant and Machinery	35.84	16.39	0.14	**52.09**	9.86	6.06	0.10	**15.82**	**36.27**	25.98
Own Assets										
Land	25.71	-	-	**25.71**	-	-	-	**-**	**25.71**	25.71
Buildings	92.15	1.49	2.39	**91.25**	19.54	2.20	0.55	**21.19**	**70.06**	72.61
Plant and Machinery	40.32	1.59	7.82	**34.09**	26.54	4.09	6.97	**23.66**	**10.43**	13.78
Furniture and Fixtures	38.72	0.97	1.70	**37.99**	25.94	4.41	1.38	**28.97**	**9.02**	12.78
Office Equipments	17.50	2.38	1.10	**18.78**	7.91	2.59	0.61	**9.89**	**8.89**	9.59
Vehicles	1.88	1.25	0.02	**3.11**	1.22	0.33	0.02	**1.53**	**1.58**	0.66
Computers	39.67	15.03	0.92	**53.78**	25.95	9.67	0.72	**34.90**	**18.88**	13.72
Sub-Total (a)	**307.03**	**39.10**	**14.09**	**332.04**	**117.95**	**29.53**	**10.35**	**137.13**	**194.91**	**189.08**
Previous Year	260.81	51.69	5.47	307.03	99.07	23.75	4.87	117.95	189.08	
Intangible Assets:										
Goodwill	1.25	-	-	**1.25**	0.68	0.42	-	**1.10**	**0.15**	0.57
Software	45.40	1.16	-	**46.56**	11.29	9.62	-	**20.91**	**25.65**	34.11
Intellectual Property Rights (Refer Note 51(c))	10.37	26.70	-	**37.07**	2.07	3.55	-	**5.62**	**31.45**	8.30
Sub-Total (b)	**57.02**	**27.86**	**-**	**84.88**	**14.04**	**13.59**	**-**	**27.63**	**57.25**	**42.98**
Previous Year	14.07	42.95	-	57.02	4.59	9.45	-	14.04	42.98	
Total (a+b)									**252.16**	232.06

Notes:

1. Land (included under 'Own Assets') and Building at Ambattur amounting to ₹ 0.57 Crores (2011 - ₹ 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.

12- Non Current investments

	As at 30.06.2012			As at 30.06.2011		
	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	19,050,000	19.05
HCL Investments Pte. Limited	**SGD 1 and USD 1**	**1 in SGD* and1,575,000 in USD***	**7.30**	SGD 1 and USD 1	1 in SGD and 1,275,000 in USD	5.83
HCL Infocom Limited	**₹ 10**	**330,000**	**0.33**	₹ 10	330,000	0.33
HCL Insys Pte. Limited	**SGD 1**	**6,199,991**	**20.62**	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	50,000	0.05
HCL Touch Inc.	**USD 0.01**	**150 in USD***	**0.74**	-	-	-
Total Non-Current Investments			**117.82**			86.62

13- Current investments

	As at 30.06.2012			As at 30.06.2011		
	Face Value	Units	Amount ₹/Crores	Face Value	Units	Amount ₹/Crores
(i) Quoted (others):						
Current (At Lower of Cost or Fair Value)						
6.85% India Infra Finance Company Limited 2014	₹ 1,00,000	**1,000**	**10.54**	₹ 1,00,000	1,000	10.38
9.02% Indian Renewable Energy Development Agency Limited 2025	₹ 1,000,000	**100**	**10.32**	₹ 1,000,000	100	10.23
8.64% Power Grid Corporation of India Limited - 2020	₹ 1,250,000	**40**	**5.08**	₹ 1,250,000	40	5.03
8.87% Indian Renewable Energy Development Agency Limited - 2020	₹ 1,000,000	**100**	**10.29**	₹ 1,000,000	100	10.29
8.90% NABARD - 2013	₹ 1,000,000	**100**	**10.39**	₹ 1,000,000	100	10.45
8.80% Rural Electrification Corporation Limited - 2020	₹ 1,000,000	**100**	**10.13**	₹ 1,000,000	100	10.21
Sub - Total (a)			**56.75**			56.59
(ii) Unquoted (Others): Current (At lower of Cost or Fair Value)						
Mutual Funds, Dividend Options						
Kotak Floater Long Term	-	-	-	₹ 10	37,136,064	37.47
Birla Sunlife Savings Fund	-	-	-	₹ 10	35,014,480	35.05
IDFC Money Manager Fund - Treasury Plan - Super Institutional Plan C Growth	-	-	-	₹ 10	34,072,931	34.25
Religare Ultra Short Term Fund - Institutional	-	-	-	₹ 1000	280,224	28.07
ICICI Prudential Flexible Income Plan	-	-	-	₹ 100	2,422,243	25.55
Tata Floater Fund	-	-	-	₹ 10	9,919,946	10.00
UTI Treasury Advantage Fund Institutional Weekly	-	-	-	₹ 1000	99,559	10.00
HDFC Cash Management Fund - Treasury Advantage Plan	-	-	-	₹ 10	8,977,471	9.01
Reliance Money Manager Fund - Institutional Option - Weekly Dividend	-	-	-	₹ 1000	50,116	5.01
Sub - Total (b)			-			194.41
Mutual Funds, Growth Options						
Reliance Quarterly Interval Fund - Series III	-	-	-	₹ 10	40,762,439	53.81
Reliance Money Manager Fund - Institutional Option	**₹ 1000**	**332,921**	**50.00**	-	-	-
IDFC Money Manager Fund - Treasury Plan - Super Institutional Plan C Growth	**₹ 10**	**38,324,749**	**50.00**	₹ 10	45,214,127	53.00
Kotak Floater Long Term	**₹ 10**	**11,454,623**	**20.00**	₹ 10	26,161,703	41.14
Birla Sunlife Savings Fund	**₹ 100**	**2,863,382**	**60.00**	₹ 10	21,488,508	40.97
HDFC Floating Rate Income Fund - Short Term	-	-	-	₹ 10	24,035,573	40.00
HDFC Cash Management Fund - Treasury Advantage Plan	**₹ 10**	**33,173,272**	**80.00**	-	-	-
ICICI Prudential Floating Rate Plan D	-	-	-	₹ 100	2,764,693	40.00
ICICI Prudential Flexible Income Plan	**₹ 100**	**3,412,864**	**70.00**	-	-	-
IDFC Fixed Maturity Plan - 100 Days Series 3	-	-	-	₹ 10	29,572,535	29.57
Tata Floater Fund	**₹ 1000**	**91,153**	**15.02**	₹ 10	16,400,137	24.50
Templeton Floating Rate Income Fund Super Institutional	-	-	-	₹ 10	13,409,919	18.00
Religare Ultra Short Term Fund - Institutional	-	-	-	₹ 1000	112,230	15.10
SBI-SHF Ultra Short Term Fund	**₹ 1000**	**208,963**	**30.00**	-	-	-
Sub - Total (c)			**375.02**			356.09

Notes to the financial Statements

	As at 30.06.2012 Face Value	Units	Amount ₹/Crores	As at 30.06.2011 Face Value	Units	Amount ₹/Crores
(iii) Current Portion of Unquoted (Trade): Long Term (At cost less provision for other than temporary diminution)						
Investments in Equity Instruments of Subsidiary						
HCL Infinet Limited	-	-	-	₹ 100	2,701,810	11.68
Sub - Total (d)			-			11.68
Less: Permanent Diminution in the value of investment in HCL Infinet Limited (e)			-			0.34
Total Current Investments (a+b+c+d-e)			**431.77**			618.43
* SGD = Singapore dollar; USD = United States dollar.						
Note : Net asset value of Current Investments in Mutual Funds as on June 30, 2012 is ₹ 375.11 Crores (2011 - ₹ 557.72 Crores).						
Aggregate amount of Quoted Investments (Market value ₹ 56.75 Crores (2011 - ₹ 56.59 Crores)			**56.75**			56.59
Aggregate amount of Unquoted Investments			**492.84**			648.46

	As at 30.06.2012 ₹/Crores	As at 30.06.2011 ₹/Crores
14- Long-term loans and advances		
Unsecured considered good:		
Capital Advances	**2.18**	1.50
Deposits	**24.41**	21.07
Loans and Advances to Subsidiaries	**10.47**	22.87
Prepaid Expenses	**5.71**	11.80
Advance Income Tax [Net of Provision for Income Tax of ₹ 510.31 Crores (2011 - ₹ Nil)]	**16.09**	-
Other Loans and Advances	**0.01**	0.02
TOTAL	**58.87**	57.26
15- Trade receivables - Non-current		
Unsecured:		
Other Debts		
- Considered Good	**22.81**	21.68
TOTAL	**22.81**	21.68
16- Other non-current assets		
Unbilled Revenue	**0.84**	0.09
Lease Rental Recoverable (Refer Note 45)	**335.94**	158.77
TOTAL	**336.78**	158.86
17- Inventories		
Raw Materials and Components [Including In-Transit ₹ 44.71 Crores (2011 - ₹ 4.23 Crores)]	**180.91**	145.85
Work-In-Progress	**1.14**	1.46
Finished Goods [Including In-Transit ₹ 28.12 Crores (2011 - ₹ 28.22 Crores)]	**62.89**	58.91
Stock-In-Trade [Including In-Transit ₹ 31.75 Crores (2011 - ₹ 41.95 Crores)]	**333.60**	300.35
Stores and Spares	**80.41**	79.68
TOTAL	**658.95**	586.25

	Year ended 30.06.2012 ₹/Crores		Year ended 30.06.2011 ₹/Crores	
18- Trade receivables				
Unsecured:				
Debts outstanding for a period exceeding six months from the date they are due for payment				
- Considered Good	**289.02**		249.00	
- Considered Doubtful	**83.41**		42.42	
	372.43		291.42	
Other Debts				
- Considered Good	**891.59**		995.14	
	1,264.02		1,286.56	
Less: Provision for Doubtful Debts	**83.41**	**1,180.61**	42.42	1,244.14
TOTAL		**1,180.61**		1,244.14
19- Cash and bank balances				
Cash and Cash Equivalents				
Balances with Banks				
- On Current Account	**134.14**		166.32	
Less: Money held in Trust	**0.01**	**134.13**	0.01	166.31
- On Dividend Account		**3.90**		3.79
Cash on Hand		**0.07**		0.09
Cheques on Hand		**76.27**		60.31
Bank Deposits with original maturity of three months or less	**6.45**		0.32	
Less: Money held in Trust	**0.32**	**6.13**	0.32	-
Other Bank Balances (Expected to be realised within one year)				
Bank Deposits with original maturity of more than three months and upto twelve months	**-**		-	
Bank Deposits with original maturity of more than twelve months	**0.18**	**0.18**	0.22	0.22
On Margin Account		**3.62**		3.97
TOTAL		**224.20**		234.69
20- Short-term loans and advances				
Unsecured				
Considered Good				
Loans and Advances to Subsidiaries		**15.74**		35.80
Balances with Customs, Port Trust, Excise and Sales Tax Authorities		**64.44**		58.28
Advances to Creditors		**83.47**		55.22
Deposits with Tax Authorities		**12.43**		4.66
Other Deposits		**29.87**		47.65
MAT Credit Entitlement		**10.04**		-
Prepaid Expenses		**72.17**		86.42
Others		**9.67**		7.31
Considered Doubtful				
Deposits and Other Advances	**2.74**		8.25	
Less: Provision for Doubtful Loans and Advances	**2.74**	**-**	8.25	-
TOTAL		**297.83**		295.34
21- Other current assets				
Lease Rental Recoverable (Refer Note 45)		**86.50**		26.60
Unbilled revenue		**47.18**		18.67
Contract-in-progress (Refer Note 52)*		**1,075.87**		948.46
Unamortised Premium on Forward Contracts		**7.06**		1.50
TOTAL		**1,216.61**		995.23

* Out of above contract-in-progress, which includes retention money, ₹ 589.73 Crores (2011 - ₹ 726.24 Crores) will be due after one year.

Notes to the financial Statements

	Year endedd 30.06.2012 ₹/Crores	Year endedd 30.06.2011 ₹/Crores
22- Revenue from operations		
Sale of Products (Refer Note 37)	**9,681.60**	10,411.37
Sale of Services	**693.88**	647.76
Other Operating Revenue		
- Scrap Sale	**1.01**	0.60
- Miscellaneous Income	**4.32**	2.67
TOTAL	**10,380.81**	11,062.40
23- Other income		
Interest Income		
- On Lease Rental	**27.53**	12.68
- On Fixed Deposits (Gross)	**0.10**	0.05
- On Bonds from Quoted (Others) Current Investments	**4.70**	2.97
- On Others	**0.75**	0.04
Dividend from Unquoted (Others) Current Investments	**1.97**	28.91
Profit on Disposal of Unquoted (Others) Current Investments	**41.09**	9.37
Net Profit/(Loss) on Sale of Fixed Assets	**1.96**	(0.16)
Provisions/Liabilities no longer required written back	**17.01**	17.17
Miscellaneous Income	**2.84**	3.05
TOTAL	**97.95**	74.08
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 ₹ 2.72 Crores (2011 - ₹ 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
Opening Stock		
- Finished Goods (Including in Transit) [Including excise duty of ₹ 2.71 Crores (2011 - ₹ 5.00 Crores)]	**58.91**	89.32
- Stock-In-Trade	**300.35**	502.20
- Work-In-Progress	**1.46**	-
	360.72	591.52
Changes in inventories of finished goods, work-in-progress and stock-in-trade	**(36.91)**	230.80
25- Other direct expense		
Purchase of Services (Refer Note 45(e)(ii)	**179.59**	144.84
Spares and Stores Consumed	**130.27**	107.87
Power and Fuel	**1.69**	1.88
Labour and Processing Charges	**3.21**	7.17
Royalty	**87.18**	113.09
TOTAL	**401.94**	374.85
26- Employee benefits expense (Refer Note 48)		
Salaries, Wages, Bonus and Gratuity	**429.02**	421.93
Contribution to Provident and Other Funds	**20.83**	18.21
Staff Welfare Expenses	**8.94**	8.17
TOTAL	**458.79**	448.31
27- Finance costs		
Interest on Long-term and Short-term Borrowings	**75.37**	73.97
Net Loss on Foreign Exchange Fluctuation	**4.72**	-
TOTAL	**80.09**	73.97

	Year ended 30.06.2012 ₹/Crores	Year ended 30.06.2011 ₹/Crores
28- Other expenses		
Rent (Refer Note 45(d)(ii))	**25.53**	24.94
Rates and Taxes	**9.19**	7.16
Printing and Stationery	**3.53**	4.11
Communication	**15.00**	12.47
Travelling and Conveyance	**47.22**	41.37
Packing, Freight and Forwarding	**46.95**	50.32
Legal Professional and Consultancy Charges [Refer Note 43]	**73.62**	43.81
Training and Conference	**5.33**	4.36
Office Electricity and Water	**8.33**	8.23
Insurance	**5.57**	8.33
Advertisement, Publicity and Entertainment	**64.29**	74.90
Hire Charges	**2.80**	3.15
Commission on Sales	**6.00**	19.73
Bank Charges	**17.72**	12.78
Provision for Doubtful Debts	**62.52**	35.72
Provision for Doubtful Loans and Advances	**4.36**	7.52
Provision for Doubtful Other Current Assets	**0.71**	0.41
Fixed Assets Written-Off	**0.29**	-
Diminution in the Value of Unquoted/Quoted (Others) Current Investments	**(0.20)**	2.41
Repairs		
- Plant and Machinery	**0.79**	0.96
- Buildings	**1.46**	3.25
- Others	**10.58**	12.06
Net Loss/(Gain) on Foreign Exchange Fluctuation (other than considered as Finance Cost)	**64.25**	(9.68)
Miscellaneous	**17.27**	24.67
Total	**493.11**	392.98

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, 2012		-

Notes to the financial Statements

30- Estimated value of contracts on capital account, excluding capital advances, remaining to be executed and not provided for amount to ₹ 3.50 Crores (2011 - ₹ 3.69 Crores).

31- Contingent Liabilities:

a) Claims against the Company not acknowledged as debts:

	Year ended 30.06.2012 ₹/Crores	Year ended 30.06.2011 ₹/Crores
Sales Tax*	**44.89**	44.58
Excise*	**9.63**	9.32
Income Tax*	**3.95**	3.95
Octroi*	**5.08**	-
Industrial Disputes, Civil Suits and Consumer Disputes	**16.68**	8.60

* Includes sum of ₹ 18.70 Crores (2011 - ₹ 9.12 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 ₹ 44.85 Crores (2011 - ₹ 35.88 Crores) was given to a Bank for working capital facilities sanctioned to a 100% subsidiary, HCL Insys Pte. Limited, Singapore against which the total amount utilised as at June 30, 2012 is ₹ 44.85 Crores (2011 - ₹ 9.85 Crores).

(ii) Corporate Guarantee of ₹ 20.00 Crores (2011 - ₹ 20.00 Crores) has been given to a Bank for working capital facilities sanctioned to a 100% subsidiary, Digilife Distribution and Marketing Services Limited against which the total amount utilised as at June 30, 2012 is ₹ 1.07 Crores (2011 - ₹ 8.58 Crores).

(iii) Corporate Guarantee of ₹ Nil (2011 - ₹ 6.50 Crores) was given to a Bank for working capital facilities and ₹ Nil (2011 - ₹ 6.10 Crores) was given to a non-banking finance company for operating lease sanctioned to a 100% subsidiary, HCL Infinet Limited (ceased to be a subsidiary with effect from October 31, 2011) against which the total amount utilised as at June 30, 2012 is ₹ Nil (2011 - ₹ 4.79 Crores) and ₹ Nil (2011 - ₹ 6.07 Crores) respectively.

(iv) Corporate Guarantee of ₹ 142.40 Crores (2011 - ₹ 73.11 Crores) was given to Banks for working capital facilities sanctioned to HCL Infosystems MEA FZCO, Dubai (subsidiary of HCL Insys Pte. Limited, a subsidiary company) against which the total amount utilised as at June 30, 2012 is ₹ 16.67 Crores (2011 - ₹ 35.33 Crores).

(v) Corporate Guarantee of ₹ 72.87 Crores (2011 - ₹ 132.93 Crores) was given to Banks for working capital facilities sanctioned to Techmart Telecom Distribution FZCO, Dubai (joint venture of HCL Investments Pte. Limited, a subsidiary company) against which the total amount utilised as at June 30, 2012 is ₹ 72.87 Crores (2011 - ₹ 110.78 Crores).

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

	Year ended 30.06.2012 ₹/Crores	Year ended 30.06.2011 ₹/Crores
Opening Balance as on July 1	**5.08**	6.25
Additions during the year	**29.16**	12.11
Utilised/Reversed during the year	**23.09**	13.28
Closing Balance as on June 30	**11.15**	5.08

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, it is not possible to estimate the timing of cash outflows due to uncertainties relating to the outflows of economic benefits.

33. Taxation:

a) Provision for taxation has been computed by applying the Income Tax Act, 1961 to the profit for the financial year ended June 30, 2012, 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, 2012 are:

₹/Crores

	As at 30.06.11	Movement during the year	As at 30.06.12
Assets			
Provision for Doubtful Debts/Advances/Other Current Assets	13.02	14.75	27.77
Impact of expenditure charged to statement of profit & loss but allowable for tax purpose in future years	15.10	(2.34)	12.76
Total (A)	**28.12**	**12.41**	**40.53**
Liabilities			
Depreciation	3.72	2.23	5.95
Duties, Taxex & Cess allowed for tax purpose on payment basis	5.78	3.50	9.28
Other timing differences	1.82	0.75	2.57
Total (B)	**11.32**	**6.48**	**17.80**
Net Deferred Tax Assets (A)-(B)	**16.80**	**5.93**	**22.73**
Previous Year	8.94	7.86	16.80

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

	Year ended 30.06.2012 ₹/Crores	Year ended 30.06.2011 ₹/Crores
a) (i) Principal amount remaining unpaid to any supplier as at the end of the year.	**1.89**	1.17
(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 payments made to the suppliers beyond the appointed day during the year.	**36.82**	13.01
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.	**0.36**	0.12
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.	**0.36**	0.12

35. Expenditure on Research and Development:

	Year ended 30.06.2012 ₹/Crores	Year ended 30.06.2011 ₹/Crores
Capital	**0.38**	0.03
Add: Intangible assets under development	**6.19**	-
	6.57	0.03
Revenue (Depreciation, Personnel, Travel and Other Administration expenses)	**9.92**	5.37
Less: Transferred to Intangible assets under development	**6.19**	-
	3.73	5.37
TOTAL	**10.30**	5.40

Notes to the financial Statements

36. Information in respect of purchase of traded goods:

	Value ₹/Crores
Computers/Micro processor based systems	**130.47**
	(120.10)
Photocopiers/Electronic Equipments	**158.51**
	(211.86)
Printers/Scanners/UPS/CVT	**200.04**
	(217.10)
Cellular Phones	**6431.10**
	(6163.06)
EPABX Systems	**53.53**
	(46.78)
Others*	**643.94**
	(837.61)
	7617.59
TOTAL	(7596.51)

* 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	**1322.90**	**71.86**	**73.82**
	(1577.25)	(58.06)	(71.86)
Photocopiers/Electronic Equipments	**176.57**	**40.89**	**34.76**
	(258.58)	(32.82)	(40.90)
Printers/Scanners/UPS/CVT	**216.36**	**18.11**	**15.96**
	(207.38)	(14.14)	(18.11)
Cellular Phones	**6405.98**	**140.80**	**191.44**
	(6433.53)	(250.11)	(140.81)
EPABX Systems	**61.18**	**7.52**	**7.38**
	(83.22)	(18.88)	(7.52)
Others*	**1498.61**	**80.08**	**73.13**
	(1851.41)	(217.51)	(80.06)
TOTAL	**9681.60**	**359.26**	**396.49**
	(10411.37)	(591.52)	(359.26)

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:

	Year ended 30.06.2012		Year ended 30.06.2011	
	₹/Crores	% of Consumption	₹/Crores	% of Consumption
Imported	**1065.94**	**84%**	1398.84	86%
Indigenous	**207.35**	**16%**	227.73	14%
TOTAL	**1273.29**	**100%**	1626.57	100%

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

	Year ended 30.06.2012 ₹/Crores	Year ended 30.06.2011 ₹/Crores
Mother Boards and Assemblies	**124.02**	495.06
Hard Disk Drives	**133.52**	120.52
Processors	**246.50**	283.65
Monitors	**152.46**	182.30
CRT Key Tops PCBs and Cabinets	**41.45**	12.96
Networking Products	**250.00**	318.05
Others*	**325.34**	214.03
TOTAL	**1273.29**	1626.57

* 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:

	Year ended 30.06.2012 ₹/Crores	Year ended 30.06.2011 ₹/Crores
a) Raw materials and components	**1114.22**	1326.56
b) Stores and spares	**29.37**	42.19
c) Capital goods	**0.51**	2.21
d) Traded items	**382.53**	486.26
TOTAL	**1526.63**	1857.22

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

	Year ended 30.06.2012 ₹/Crores	Year ended 30.06.2011 ₹/Crores
a) Travel	**3.30**	1.36
b) Royalty*	**87.18**	113.09
c) Interest on Acceptances	**5.51**	9.59
d) Technical Fee	**0.58**	0.46
e) Others (includes consultancy, certification charges, license)	**3.93**	1.91
TOTAL	**100.50**	126.41

* Gross of tax deducted at source.

42- Earnings in Foreign Currency:

	Year ended 30.06.2012 ₹/Crores	Year ended 30.06.2011 ₹/Crores
a) Commission	**0.25**	6.11
b) FOB value of exports (including deemed exports)	**39.31**	9.79
c) Others (including reimbursement of expenses)	**31.59**	64.77
TOTAL	**71.15**	80.67

43- Remuneration to Auditor*:

	Year ended 30.06.2012 ₹/Crores	Year ended 30.06.2011 ₹/Crores
a) Statutory Audit	**1.40**	1.40
b) Other Audit Services/Certifications	**0.54**	0.31
c) Others	**-**	0.09
d) Out-of-Pocket Expenses	**0.10**	0.08
TOTAL	**2.04**	1.88

* Excluding service tax.

Notes to the financial Statements

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	128965	-	-	-	13603	115362	115362
		(175400)	(-)	(-)	(92)	(46343)	(128965)	(128965)
25-Aug-04	603.95	36984	-	-	-	13735	23249	23249
		(46978)	(-)	(-)	(-)	(9994)	(36984)	(36984)
18-Jan-05	809.85	121428	-	-	-	48424	73004	73004
		(168082)	(-)	(-)	(-)	(46654)	(121428)	(121428)
15-Feb-05	809.30	-	-	-	-	-	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)
15-Mar-05	834.40	18263	-	-	-	7435	10828	10828
		(24298)	(-)	(-)	(-)	(6035)	(18263)	(18263)
15-Apr-05	789.85	3332	-	-	-	2452	880	880
		(4760)	(-)	(-)	(-)	(1428)	(3332)	(3332)
14-May-05	770.15	3655	-	-	-	2475	1180	1180
		(4540)	(-)	(-)	(-)	(885)	(3655)	(3655)
15-Jun-05	756.15	675	-	-	-	-	675	675
		(675)	(-)	(-)	(-)	(-)	(675)	(675)
15-Jul-05	978.75	10480	-	-	-	9584	896	896
		(11722)	(-)	(-)	(-)	(1242)	(10480)	(10480)
13-Aug-05	1144.00	16030	-	-	-	5929	10101	10101
		(17630)	(-)	(-)	(-)	(1600)	(16030)	(16030)
15-Sep-05	1271.25	9140	-	-	-	3862	5278	5278
		(9140)	(-)	(-)	(-)	(-)	(9140)	(9140)
15-Mar-07	648.75	136700	-	-	-	-	136700	136700
		(136700)	(-)	(-)	(-)	(-)	(136700)	(136700)
23-Jan-08	898.25	52395	-	-	-	10995	41400	41400
		(61125)	(-)	(3060)	(-)	(5670)	(52395)	(32078)
18-Aug-09	627.25	20000	-	-	-	-	20000	12000
		(20000)	(-)	(-)	(-)	(-)	(20000)	(6000)
26-Oct-10	586.75	80000	-	-	-	-	80000	24000
		(-)	(80000)	(-)	(-)	(-)	(80000)	(-)
2-Feb-11	516.50	12000	-	-	-	-	12000	3600
		(-)	(12000)	(-)	(-)	(-)	(12000)	(-)
30-Jan-12	233.25	-	16000	-	-	-	16000	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)
18-Jun-12	202.00	-	12000	-	-	-	12000	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)
	Total	**650047**	**28000**	**-**	**-**	**118494**	**559553**	**459153**
		(681050)	(92000)	(3060)	(92)	(119851)	(650047)	(523730)

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	1738150	-	-	-	495540	1242610	1242610
		(1877002)	(-)	(1430)	(-)	(137422)	(1738150)	(1738150)
19-Oct-05	1157.50	35260	-	-	-	9660	25600	25600
		(42090)	(-)	(480)	(-)	(6350)	(35260)	(35260)
15-Nov-05	1267.75	16000	-	-	-	4160	11840	11840
		(16800)	(-)	(-)	(-)	(800)	(16000)	(16000)
15-Dec-05	1348.25	10700	-	-	-	3740	6960	6960
		(13290)	(-)	(190)	(-)	(2400)	(10700)	(10700)
14-Jan-06	1300.00	8740	-	-	-	1876	6864	6864
		(10130)	(-)	(278)	(-)	(1112)	(8740)	(8740)
15-Feb-06	1308.00	3240	-	-	-	648	2592	2592
		(4040)	(-)	(120)	(-)	(680)	(3240)	(3240)
16-Mar-06	1031.00	12350	-	-	-	4790	7560	7560
		(17280)	(-)	(650)	(-)	(4280)	(12350)	(12350)
17-Apr-06	868.75	3900	-	-	-	1580	2320	2320
		(6900)	(-)	(600)	(-)	(2400)	(3900)	(3900)
15-May-06	842.50	7850	-	-	-	1570	6280	6280
		(14250)	(-)	(750)	(-)	(5650)	(7850)	(7850)
15-Jun-06	620.50	10330	-	-	-	2450	7880	7880
		(13950)	(-)	(460)	(-)	(3160)	(10330)	(10330)
17-Jul-06	673.75	10302	-	-	-	3562	6740	6740
		(17240)	(-)	(1578)	(-)	(5360)	(10302)	(8504)
15-Mar-07	648.75	341080	-	5580	-	31480	304020	304020
		(366760)	(-)	(8380)	(-)	(17300)	(341080)	(274100)
23-Jan-08	898.25	146670	-	9690	-	18810	118170	95820
		(178665)	(-)	(16650)	(-)	(15345)	(146670)	(89550)
16-Aug-11	375.00	-	30000	-	-	-	30000	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)
17-Aug-11	375.00	-	7000	-	-	-	7000	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)
18-Jun-12	202.00	-	4000	-	-	-	4000	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)
	Total	**2344572**	**41000**	**15270**	**-**	**579866**	**1790436**	**1727086**
		(2578397)	(-)	(31566)	(-)	(202259)	(2344572)	(2218674)

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

Notes to the financial Statements

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 8.34%
Exercise Price	₹ 202.00 to ₹ 1,271.25	₹ 202.00 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 36%
Life of options	8.5 Years	10 Years
Fair Value of options as at the grant date	₹ 1.29 to ₹ 203.14	₹ 1.37 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 Company for the year ended June 30, 2012 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

	2012 ₹/Crores	2011 ₹/Crores
Profit after tax as per Statement of Profit and Loss (a)	**47.86**	177.23
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 (2011 - ₹ 0.02 Crores)]	**0.39**	0.70
Profit after tax recomputed for recognition of employee stock compensation expense under fair value method (b)*	**47.47**	176.53
Earning Per Share based on earnings as per (a) above: (Refer Note 46)		
- Basic	**₹ 2.15**	₹ 8.08
- Diluted	**₹ 2.15**	₹ 8.08
Earning Per Share had fair value method been employed for accounting of employee stock options:		
- Basic	**₹ 2.13**	₹ 8.05
- Diluted	**₹ 2.13**	₹ 8.05

* 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, 2012 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	**96.73**	**28.28**	**68.45**
	(18.79)	(4.81)	(13.98)
Later than one year and not later than five years	**342.25**	**51.93**	**290.32**
	(107.59)	(10.31)	(97.28)
Later than five years	**2.62**	**0.15**	**2.47**
	(5.45)	(0.24)	(5.21)
Total	**441.60**	**80.36**	**361.24**
	(131.83)	(15.36)	(116.47)

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 minimum lease payments and minimum 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	**22.90**	**5.33**	**17.57**	**22.52**	**4.47**	**18.05**
	(22.91)	(6.84)	(16.07)	(18.63)	(6.02)	(12.62)
Later than one year and not later than five years	**44.23**	**6.49**	**37.74**	**48.51**	**5.36**	**43.15**
	(67.15)	(11.73)	(55.42)	(66.13)	(9.85)	(56.28)
Total	**67.13**	**11.82**	**55.31**	**71.03**	**9.83**	**61.20**
	(90.06)	(18.57)	(71.49)	(84.76)	(15.86)	(68.90)

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	**4.61**	**1.27**	**3.34**
	(3.45)	(1.53)	(1.92)
Later than one year and not later than five years	**12.26**	**1.57**	**10.69**
	(16.87)	(2.85)	(14.02)
Total	**16.87**	**2.84**	**14.03**
	(20.32)	(4.38)	(15.94)

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 ₹ 25.53 Crores (2011 - ₹ 24.94 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:

	2012 ₹/Crores	2011 ₹/Crores
Gross Block	**57.66**	41.42
Accumulated Depreciation	**17.85**	11.79
Net Block	**39.81**	29.63
Depreciation Expense	**5.96**	4.38

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:

	2012 ₹/Crores	2011 ₹/Crores
Not later than one year	**0.15**	1.92
Later than one year and not later than five years	**-**	1.73
Total	**0.15**	3.65

(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, 2012 are ₹ 2.23 Crores (2011 - ₹ 2.47 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 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	2012	2011
Profit after tax (₹/Crores)	**47.86**	177.23
Weighted average number of shares considered as outstanding in computation of Basic EPS	**222,879,629**	219,350,542
Add: Dilutive impact of stock options		
- Issued for no consideration	**246**	152
Weighted average number of shares outstanding in computation of Diluted EPS	**222,879,875**	219,350,694
Basic EPS (of ₹ 2/- each)	**₹ 2.15**	₹ 8.08
Diluted EPS (of ₹ 2/- each)	**₹ 2.15**	₹ 8.08

47- Segment Reporting

The Company recognises the following segments as its primary segments.

a) The operations of Computer Systems and Other Related Products and Services consists of manufacturing of computer hardware systems, providing comprehensive Systems Integration, Roll out and Infrastructure management solutions in different Industry verticals, providing IT services including maintenance and facility management and ICT training.

b) The businesses of Telecommunication and Office Automation comprise of distribution of telecommunication and other digital lifestyle products, office automation products and related comprehensive maintenance and allied services and Homeland Security and Surveillance.

Secondary segmental reporting is based on the 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, 2012 ₹/ Crores

Primary Segments	Computer Systems and Other Related Products and Services	Telecommunication and Office Automation	Inter-segment Elimination	Total
(i) Revenue				
External Revenue	**3076.78**	**7298.70**		**10375.48**
	(3447.67)	(7611.47)		(11059.14)
Inter-segment Revenue		**7.98**	**-7.98**	
		(-)	(-)	
Total Gross Revenue	**3076.78**	**7306.68**	**-7.98**	**10375.48**
	(3447.67)	(7611.47)	**(-)**	(11059.14)
Less: Excise Duty	**86.20**			**86.20**
	(122.19)			(122.19)
Total Net Revenue	**2990.58**	**7306.68**	**-7.98**	**10289.28**
	(3325.48)	(7611.47)	(-)	(10936.95)
(ii) Results	**-11.94**	**158.03**		**146.09**
	(112.45)	(198.01)		(310.46)
Less: Unallocable Expenditure				**85.40**
				(56.30)
Operating Profit				**60.69**
				(254.16)
Add: Other Income (Excluding Operational Income)				**80.94**
				(56.91)
Less: Finance Charges				**80.09**
				(73.97)
Profit Before Tax				**61.54**
				(237.10)
Less: Tax Expense				**13.68**
				(59.87)
Profit After Tax				**47.86**
				(177.23)

Notes to the financial Statements

Primary Segments	Computer Systems and Other Related Products and Services	Telecommunication and Office Automation	Inter-segment Elimination	Total
(iii) Segment Assets	**2923.12**	**804.55**		**3727.67**
	(2789.68)	(752.07)		(3541.75)
Unallocated Corporate Assets				
a) Liquid Assets				**438.39**
				(607.62)
b) Others				**701.14**
				(416.50)
Total Assets				**4867.20**
				(4565.87)
(iv) Segment Liabilities	**1855.44**	**428.13**		**2283.57**
	(1483.37)	(466.20)		(1949.57)
Unallocated Corporate Liabilities				**666.47**
				(669.26)
Total Liabilities				**2950.04**
				(2618.83)
(v) Capital Expenditure	**46.74**	**19.73**		**66.47**
	(65.29)	(27.36)		(92.65)
(vi) Depreciation	**32.08**	**9.56**		**41.64**
	(24.35)	(6.88)		(31.23)
(vii) Other Non Cash Expenses	**62.71**	**8.19**		**70.90**
	(25.25)	(7.49)		(32.74)

Note: Previous year's figures are given in brackets.
Segment Results include ₹ 17.01 Crores (2011- ₹ 17.17 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:

	2012 ₹/Crores	2011 ₹/Crores
Employers Contribution to Superannuation Fund*	**2.11**	1.61

(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:

	2012 ₹/Crores	2011 ₹/Crores
Employers contribution to Employee State Insurance*	**3.82**	4.04
Employers contribution to Employee's Pension Scheme 1995*	**7.93**	6.96

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

Notes to the financial Statements

(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	
	2012	2011	**2012**	2011
Discount rate (per annum)	**8.60%**	8.00%	**8.50%**	8.50%
Rate of increase in compensation levels	**7.00%**	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)	**24.34**	24.35	**24.34**	24.35

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

	2012		2011	
	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	**19.96**	**123.64**	16.98	102.41
Current service cost	**2.31**	**6.97**	2.08	5.60
Past service cost	**-**	**-**	-	-
Interest cost	**1.69**	**10.51**	1.34	8.71
Actuarial (gain)/loss	**(0.56)**	**(1.78)**	0.84	1.37
Benefits (paid)	**(3.30)**	**(17.54)**	(1.28)	(10.54)
Settlements/transfer in	**-**	**1.48**	-	1.66
Contribution by plan participants	**-**	**17.31**	-	14.43
Present value of obligation at the end of the year	**20.10**	**140.59**	19.96	123.64

₹/Crores

	2012	2011
	Provident Fund	Provident Fund
Reconciliation of opening and closing balances of the fair value of the plan assets:		
Fair value of plan assets at the begining of the year	**122.64**	102.25
Expected Return on plan Assets	**10.42**	8.69
Employer Contribution	**6.97**	5.60
Settlements/Transfer in	**1.48**	1.66
Employee Contribution	**17.31**	14.43
Benefits paid	**(17.54)**	(10.55)
Acluarial gain/(loss) of Plan Assets	**0.58**	0.56
Fair value of plan assets at the end of the year	**141.86**	122.64

Notes to the financial Statements

₹/Crores

	2012		2011	
Cost recognised for the year (included under Salaries, Wages, Bonus and Gratuity):	**Gratuity**	**Provident Fund**	**Gratuity**	**Provident Fund**
Current service cost	**2.31**	-	2.08	-
Company contribution to Provident Fund	**-**	**6.97**	-	5.60
Past service cost	**-**	**-**	-	-
Interest cost	**1.69**	**-**	1.34	-
Actuarial (gain)/loss	**(0.56)**	**-**	0.84	-
Interest guarantee liability	**-**	**-**	-	0.17
Shortfall in fund	**-**	**-**	-	0.83
Net cost recognised for the year*	**3.44**	**6.97**	4.26	6.60

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

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

₹/Crores

	Gratuity				
	2012	**2011**	**2010**	**2009**	**2008**
Present value of the obligation as at the end of the year	20.10	19.96	16.98	14.90	12.20
Fair value of plan assets at the end of the year	-	-	-	-	-
Assets/(Liabilities) recognised in the Balance Sheet	(20.10)	(19.96)	(16.98)	(14.90)	(12.20)

	Provident Fund	
	2012	**2011**
Present value of the obligation as at the end of the year	**(140.59)**	**(123.64)**
Fair value of plan assets at the end of the year	**141.86**	**122.64**
Assets/(Liabilities) recognised in the Balance Sheet	**-****	**(1.00)**

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

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

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, 2012 (₹/Crores)	As at June 30, 2011 (₹/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	87.46	73.34
- Acquisition	27.51	25.30
- Working Capital	300.00	303.10
Total Utilisation	**414.97**	**401.74**
Unutilised		
Currently held in Unquoted (Others) Current Investments	365.15	378.38
Total Unutilised	**365.15**	**378.38**

51- (a) Subsequent to the year end, the Shareholders of the Company by way of postal ballot have given their approval under Section 293(1)(a) of the Companies Act, 1956 for transfer of the Company's Computing Products Manufacturing and Channel Business as a going concern on slump sale basis, effective on such date as the Board deems fit for the Company, to a wholly owned subsidiary/group/affiliate/other entity either at book value or for such lump sum consideration being not less than the book values.

(b) The Company through its wholly owned subsidiary, HCL Insys Pte. Limited, Singapore has on August 7, 2012 acquired the remaining 40% equity stake with effect from January 1, 2012 in HCL Infosystems MEA FZCO. Consequently, HCL Infosystems MEA FZCO, with effect from January 1, 2012, has become a wholly owned subsidiary of HCL Insys Pte. Limited, Singapore.

(c) On June 29, 2012, the Company has acquired content for the K-12 education segment from 'Attano Media and Education Private Limited' at a negotiated consideration.

(d) HCL Touch Inc., USA, was Incorporated as a wholly owned subsidiary on August 29, 2011.

(e) Pursuant to Share Purchase Agreement (SPA) dated January 11, 2011, read with addendum to SPA dated August 26, 2011, the Company with effect from October 31, 2011 has sold its entire equity stake in HCL Infinet Limited, the wholly owned subsidiary.

This transaction has resulted into a loss of ₹ 11.37 Crores, out of which ₹ 7.86 Crores had already been provided against loans/ investment till June 30, 2011 and the balance loss of ₹ 3.51 Crores has been accounted for in the current year.

(f) During the year, the Company has with effect from August 1, 2011, transferred its Digital Entertainment business as a going concern basis to Digilife Distribution and Marketing Services Limited, the wholly owned subsidiary for a consideration of ₹ 35 Crores, and acquired the Security and Surveillance business of Digilife Distribution and Marketing Services Limited as a going concern on slump sale basis for a consideration of ₹ 6 Crores.

(g) Techmart Telecom Distribution FZCO, Dubai, in which a subsidiary of the Company has 20% stake, is being dissolved.

Notes to the financial Statements

52- Contract-in-progress	As at June 30, 2012 (₹/Crores)	As at June 30, 2011 (₹/Crores)
Contract revenue recognised for the period	**342.60**	404.10
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) for all contracts in progress upto the period ended	**2943.00**	2600.40
The amount of advances received	**93.35**	76.56
Gross amount due from customers for contract-in-progress	**1075.87**	948.46
Gross amount due to customers for contract-in-progress	**84.33**	79.81

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*	1.44	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*	1.62	0.34	2006-2007	Additional Commissioner (Appeals) of Commercial Tax, Noida.
1.7		Sales Tax*	2.76	1.46	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)*	0.11	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)*	0.08	0.08	2008-2009	Joint Commissioner (Appeals) of Commercial Tax Noida.
1.12		Commercial Tax (including Penalty)*	-	0.09	2009-2010	Joint Commissioner (Appeals) of Commercial Tax Noida.
1.13		Commercial Tax (including Penalty)*	0.24	0.24	2011-2012	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	-	2004-2005	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*	1.15	0.08	2007-2008	Deputy Commissioner (Appeals) of Sales Tax Delhi.
3.3		Trade Tax	0.76	-	2008-2009	Deputy Commissioner (Appeals) of Sales Tax Delhi.
4.1	**Tamil Nadu General Sales Tax Act, 1959****	Sales Tax*	-	0.05	2003-2004	Commercial Tax Officer, Chennai.
4.2		Sales Tax	0.13	-	2004-2005	Commercial Tax Officer, Chennai
4.3		Sales Tax*	0.29	0.05	2005-2006	Commercial Tax Officer, Chennai.
4.4		Sales Tax	0.33	-	2006-2007	Deputy Commissioner (Appeals) Sales Tax, Chennai.
4.5		Sales Tax*	0.88	0.42	2007-2008	Commercial Tax Officer, Chennai.
4.6		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	1.04	-	2008-2009	Joint Commissioner (Appeals) of Sales Tax, Kolkata.
6.1	**Rajasthan Sales Tax Act, 1994****	Sales Tax*	0.02	0.01	1998-1999; 2000-2001; 2001-2002; 2003-2004	Deputy Commissioner (Appeals) of Sales Tax, Jaipur.
6.2		Sales Tax	0.02	-	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	0.16	-	2006-2007 2007-2008	Deputy Commissioner (Appeals) of Commercial Tax, Jaipur.
8.1	**Kerala General Sales Tax Act, 1963****	Sales Tax*	0.27	0.15	2001-2002	Tribunals of Sales Tax, Kochi.
8.2		Sales Tax*	0.52	0.33	2002-2003; 2003-2004; 2004-2005	Deputy Commissioner (Appeals) of Sales Tax, Kochi.
8.3		Sales Tax (including Penalty)*	0.29	0.07	2007-2008; 2008-2009; 2009-2010; 2010-2011; 2011-2012	Check post authorities, Kerala.
9.1	**Uttarakhand Value Added Tax Act, 2005 ****	Sales Tax	3.60	-	2006-2007	Deputy Commissioner Commercial Tax, Dehradun.
		Sales Tax (including Penalty)*	0.70	0.12	2007-2008 2008-2009	Joint Commissioner Commercial Tax, Dehradun.
		Sales Tax*	8.68	1.36	2007-2008 2008-2009	Joint Commissioner Commercial. Tax, Dehradun.
10.1	**Jammu & Kashmir Value Added tax Act, 2005****	Sales Tax (including Penalty)*	2.75	0.08	2007-2008 2008-2009	Deputy Commissioner (Appeals), Jammu.
11.1	**Punjab General Sales Tax Act, 1948****	Sales Tax (including Penalty)	0.06	-	2004-2005	High Court Chandigarh & Punjab.
12.1	**Punjab Value Added Tax Act, 2005****	Sales Tax (including Penalty)*	0.50	0.45	2007-2008	Tribunal Chandigarh.
12.2		Sales Tax (including Penalty)*	0.22	0.05	2008-2009	Tribunal Chandigarh.
13.1	**Andhra Pradesh Value Added Tax Act, 2005****	Sales Tax*	0.25	0.14	2005-2006 2006-2007	Commissioner (Appeals) of Commercial Tax, Hyderabad.
13.2		Sales Tax*	0.00	0.10	2007-2008	Commissioner (Appeals) of Commercial Tax, Hyderabad.
14.1	**Karnataka Value Added Tax Act,2003.****	Sales Tax*	0.47	-	2006-2007	Assessing Officer, Bangalore.
14.2		Sales Tax*	1.16	0.98	2005-2006 2006-2007	Deputy Commissioner Appeal, Bangalore.
14.3		Sales Tax*	0.50	0.25	2007-2008	Joint Commissioner Appeal, Bangalore.
14.4		Sales Tax*	2.96	1.35	2008--2009 2011-2012	Deputy Commissioner, Bangalore.
	Sub Total (a)		**44.89**	**12.10**		
15.1	**Central Excise Act, 1944**	Excise Duty (including Penalty)	0.95	-	2002-2003; 2003-2004	Central Excise & Service Tax. Appellate Tribunal, Chennai.
15.2		Excise Duty	0.08	0.04	July to December, 2006	Commissioner (Appeals), Chennai.
15.3		Excise Duty (including Penalty)	0.04	-	January 2007 to March 2007	Commissioner (Appeals), Chennai.
15.4		Excise Duty (including Penalty)	0.04	-	April 2007 to July 2007	Commissioner (Appeals), Chennai.
15.5		Excise Duty (including Penalty)	0.04	-	April 2008 to December 2008	Commissioner (Appeals), Chennai.
15.6		Excise Duty (including Penalty)	0.06	-	September 2007 to March 2008	Central Excise & Service Tax. Appellate Tribunal, Chennai.
15.7		Excise Duty (including Penalty)	1.62	-	January 2010	Commissioner (Appeals).
15.8		Excise Duty (Including Penalty)	0.01	-	December 2010	Commissioner (Appeals).
15.9		Excise Duty (Including Penalty)	3.24	0.60	1980-1981; 1981-1982; 1982-1983; 1983-1984	Central Excise & Service Tax Appellate Tribunal, Delhi.
15.10		Excise Duty (Including Penalty)	1.03	0.00	July 2003 to September 2005	Central Excise & Service Tax Appellate Tribunal, Chennai.
15.11		Excise Duty (Including Penalty)	1.63	0.00	July 2003 to March 2006	Central Excise & Service Tax Appellate Tribunal, Chennai.
15.12		Excise Duty (Including Penalty)	0.34	-	September 2005 to September 2006	Commissioner (Appeals), Chennai.
15.13		Excise Duty (Including Penalty)	0.34	-	September 2005 to September 2006	Commissioner (Appeals), Chennai.
15.14		Excise Duty (Including Penalty)	0.13	-	January to June 2007	Commissioner (Appeals), Chennai.
15.15		Wrong availment of Input credit - Service Tax	0.06	-	January to June 2007	Commissioner (Appeals), Chennai.
15.16		Excise Duty (Including Penalty)	0.02	-	July 2008	Commissioner (Appeals), Mumbai.
	Sub Total (b)#		**9.63**	**0.64**		

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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
16.1	**Income Tax Act, 1961**	Income Tax (Representative Assessee)	0.37	-	1989-1990	High Court, Delhi.
16.2		Income Tax (Representative Assessee)	0.16	0.16	1990-1991	High Court, Delhi.
16.3		Income Tax (Regular Assessment of erstwhile HCL Infinet Limited)	0.87	-	2005-2006	Commissioner (Appeals), Delhi.
16.4		Income Tax (Regular Assessment of erstwhile HCL Infinet Limited)	1.54	-	2006-2007	Commissioner (Appeals), Delhi.
16.5		Income Tax (Representative Assessee)	0.27	-	2007-2008	Commissioner (Appeals), Delhi.
16.6		Income Tax (Representative Assessee)	0.74	0.72	2008-2009	Commissioner (Appeals), Delhi.
	Sub Total (c)		**3.95**	**0.88**		
	Total (a) + (b) + (c)		**58.47**	**13.62**		

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 (Formerly known as 'Guddu Investments (Pondi) Private Limited')

b) List of parties where control exists/existed:

Wholly owned Subsidiaries:
HCL Infinet Limited *
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

Others Subsidiaries:
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 Infinet Limited ceased to be a subsidiary with effect from October 31, 2011
** 60% Shareholding till December 31, 2011

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.

Notes to the financial Statements

A. Transactions	Company having substantial interest		Subsidiaries		Others		Key Management Personnel		Total	
	Jun-12	Jun-11	**Jun-12**	Jun-11	**Jun-12**	Jun-11	**Jun-12**	Jun-11	**Jun-12**	Jun-11
Sales and Related Income	**0.00**	0.00	**152.11**	8.55	**142.84**	116.14			**294.95**	124.69
- HCL Technologies Limited					**130.05**	106.67				
- HCL Infosystems MEA FZCO			**21.97**	6.76						
- Digilife Distribution and Marketing Services Limited			**129.81**	-						
Services	**0.01**	0.01	**2.79**	0.82	**11.10**	9.26			**13.90**	10.09
- HCL Technologies Limited					**7.94**	8.02				
- HCL BPO Services (NI) Limited					**2.20**	0.20				
- HCL Infinet Limited			**0.34**	-						
- HCL Infosystems MEA FZCO			**2.11**	-						
Purchase of Goods			**286.44**	94.15					**286.44**	94.15
- Digilife Distribution and Marketing Services Limited			**21.77**	31.33						
- HCL Insys Pte. Limited			**264.66**	62.82						
Purchase of Services			**0.78**	5.44	**6.11**	3.92			**6.89**	9.36
- HCL Infinet Limited			**0.77**	5.42						
- HCL Technologies Limited					**6.11**	2.77				
Purchase of Investment			**31.21**	40.84					**31.21**	40.84
- Pimpri Chinchwad eServices Limited			**-**	0.05						
- HCL Investments Pte. Limited			**1.47**	5.83						
- HCL Insys Pte. Limited			**-**	19.96						
- Digilife Distribution and Marketing Services Limited			**29.00**	15.00						
- HCL Touch Inc.			**0.74**	-						
Loans and Advances Refunded/Adjusted			**30.17**	29.53					**30.17**	29.53
- HCL Infinet Limited			**18.57**	1.43						
- HCL Insys Pte. Limited			**-**	11.10						
- Digilife Distribution and Marketing Services Limited			**11.60**	17.00						
Loans and Advances Given			**3.31**	45.86					**3.31**	45.86
- HCL Infinet Limited			**-**	9.00						
- Digilife Distribution and Marketing Services Limited			**-**	18.60						
- RMA Software Park Private Limited			**3.31**	7.16						
- HCL Insys Pte. Limited			**-**	11.10						
Assets Purchased			**0.30**	1.73	**-**	4.30			**0.30**	6.03
- HCL Infinet Limited			**-**	1.46						
- HCL Technologies Limited					**-**	4.30				
- Digilife Distribution and Marketing Services Limited			**0.25**	-						
- HCL Insys Pte. Limited			**0.05**	-						
Remuneration							**8.74**	7.02	**8.74**	7.02
- Mr. Ajai Chowdhry							**3.14**	3.32		
- Mr. Harsh Chitale							**2.50**	1.38		
- Mr. J.V. Ramamurthy							**1.56**	1.30		
- Mr. Sandeep Kanwar							**1.54**	1.02		
Reimbursements towards expenditure										
a) Received	**0.09**	0.02	**2.10**	1.02	**0.50**	0.02			**2.69**	1.06
- HCL Infinet Limited			**1.24**	0.98						
- HCL Technologies Limited.					**0.50**	-				
- Digilife Distribution and Marketing Services Limited			**0.87**	-						
b) Made	**0.27**	0.04	**0.99**	0.94	**1.96**	2.95			**3.22**	3.93
- HCL Infinet Limited			**0.14**	-						
- HCL Technologies Limited					**1.92**	2.95				
- HCL Infosystems MEA FZCO			**0.84**	-						
- Digilife Distribution and Marketing Services Limited			**-**	0.72	**-**	-				
B. Amount due to / from related parties										
Investments			**117.82**	98.30					**117.82**	98.30
Trade Receivables	**0.06**	0.09	**106.25**	2.29	**66.82**	67.06			**173.13**	69.44
Loans and Advances Recoverables	**0.34**	0.35	**26.19**	58.67	**2.38**	0.50			**28.91**	59.52
Trade Payables			**172.41**	43.78	**0.01**	2.01			**172.42**	45.79

Notes to the financial Statements

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, 2012

A. Loans and Advances in the nature of Loans to Subsidiary

	2012 ₹/Crores					2011 ₹/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 Infsys Pte. Limited	HCL Infocom Limited	Digilife Distribution and Marketing Service Limited	HCL Infinet Limited
a. Balance outstanding at the year end	**26.18**	**-**	**0.04**	**-**	**-**	22.87	-	0.03	11.60	18.57
b. Maximum amount outstanding during the year ended June 30, 2012	**26.18**	**-**	**0.04**	**11.60**	**20.06**	22.87	11.10	0.03	19.75	20.00

B. Loans and Advances in the nature of loans to Fellow Subsidiaries

	2012	2011
a. Name	-	-
b. Balance outstanding at the year end	**Nil**	Nil
c. Maximum amount outstanding during the year ended June 30, 2012	**Nil**	Nil

C. Loans and Advances in the nature of Loans where there is no repayment schedule

	2012	2011
a. Name	-	-
b. Balance outstanding at the year end	**Nil**	Nil
c. Maximum amount outstanding during the year ended June 30, 2012	**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

	2012					2011				
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	**26.18**	**-**	**0.04**	**-**	**-**	22.87	-	0.03	11.60	18.57
c. Maximum amount out standing during the year ended June 30, 2012	**26.18**	**-**	**0.04**	**11.60**	**20.06**	22.87	11.10	0.03	19.75	20.00

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

	2012	2011
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

	2012	2011
a. Name of the Loanee	-	-
b. Balance outstanding at the year end	**Nil**	Nil
c. Maximum amount outstanding during the year ended June 30, 2012	**Nil**	Nil
d. Investments made by the Loanee	**Nil**	Nil
e. Maximum amount of Investment during the year ended June 30, 2012	**Nil**	Nil

56. a) Loss of ₹ 0.99 crores (2011 - Profit of ₹ 0.16 Crores) on sale of fixed assets has been adjusted against the Profit/Loss on sale of fixed assets.

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

Notes to the financial Statements

57- 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	
	2012	2011	**2012**	2011	**2012**	2011
Forward Contracts to buy USD	**$8.18**	$3.54	**56.10**	45.41	**9 Months**	3 Months
Options to hedge USD liability	**$0.80**	-	**55.93**	-	**13 Months**	-

The above derivatives have been undertaken to hedge the foreign currency exposures on Import/Royalty payables as at June 30, 2012.

b) As on June 30, 2012, the foreign currency exposure that is not hedged by a derivative instrument or otherwise in respect of Trade Payable are ₹ 209.29 Crores (2011 - ₹ 316.77 Crores) and in respect of Trade Receivables are ₹ 38.80 Crores (2011 - ₹ 13.05 Crores).

c) Mark-to-Market losses provided for as on June 30, 2012 of ₹ 0.27 Crores (2011 - ₹ Nil)

d) The unaccrued forward exchange cover as on June 30, 2012 of ₹ 7.06 Crores (2011 - ₹ 1.50 Crores) has been included under 'Other 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 ₹ 11.47 Crores (2011 - ₹ Nil) stands deferred as at June 30, 2012.

58- The financial statements for the year ended June 30, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended June 30, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

For Price Waterhouse
Firm Registration Number-301112E
Chartered Accountants

ABHISHEK RARA
Partner
Membership Number 77779

Place : Noida
Dated : August 24, 2012

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 attached consolidated balance sheet 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) as at June 30, 2012, the related consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of five subsidiaries and their five step down subsidiaries and two jointly controlled entities of its subsidiaries included in the consolidated financial statements, which constitute total assets of ₹ 274.98 Crores and net assets of ₹ 111.07 Crores as at June 30, 2012, total revenue of ₹ 418.81 Crores, net profit of ₹ 2.91 Crores and net cash flows amounting to ₹ 36.58 Crores for the year then ended. The financial statements and other financial information have been audited by other auditors for eight subsidiaries and one jointly controlled entity of a subsidiary whose reports have been furnished to us, and two subsidiaries and one jointly controlled entity of a subsidiary have been certified by the respective directors of these entities, 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 and those management certified financial statements.

4. 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 and Accounting Standard (AS) 27 - Financial Reporting of Interests in Joint Ventures notified under sub-section 3C of Section 211 of the Companies Act, 1956.

5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to above, and to the best of our information and according to the explanations given to us, in our opinion, the attached 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, 2012;

   (b) in the case of the consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and

   (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Abhishek Rara
Partner
Membership Number: 77779

Place: Noida
Date: August 24, 2012

Consolidated Balance Sheet as at June 30, 2012

	Notes	As at 30.06.2012 ₹/Crores		As at 30.06.2011 ₹/Crores	
Equity and Liabilities:					
Shareholders' funds					
Share capital	2, 3	**44.58**		44.58	
Reserves and surplus	3	**1,866.53**	**1,911.11**	1,862.64	1,907.22
Minority interest			**-**		4.00
Non-current liabilities					
Long-term borrowings	4	**132.20**		196.37	
Other long-term liabilities	5	**148.83**		58.58	
Long-term provisions	6	**26.50**	**307.53**	29.23	284.18
Current liabilities					
Short-term borrowings	7	**492.41**		391.10	
Trade payables	8	**1,746.84**		1,528.20	
Other current liabilities	9	**550.44**		513.65	
Short-term provisions	10	**17.87**	**2,807.56**	77.17	2,510.12
Total Equity and Liabilities			**5,026.20**		4,705.52
Assets:					
Non-current assets					
Fixed assets					
- Tangible assets	11	**267.44**		269.51	
- Intangible assets	11	**90.72**		67.81	
- Capital work-in-progress		**35.56**		31.58	
- Intangible assets under development		**10.52**		-	
Deferred tax assets (net)	32	**27.31**		21.38	
Long-term loans and advances	13	**64.88**		50.80	
Trade receivables	14	**22.81**		21.68	
Other non-current assets	15	**336.78**	**856.02**	158.86	621.62
Current assets					
Current investments	12	**431.77**		607.09	
Inventories	16	**707.32**		614.26	
Trade receivables	17	**1,218.45**		1,315.37	
Cash and bank balances	18	**302.66**		265.73	
Short-term loans and advances	19	**293.37**		285.39	
Other current assets	20	**1,216.61**	**4,170.18**	996.06	4,083.90
Total Assets			**5,026.20**		4,705.52
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 77779

Place : Noida
Dated : August 24, 2012

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, 2012

	Notes	Year ended 30.06.2012 ₹/Crores		Year ended 30.06.2011 ₹/Crores	
Revenue:					
Revenue from operations (gross)	21	**10,855.73**		11,548.21	
Less: Excise Duty		**86.20**	**10,769.53**	122.19	11,426.02
Other income	22		**127.03**		84.58
			10,896.56		11,510.60
Expenses:					
Cost of materials consumed			**1,368.28**		1,626.57
Purchases of stock-in-trade			**7,936.81**		7,981.60
Changes in inventories of finished goods, work-in-progress and stock-in-trade	23		**(58.45)**		226.71
Other direct expense	24		**418.40**		426.95
Employee benefits expense	25		**488.84**		486.90
Finance costs	26		**84.62**		79.38
Depreciation and amortisation expense	11		**46.06**		38.36
Other expenses	27		**527.61**		414.69
			10,812.17		11,281.16
Profit before tax			**84.39**		229.44
Tax expense					
Current tax		**30.36**		66.19	
Less: MAT Credit Entitlement		**(10.04)**		-	
Current tax - For the year		**20.32**		66.19	
Current tax - For earlier years		**-**		1.79	
Deferred tax	32	**(5.93)**	**14.39**	(7.87)	60.11
Profit for the year			**70.00**		169.33
Minority Interest			**(2.07)**		1.14
Profit after Minority Interest for the year			**72.07**		168.19
Earning per equity share (in ₹)	35				
Basic (of ₹ 2/- each)			**3.23**		7.67
Diluted (of ₹ 2/- each)			**3.23**		7.67
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 77779

HARSH CHITALE
Chief Executive Officer
& Whole Time Director

E.A. KSHIRSAGAR
Director

Place : Noida
Dated : August 24, 2012

SANDEEP KANWAR
Chief Financial Officer

SUSHIL KUMAR JAIN
Company Secretary

Consolidated Cash Flow Statement for the year ended June 30, 2012

	Year ended 30.06.2012 ₹/Crores		Year ended 30.06.2011 ₹/Crores	
1. Cash Flow from Operating Activities:				
Profit before tax		**84.39**		229.44
Adjustments for:				
Depreciation and Amortisation Expense	**46.06**		38.36	
Finance Costs	**84.62**		79.38	
Interest Income	**(33.83)**		(22.99)	
Dividend Income	**(1.97)**		(28.91)	
Net (Profit)/Loss on Sale of Fixed Assets	**(1.96)**		0.21	
Fixed Assets Written-Off	**0.92**		0.13	
Goodwill Written-Off	**6.05**		-	
Profit on Disposal of Unquoted (Others) Current Investments	**(41.09)**		(9.37)	
Gain on Sale of Subsidiary	**(25.55)**		-	
Provision for Doubtful Debts	**63.40**		36.36	
Provision for Doubtful Loans and Advances	**1.31**		-	
Provision for Doubtful Other Current Assets	**0.83**		0.41	
Provisions/Liabilities no longer required Written Back	**(17.77)**		(20.10)	
Provision for Gratuity and Other Employee Benefits	**0.37**		5.62	
Diminution in the Value of Unquoted/Quoted (Others) Current Investments	**(0.20)**		2.07	
Unrealised Foreign Exchange (Gain)/Loss	**34.25**		(3.97)	
Effect of Exchange Differences on Translation of Subsidiaries	**9.55**		(1.19)	
Provision for Warranty Liability	**5.80**	**130.79**	(0.99)	75.02
Operating profit before working capital changes		**215.18**		304.46
Adjustments for changes in working capital:				
- (Increase)/Decrease in Trade Receivables	**22.44**		(81.60)	
- (Increase)/Decrease in Loans and Advances and Other Assets	**(230.23)**		(115.83)	
- (Increase)/Decrease in Inventories	**(93.06)**		225.31	
- Increase/(Decrease) in Liabilities	**325.09**	**24.24**	(300.27)	(272.39)
Cash generated from operations		**239.42**		32.07
- Taxes (Paid)/Received (Net of Tax Deducted at Source)		**(0.03)**		(45.12)
Net cash from operating activities (A)		**239.39**		(13.05)
2. Cash flow from Investing Activities:				
Purchase of Fixed Assets (including Intangible Assets)	**(69.68)**		(108.28)	
Capital Work-In-Progress (including Intangible Assets under Development)	**(15.28)**		0.85	
Proceeds from Sale of Fixed Assets	**5.95**		3.09	
Proceeds from Sale of Current Investments	**1,852.96**		4,937.14	
Lease Rental Recoverable	**(236.99)**		(98.94)	
Purchase of Current Investments	**(1,639.02)**		(4,683.20)	
Investments in Bank Deposits (with original maturity of more than three months)	**(7.77)**		-	
Movement in Margin Money	**1.09**		(9.21)	
Interest Received	**30.43**		21.14	
Dividend Received on Current Investments	**1.97**		28.91	
Proceeds from Sale of Subsidiary	**24.05**	**(52.29)**	-	91.50
Net cash from/(used in) investing activities (B)		**(52.29)**		91.50

Consolidated Cash Flow Statement for the year ended June 30, 2012

	Year ended 30.06.2012 ₹/Crores		Year ended 2011 ₹/Crores	
3. Cash Flow from Financing Activities:				
Share Capital issued	-		0.93	
Share Premium Received (Net)	-		52.03	
Secured Loans				
Short term paid	**(31.01)**		(2.59)	
Long term paid	**(33.83)**		(7.18)	
Unsecured Loans				
Short term received	**157.80**		55.00	
Long term received	-		79.35	
Long term paid	**(30.34)**		(16.87)	
Interest Paid	**(90.04)**		(78.78)	
Dividend Paid	**(111.34)**		(174.88)	
Corporate Dividend Distribution Tax Paid	**(18.09)**	**(156.85)**	(29.13)	(122.12)
Net Cash used in financing activities (C)	**(156.85)**		(122.12)	
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		**30.25**		(43.67)
Opening Balance of Cash and Cash Equivalents		**255.24**		298.91
Closing Balance of Cash and Cash Equivalents [Includes exchange rate fluctuation of ₹ 3.39 Crores (2011 - ₹ 0.08 Crores)]		**285.49**		255.24
Cash and cash equivalents comprise		**285.49**		255.24
Cash, Cheques and Drafts (in hand)		**76.37**		61.14
Balance with Banks on Current Accounts		**199.47**		188.60
Balance with Banks on Deposits Accounts		**9.65**		5.50

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 the following balances with banks which are not available for use by the Company:

	Year ended 30.06.2012 ₹/Crores	Year ended 30.06.2011 ₹/Crores
Unclaimed Dividend	**3.90**	3.79

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 77779

Place : Noida
Dated : August 24, 2012

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		**2012**	**2011**
HCL Infinet Limited (Ceased to be a subsidiary with effect from October 31, 2011) [Refer Note 40(e)]	India	-	100
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	100
HCL Touch Inc. (Refer Note 40(d))	USA	100	-
Step-down Subsidiary of HCL Insys Pte. Limited			
HCL Infosystems MEA FZCO (60% Shareholding till December 31, 2011)	Dubai	100	60
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	-
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 [Refer Note 40(g)]	Dubai	20	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 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 & 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 Fixture	4-6	years
Air Conditioners*	3-6	years
Vehicles	4-6	years
Office Equipment	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

* For HCL Infinet Limited the economic useful life was 9.67 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) The one-time license fee capitalised is amortised equally over the balance period of license from the date of license.

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

(f) 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 quotes.

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 a contract are recognised 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:

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. LICENSE FEES - REVENUE SHARE

With effect from December 16, 2004, the variable license fee is computed as per the License Agreement for Provision of Internet Services (including Internet Telephony), License Agreement for National Long Distance Service and from Department of Telecommunications (DOT) letter dated June 21, 2006, and is being charged to the Statement of Profit and Loss in the year in which the related revenue from the Group's Networking and Internet related products and services segment arises.

l. ROYALTY

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

m. 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.

n. 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.

o. 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.

p. 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 jurisdiction 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. 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.

q. 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.

r. 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.

s. 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.

t. 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.

u. 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.

v. 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 30.06.2012 ₹/Crores		As at 30.06.2011 ₹/Crores	
2- Share Capital				
Authorised				
55,00,00,000 Equity Shares (2011 - 55,00,00,000) of ₹ 2/- each		**110.00**		110.00
5,00,000 Preference Shares (2011 - 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 30.06.2012 Number of Shares	As at 30.06.2012 % of shares	As at 30.06.2011 Number of Shares	As at 30.06.2011 % of Shares
(a) HCL Corporation Private Limited (Formerly known as 'Guddu Investments (Pondi) Private Limited')	**95,500,651**	**42.85**	95,500,651	42.85
(b) Franklin Templeton Investment Funds	**21,249,492**	**9.53**	21,287,892	9.55
(c) HSBC Global Investment funds Mauritius Ltd.	**16,300,000**	**7.31**	16,300,000	7.31
(d) AKM Systems Pvt. Ltd.	**12,179,627**	**5.46**	11,997,007	5.38

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, 2010	218,258,502	43.65	0.04	826.30	193.25	8.00	-	803.76	1,831.35
Issue of equity shares on conversion of share warrants	4,620,667	0.93	-	69.74	-	-	-	-	69.74
Issue of equity shares on exercise of employee stock options	460	0.00 #	-	-	-	-	-	-	-
Addition/deletion to Foreign Currency Transaltion Reserve	-	-	-	-	-	-	(1.19)	-	(1.19)
Profit for the year	-	-	-	-	-	-	-	168.19	168.19
Proposed Dividend	-	-	-	-	-	-	-	(44.58)	(44.58)
Corporate Dividend Distribution Tax on Proposed Dividend	-	-	-	-	-	-	-	(7.23)	(7.23)
Interim Dividend	-	-	-	-	-	-	-	(131.72)	(131.72)
Corporate Dividend Distribution Tax on Interim Dividend	-	-	-	-	-	-	-	(21.88)	(21.88)
Transfer to Debenture Redemption Reserve	-	-	-	-	-	4.00	-	(4.00)	-
Transfer to General Reserve	-	-	-	-	17.72	-	-	(17.72)	-
Securities Premium Account utilised during the year	-	-	-	(0.04)	-	-	-	-	(0.04)
As at June 30, 2011	**222,879,629**	**44.58**	**0.04**	**896.00**	**210.97**	**12.00**	**(1.19)**	**744.82**	**1,862.64**
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/deletion 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**

Represents ₹ 920

Notes to the Consolidated Financial Statements

	As at 30.06.2012 ₹/Crores	As at 30.06.2011 ₹/Crores
4- Long-term borrowings		
Secured:		
Debentures	**-**	80.00
Term Loans		
- From Banks	**53.34**	-
- From Others	**5.69**	10.49
Deferred Payment Liabilities	**3.55**	5.92
	62.58	96.41
Unsecured:		
Term Loans		
- From Others	**21.18**	30.45
Finance Lease Obligation (Refer Note 34)	**48.44**	69.51
	69.62	99.96
TOTAL	**132.20**	196.37

Notes:

1. The Company issued 800 Rated Taxable Secured Redeemable Non-Convertible Debentures of face value of ₹ 10 lakhs each, aggregating to ₹ 80.00 Crores, at a coupon rate of 12.75% per annum payable annually on private placement basis to Life Insurance Corporation of India on December 19, 2008. These Debentures were redeemable at par at the end of 5th year from the date of allotment, with a call option exercisable by the issuer, only at the end of 3 years from the date of allotment and secured by way of first mortgage and charge on identified immovable and movable assets of the Company. During the year, on December 19, 2011 the Company has exercised it's call option and accordingly has repaid these debentures.
2. Secured Term Loan from Others amounting to ₹ 6.19 Crores (2011 - ₹ 11.82 Crores), out of which ₹ 6.08 Crores (2011- ₹ 5.62 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 and carries interest @ 7.8 to 8.5 % p.a.
3. Secured Term Loan from Others amounting to ₹ 5.34 Crores (2011 - ₹ 4.01 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.
4. Secured Term Loan from Others amounting to ₹ 0.37 Crores (2011 - ₹ 0.40 Crores), out of which ₹ 0.15 Crores (2011- ₹ 0.11 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.
5. Secured Term Loan from Banks amounting to ₹ 80 Crores (2011 - ₹ Nil), out of which ₹ 26.67 Crores (2011 - ₹ Nil) 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 loans is repayable in 6 half yearly installments from the date of the loan which carries interest @ 11.25 % p.a.
6. Unsecured Term loans from Others amounting to ₹ 31.26 Crores (2011 - ₹ 44.47 Crores) and ₹ 0.07 Crores (2011 - ₹ 0.21 Crores), out of which ₹ 10.15 Crores (2011 - ₹ 14.23 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 and are interest free.
7. Deferred Payment liabilities amounting to ₹ 5.92 Crores (2011 - ₹ 8.29 Crores), out of which ₹ 2.37 Crores (2011 - ₹ 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 30.06.2012 ₹/Crores	As at 30.06.2011 ₹/Crores
5- Other long-term liabilities		
Trade Payables		
- Oustanding due to Other than Micro and Small Enterprises [Including Acceptance ₹ 66.81 Crores (2011 - ₹ Nil)]	**121.15**	10.39
Deferred Revenue	**24.39**	42.89
Others	**3.29**	5.30
TOTAL	**148.83**	58.58
6- Long-term provisions		
Provision for Gratuity and Other Employee Benefits (Refer Note 37)	**26.50**	29.23
TOTAL	**26.50**	29.23

Notes to the Consolidated Financial Statements

	As at 30.06.2012 ₹/Crores		As at 30.06.2011 ₹/Crores	
7- Short-term borrowings				
Secured:				
Loans from Banks				
- Cash Credits		**17.40**		48.41
		17.40		48.41
Unsecured:				
Loans repayable on demand				
- From Other Parties		**3.40**		7.69
Others				
- Commercial Paper		**265.00**		280.00
- Buyers Credit		**6.61**		-
- Term Loans from Banks		**200.00**		55.00
		475.01		342.69
TOTAL		**492.41**		391.10

Note:
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 30.06.2012 ₹/Crores		As at 30.06.2011 ₹/Crores	
8- Trade payables				
Trade Payables				
- Oustanding due to Micro and Small Enterprises		**1.89**		1.17
- Oustanding due to Other than Micro and Small Enterprises [Including Acceptance ₹ 651.61 Crores (2011 - ₹ 380.45 Crores)]		**1,744.95**		1,527.03
TOTAL		**1,746.84**		1,528.20
9- Other current liabilities				
Current Maturities of Long-Term Debts (Refer Note 4)		**45.42**		22.33
Current Maturities of Finance Lease Obligations (Refer Note 4 and 34)		**20.90**		18.51
Interest Accrued but not due on Borrowings		**0.75**		6.65
Unpaid Dividends*		**3.90**		3.79
Deferred Revenue		**146.66**		181.56
Advances Received from Customers		**148.85**		114.73
Statutory Dues Payable		**87.45**		75.85
Employees Benefits Payable		**39.63**		72.86
Capital Creditors		**39.74**		17.29
Other Payable		**17.14**		0.08
TOTAL		**550.44**		513.65

* 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, 2012. These shall be credited and paid to the Fund as and when due.

	As at 30.06.2012 ₹/Crores	As at 30.06.2011 ₹/Crores
10- Short-term provisions		
Provision for Gratuity and Other Employee Benefits (Refer Note 37)	**6.60**	3.50
Provision for Warranty Liability (Refer Note 31)	**11.27**	5.47
Provision for Income Tax [Net of Advance Income Tax of ₹ Nil (2011 - ₹ 701.59 Crores)]	**-**	16.39
Provision for Proposed Dividend	**-**	44.58
Provision for Corporate Dividend Distribution Tax on Proposed Dividend	**-**	7.23
TOTAL	**17.87**	77.17

11- Fixed Assets

₹/Crores

Particulars	Gross Block				Depreciation/Amortisation				Net Block	
	As at 01.07.2011	Additions	Disposal	As at 30.06.2012	As at 01.07.2011	Additions	Disposal	As at 30.06.2012	As at 30.06.2012	As at 30.06.2011
Tangible Assets:										
Leasehold Land	79.26	-	-	79.26	1.99	0.89	-	2.88	76.38	77.27
Leasehold Premises	1.82	-	0.23	1.59	0.15	-	-	0.15	1.44	1.67
Assets Given on Operating Lease										
Plant and Machinery	35.84	16.39	0.14	52.09	9.86	6.06	0.10	15.82	36.27	25.98
Own Assets										
Land	25.71	-	-	25.71	-	-	-	-	25.71	25.71
Buildings	90.40	8.36	2.16	96.60	19.36	2.35	0.53	21.18	75.42	71.04
Plant and Machinery	91.23	2.02	59.14	34.11	61.67	4.89	42.83	23.73	10.38	29.56
Furniture and Fixtures	41.96	2.78	4.28	40.46	29.02	4.86	3.87	30.01	10.45	12.94
Office Equipments	18.40	3.54	1.34	20.60	8.35	2.78	0.54	10.59	10.01	10.05
Vehicles	2.54	1.43	0.06	3.91	1.44	0.51	-	1.95	1.96	1.10
Computers	41.20	15.61	2.46	54.35	27.01	9.75	1.83	34.93	19.42	14.19
Sub-Total (a)	**428.36**	**50.13**	**69.81**	**408.68**	**158.85**	**32.09**	**49.70**	**141.24**	**267.44**	**269.51**
Previous Year	381.02	57.02	9.68	428.36	135.85	29.24	6.24	158.85	269.51	
Intangible Assets:										
Goodwill	1.33	-	0.02	1.31	0.68	0.42	-	1.10	0.21	0.65
Software	50.45	1.55	5.11	46.89	13.74	9.95	2.68	21.01	25.88	36.71
Intellectual Property Rights (Refer Note 40(c))	10.37	26.71	-	37.08	2.07	3.56	-	5.63	31.45	8.30
License Fees	2.50	-	2.50	-	0.64	0.04	0.68	-	-	1.86
Goodwill on Consolidation	20.29	18.94	6.05	33.18	-	-	-	-	33.18	20.29
Sub-Total (b)	**84.94**	**47.20**	**13.68**	**118.46**	**17.13**	**13.97**	**3.36**	**27.74**	**90.72**	**67.81**
Previous Year	21.60	63.34	-	84.94	6.76	10.37	-	17.13	67.81	
Total (a+b)									**358.16**	337.32

Notes:

1. Land (included under 'Own Assets') and Building at Ambattur amounting to ₹ 0.57 Crores (2011 - ₹ 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.

Notes to the Consolidated Financial Statements

12- Current investments

	As at 30.06.2012			As at 30.06.2011		
	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	10.54	₹ 100,000	1,000	10.38
9.02% Indian Renewable Energy Development Agency Limited 2025	₹ 1,000,000	100	10.32	₹ 1,000,000	100	10.23
8.64% Power Grid Corporation of India Limited - 2020	₹ 12,50,000	40	5.08	₹ 12,50,000	40	5.03
8.87% Indian Renewable Energy Development Agency Limited - 2020	₹ 1,000,000	100	10.29	₹ 1,000,000	100	10.29
8.90% NABARD - 2013	₹ 1,000,000	100	10.39	₹ 1,000,000	100	10.45
8.80% Rural Electrification Corporation Limited - 2020	₹ 1,000,000	100	10.13	₹ 1,000,000	100	10.21
Sub - Total (a)			56.75			56.59
(ii) **Unquoted (Others): Current (At lower of Cost or Fair Value)**						
Mutual Funds, Dividend Options						
Kotak Floater Long Term	-	-	-	₹ 10	37,136,064	37.47
Birla Sunlife Savings Fund	-	-	-	₹ 10	35,014,480	35.05
IDFC Money Manager Fund - Treasury Plan - Super Institutional Plan C Growth	-	-	-	₹ 10	34,072,931	34.25
Religare Ultra Short Term Fund - Institutional	-	-	-	₹ 1000	280,224	28.07
ICICI Prudential Flexible Income Plan	-	-	-	₹ 100	2,422,243	25.55
Tata Floater Fund	-	-	-	₹ 10	9,919,946	10.00
UTI Treasury Advantage Fund Institutional Weekly	-	-	-	₹ 1000	99,559	10.00
HDFC Cash Management Fund - Treasury Advantage Plan	-	-	-	₹ 10	8,977,471	9.01
Reliance Money Manager Fund - Institutional Option - Weekly Dividend	-	-	-	₹ 1000	50,116	5.01
Sub - Total (b)			-			194.41
Mutual Funds, Growth Options						
Reliance Quarterly Interval Fund - Series III	-	-	-	₹ 10	40,762,439	53.81
Reliance Money Manager Fund - Institutional Option	₹ 1000	332,921	50.00	-	-	-
IDFC Money Manager Fund - Treasury Plan - Super Institutional Plan C Growth	₹ 10	38,324,749	50.00	₹ 10	45,214,127	53.00
Kotak Floater Long Term	₹ 10	11,454,623	20.00	₹ 10	26,161,703	41.14
Birla Sunlife Savings Fund	₹ 100	2,863,382	60.00	₹ 10	21,488,508	40.97
HDFC Floating Rate Income Fund - Short Term	-	-	-	₹ 10	24,035,573	40.00
HDFC Cash Management Fund - Treasury Advantage Plan	₹ 10	33,173,272	80.00	-	-	-
ICICI Prudential Floating Rate Plan D	-	-	-	₹ 100	2,764,693	40.00
ICICI Prudential Flexible Income Plan	₹ 100	3,412,864	70.00	-	-	-
IDFC Fixed Maturity Plan - 100 Days Series 3	-	-	-	₹ 10	29,572,535	29.57
Tata Floater Fund	₹ 1000	91,153	15.02	₹ 10	16,400,137	24.50
Templeton Floating Rate Income Fund Super Institutional	-	-	-	₹ 10	13,409,919	18.00
Religare Ultra Short Term Fund - Institutional	-	-	-	₹ 1000	112,230	15.10
SBI-SHF Ultra Short Term Fund	₹ 1000	208,963	30.00	-	-	-
Sub - Total (c)			375.02			356.09
Total Current Investments (a+b+c)			431.77			607.09

Note : Net asset value of Current Investments in Mutual Funds as on June 30, 2012 is ₹ 375.11 Crores (2011 - ₹ 557.72 Crores).

	2012	2011
Aggregate amount of Quoted Investments (Market value ₹ 56.75 Crores (2011 - ₹ 56.59 Crores)	56.75	56.59
Aggregate amount of Unquoted Investments	375.02	550.50

	As at 30.06.2012 ₹/Crores		As at 30.06.2011 ₹/Crores	
13- Long-term loans and advances				
Unsecured, Considered good:				
Capital Advances		**13.95**		4.86
Deposits		**24.87**		21.39
Prepaid Expenses		**5.71**		11.80
Advance Income Tax				
[Net of Provision for Income Tax of ₹ 510.33 Crores (2011 - ₹ Nil)]		**15.31**		9.06
Other Loans and Advances		**5.04**		3.69
TOTAL		**64.88**		50.80
14- Trade receivables - Non-current				
Unsecured:				
Other Debts				
- Considered Good		**22.81**		21.68
TOTAL		**22.81**		21.68
15- Other non-current assets				
Unbilled Revenue		**0.84**		0.09
Lease Rental Recoverable (Refer Note 34)		**335.94**		158.77
TOTAL		**336.78**		158.86
16- Inventories				
Raw Materials and Components				
[Including In-Transit ₹ 44.71 Crores (2011 - ₹ 4.23 Crores)]		**179.78**		145.84
Work-In-Progress		**1.14**		1.46
Finished Goods				
[Including In-Transit ₹ 28.12 Crores (2011 - ₹ 28.22 Crores)]		**60.39**		62.37
Stock-In-Trade				
[Including In-Transit ₹ 77.03 Crores (2011 - ₹ 45.69 Crores)]		**385.60**		324.85
Stores and Spares		**80.41**		79.74
TOTAL		**707.32**		614.26
17- Trade receivables				
Unsecured:				
Debts outstanding for a period exceeding six months from the date they are due for payment				
- Considered Good	**308.19**		343.26	
- Considered Doubtful	**84.58**		43.71	
	392.77		386.97	
Other Debts				
- Considered Good	**910.26**		972.11	
	1,303.03		1,359.08	
Less: Provision for Doubtful Debts	**84.58**	**1,218.45**	43.71	1,315.37
TOTAL		**1,218.45**		1,315.37

Notes to the Consolidated Financial Statements

	As at 30.06.2012 ₹/Crores		As at 30.06.2011 ₹/Crores	
18- Cash and bank balances				
Cash and Cash Equivalents				
Balances with Banks				
- On Current Account	**195.58**		184.82	
Less: Money held in Trust	**0.01**	**195.57**	0.01	184.81
- On Dividend Account		**3.90**		3.79
Cash on Hand		**0.07**		0.09
Cheques on Hand		**76.30**		61.05
Bank Deposits with original maturity of three months or less	**9.97**		5.82	
Less: Money held in Trust	**0.32**	**9.65**	0.32	5.50
Other Bank Balances (Expected to be realised within one year)				
Bank Deposits with original maturity of more than three months and upto twelve months	**7.81**		-	
Bank Deposits with original maturity of more than twelve months	**0.18**	**7.99**	0.22	0.22
On Margin Account		**9.18**		10.27
TOTAL		**302.66**		265.73
19- Short-term loans and advances				
Unsecured				
Considered Good				
Balances with Customs, Port Trust, Excise and Sales Tax Authorities		**64.83**		59.51
Advances to Creditors		**91.47**		66.09
Deposits with Tax Authorities		**12.43**		4.66
Other Deposits		**30.16**		49.99
MAT Credit Entitlement		**10.04**		-
Prepaid Expenses		**73.76**		93.90
Others		**10.68**		11.24
Considered Doubtful				
Deposits and Other Advances	**2.74**		0.64	
Less: Provision for Doubtful Loans and Advances	**2.74**	**-**	0.64	-
TOTAL		**293.37**		285.39
20- Other current assets				
Lease Rental Recoverable (Refer Note 34)		**86.50**		26.68
Unbilled revenue		**47.18**		19.42
Contract-in-progress (Refer Note 41)*		**1,075.87**		948.46
Unamortised Premium on Forward Contracts		**7.06**		1.50
TOTAL		**1,216.61**		996.06

* Out of above contract-in-progress, which includes retention money, ₹ 589.73 Crores (2011 - ₹ 726.24 Crores) will be due after one year

Notes to the Consolidated Financial Statements

	Year endedd 30.06.2012 ₹/Crores	Year endedd 30.06.2011 ₹/Crores
21- Revenue from operations		
Sale of Products	**10,070.14**	10,825.66
Sale of Services	**770.11**	716.45
Other Operating Revenue		
- Scrap Sale	**1.01**	0.60
- Miscellaneous Income	**14.47**	5.50
TOTAL	**10,855.73**	11,548.21
22- Other income		
Interest Income		
- On Lease Rental	**27.53**	12.72
- On Fixed Deposits (Gross)	**0.83**	0.05
- On Bonds from Quoted (Others) Current Investments	**4.70**	3.01
- On Others	**0.77**	7.21
Dividend from Unquoted (Others) Current Investments	**1.97**	28.91
Profit on Disposal of Unquoted (Others) Current Investments	**41.09**	9.37
Net Profit/(Loss) on Sale of Fixed Assets	**1.96**	(0.21)
Provisions/Liabilities no longer required written back	**17.77**	20.10
Miscellaneous Income	**4.86**	3.42
Gain on Sale of Subsidiary (Refer Note 40(e))	**25.55**	-
TOTAL	**127.03**	84.58
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 ₹ 2.72 Crores (2011 - ₹ 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
Opening Stock		
- Finished Goods (Including in Transit) [Including excise duty of ₹ 2.71 Crores (2011 - ₹ 5.00 Crores)]	**62.37**	89.31
- Stock-In-Trade	**324.85**	526.08
- Work-In-Progress	**1.46**	-
	388.68	615.39
Changes in inventories of finished goods, work-in-progress and stock-in-trade	**(58.45)**	226.71
24- Other direct expense		
Purchase of Services (Refer Note 34(e)(ii))	**196.03**	196.85
Spares and Stores Consumed	**130.29**	107.96
Power and Fuel	**1.69**	1.88
Labour and Processing Charges	**3.21**	7.17
Royalty	**87.18**	113.09
TOTAL	**418.40**	426.95
25- Employee benefits expense (Refer Note 37)		
Salaries, Wages, Bonus and Gratuity	**457.98**	458.12
Contribution to Provident and Other Funds	**21.21**	19.05
Staff Welfare Expenses	**9.65**	9.73
TOTAL	**488.84**	486.90

Notes to the Consolidated Financial Statements

	Year endedd 30.06.2012 ₹/Crores	Year endedd 30.06.2011 ₹/Crores
26- Finance costs		
Interest on Long-term and Short-term Borrowings	**76.32**	75.23
Other Borrowing Costs	**3.58**	4.15
Net Loss on Foreign Exchange Fluctuation	**4.72**	-
TOTAL	**84.62**	79.38
27- Other expenses		
Rent (Refer Note 34(d)(ii))	**29.18**	30.77
Rates and Taxes	**9.66**	7.65
Printing and Stationery	**3.75**	4.37
Communication	**15.48**	8.44
Travelling and Conveyance	**49.03**	44.52
Packing, Freight and Forwarding	**48.57**	50.85
Legal, Professional and Consultancy Charges	**78.16**	45.26
Training and Conference	**5.34**	4.41
Office Electricity and Water	**10.42**	12.26
Insurance	**6.82**	9.16
Advertisement, Publicity and Entertainment	**64.36**	76.65
Hire Charges	**3.42**	5.00
Commission on Sales	**7.25**	20.61
Bank Charges	**23.55**	14.28
Provision for Doubtful Debts	**63.40**	36.36
Provision for Doubtful Loans and Advances	**1.31**	-
Provision for Doubtful Other Current Assets	**0.83**	0.41
Fixed Assets Written-Off	**0.92**	0.13
Goodwill Written Off	**6.05**	-
Diminution in the Value of Unquoted/Quoted (Others) Current Investments	**(0.20)**	2.07
Repairs		
- Plant and Machinery	**1.26**	2.31
- Buildings	**1.46**	3.43
- Others	**11.17**	13.21
License Fees	**1.23**	3.89
Net Loss/(Gain) on Foreign Exchange Fluctuation (other than considered as Finance Cost)	**65.77**	(10.16)
Miscellaneous	**19.42**	28.81
TOTAL	**527.61**	414.69

28- 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, 2012		-

29- Estimated value of contracts on capital account, excluding capital advances, remaining to be executed and not provided for amount to ₹3.50 Crores (2011 - ₹14.01 Crores).

30- Contingent Liabilities:

a) Claims against the Company not acknowledged as debts:

	2012 ₹/Crores	2011 ₹/Crores
Sales Tax*	**44.89**	44.60
Excise*	**9.63**	9.32
Income Tax*	**3.95**	3.95
Octroi*	**5.08**	-
Industrial Disputes, Civil Suits and Consumer Disputes	**16.68**	8.64

* Include sum of ₹18.70 Crores (2011 - ₹ 9.20 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 ₹ 72.87 Crores (2011 - ₹ 132.93 Crores) was given to Banks for working capital facilities sanctioned to Techmart Telecom Distribution FZCO, Dubai (joint venture of HCL Investments Pte. Limited, a subsidiary company) against which the total amount utilised as at June 30, 2012 is ₹ 72.87 Crores (2011 - ₹ 110.78 Crores).

Notes to the Consolidated Financial Statements

31- The Group has the following provision for warranty liability in the books of accounts:

		2012 ₹/Crores	2011 ₹/Crores
Opening Balance as on July 1		**5.47**	6.46
Additions during the year		**29.28**	12.28
Utilised/Reversed during the year		**23.48**	13.27
Closing Balance as on June 30		**11.27**	5.47

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, it is not possible to estimate the timing of cash outflows due to uncertainties relating to the outflows of economic benefits.

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, 2012, 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, 2012 are:

₹/Crores

	As at 30.06.11	Movement during the year	As at 30.06.12
Assets			
Provision for Doubtful Debts/Advances/Other Current Assets	13.16	14.75	27.91
Impact of expenditure charged to Statement of Consolidated profit and loss but allowable for tax purpose in future years	15.27	(2.34)	12.93
Income Tax Losses	4.21	-	4.21
Total (A)	**32.64**	**12.41**	**45.05**
Liabilities			
Lease rental recoverable	0.11	(0.02)	0.09
Depreciation	3.72	2.23	5.95
Duties, Taxes and Cess allowed for tax purpose on payment basis	5.72	3.50	9.22
Other timing differences	1.71	0.77	2.48
Total (B)	**11.26**	**6.48**	**17.74**
Net Deferred Tax Assets (A)-(B)	**21.38**	**5.93**	**27.31**
Previous Year	13.51	7.87	21.38

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	128965 (175400)	- (-)	- (-)	- (92)	13603 (46343)	115362 (128965)	115362 (128965)
25-Aug-04	603.95	36984 (46978)	- (-)	- (-)	- (-)	13735 (9994)	23249 (36984)	23249 (36984)
18-Jan-05	809.85	121428 (168082)	- (-)	- (-)	- (-)	48424 (46654)	73004 (121428)	73004 (121428)
15-Feb-05	809.30	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
15-Mar-05	834.40	18263 (24298)	- (-)	- (-)	- (-)	7435 (6035)	10828 (18263)	10828 (18263)
15-Apr-05	789.85	3332 (4760)	- (-)	- (-)	- (-)	2452 (1428)	880 (3332)	880 (3332)
14-May-05	770.15	3655 (4540)	- (-)	- (-)	- (-)	2475 (885)	1180 (3655)	1180 (3655)
15-Jun-05	756.15	675 (675)	- (-)	- (-)	- (-)	- (-)	675 (675)	675 (675)
15-Jul-05	978.75	10480 (11722)	- (-)	- (-)	- (-)	9584 (1242)	896 (10480)	896 (10480)
13-Aug-05	1144.00	16030 (17630)	- (-)	- (-)	- (-)	5929 (1600)	10101 (16030)	10101 (16030)
15-Sep-05	1271.25	9140 (9140)	- (-)	- (-)	- (-)	3862 (-)	5278 (9140)	5278 (9140)
15-Mar-07	648.75	136700 (136700)	- (-)	- (-)	- (-)	- (-)	136700 (136700)	136700 (136700)
23-Jan-08	898.25	52395 (61125)	- (-)	- (3060)	- (-)	10995 (5670)	41400 (52395)	41400 (32078)
18-Aug-09	627.25	20000 (20000)	- (-)	- (-)	- (-)	- (-)	20000 (20000)	12000 (6000)
26-Oct-10	586.75	80000 (-)	- (80000)	- (-)	- (-)	- (-)	80000 (80000)	24000 (-)
2-Feb-11	516.50	12000 (-)	- (12000)	- (-)	- (-)	- (-)	12000 (12000)	3600 (-)
30-Jan-12	233.25	- (-)	16000 (-)	- (-)	- (-)	- (-)	16000 (-)	- (-)
18-Jun-12	202.00	- (-)	12000 (-)	- (-)	- (-)	- (-)	12000 (-)	- (-)
	Total	**650047** (681050)	**28000** (92000)	**-** (3060)	**-** (92)	**118494** (119851)	**559553** (650047)	**459153** (523730)

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	1738150 (1877002)	- (-)	- (1430)	- (-)	495540 (137422)	1242610 (1738150)	1242610 (1738150)
19-Oct-05	1157.50	35260 (42090)	- (-)	- (480)	- (-)	9660 (6350)	25600 (35260)	25600 (35260)
15-Nov-05	1267.75	16000 (16800)	- (-)	- (-)	- (-)	4160 (800)	11840 (16000)	11840 (16000)
15-Dec-05	1348.25	10700 (13290)	- (-)	- (190)	- (-)	3740 (2400)	6960 (10700)	6960 (10700)
14-Jan-06	1300.00	8740 (10130)	- (-)	- (278)	- (-)	1876 (1112)	6864 (8740)	6864 (8740)
15-Feb-06	1308.00	3240 (4040)	- (-)	- (120)	- (-)	648 (680)	2592 (3240)	2592 (3240)
16-Mar-06	1031.00	12350 (17280)	- (-)	- (650)	- (-)	4790 (4280)	7560 (12350)	7560 (12350)
17-Apr-06	868.75	3900 (6900)	- (-)	- (600)	- (-)	1580 (2400)	2320 (3900)	2320 (3900)
15-May-06	842.50	7850 (14250)	- (-)	- (750)	- (-)	1570 (5650)	6280 (7850)	6280 (7850)
15-Jun-06	620.50	10330 (13950)	- (-)	- (460)	- (-)	2450 (3160)	7880 (10330)	7880 (10330)
17-Jul-06	673.75	10302 (17240)	- (-)	- (1578)	- (-)	3562 (5360)	6740 (10302)	6740 (8504)
15-Mar-07	648.75	341080 (366760)	- (-)	5580 (8380)	- (-)	31480 (17300)	304020 (341080)	304020 (274100)
23-Jan-08	898.25	146670 (178665)	- (-)	9690 (16650)	- (-)	18810 (15345)	118170 (146670)	95820 (89550)
16-Aug-11	375.00	- (-)	30000 (-)	- (-)	- (-)	- (-)	30000 (-)	- (-)
17-Aug-11	375.00	- (-)	7000 (-)	- (-)	- (-)	- (-)	7000 (-)	- (-)
18-Jun-12	202.00	- (-)	4000 (-)	- (-)	- (-)	- (-)	4000 (-)	- (-)
	Total	**2344572** (2578397)	**41000** (-)	**15270** (31566)	- (-)	**579866** (202259)	**1790436** (2344572)	**1727086** (2218674)

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 8.34%
Exercise Price	₹ 202.00 to ₹1,271.25	₹202.00 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 36%
Life of options	8.5 Years	10 Years
Fair Value of options as at the grant date	₹1.29 to ₹203.14	₹1.37 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, 2012 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

	2012 ₹/Crores	2011 ₹/Crores
Profit after tax as per Statement of Consolidated Profit and Loss [Net of Minority Interest] (a)	**72.07**	168.19
Add: Employee Stock Compensation Expense as per Intrinsic Value Method	**-**	-
Less: Employee Stock Compensation Expense as per Fair Value Method	**0.39**	0.72
Profit after tax recomputed for recognition of employee stock compensation expense under fair value method (b)*	**71.68**	167.47
Earning Per Share based on earnings as per (a) above: (Refer Note 35)		
- Basic	**₹3.23**	₹ 7.67
- Diluted	**₹3.23**	₹ 7.67
Earning Per Share had fair value method been employed for accounting of employee stock options:		
- Basic	**₹3.22**	₹ 7.63
- Diluted	**₹3.22**	₹ 7.63

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

Notes to the Consolidated Financial Statements

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, 2012 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	**96.73** (18.89)	**28.28** (4.83)	**68.45** (14.06)
Later than one year and not later than five years	**342.25** (107.59)	**51.93** (10.31)	**290.32** (97.28)
Later than five years	**2.62** (5.45)	**0.15** (0.24)	**2.47** (5.21)
Total	**441.60** (131.93)	**80.36** (15.38)	**361.24** (116.55)

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

b) Sale and Leaseback and further sub-lease on as 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	**22.90** (23.43)	**5.33** (6.86)	**17.57** (16.57)	**22.52** (18.63)	**4.47** (6.01)	**18.05** (12.62)
Later than one year and not later than five years	**44.23** (67.22)	**6.49** (11.73)	**37.74** (55.49)	**48.51** (66.13)	**5.36** (9.85)	**43.15** (56.28)
Total	**67.13** (90.65)	**11.82** (18.59)	**55.31** (72.06)	**71.03** (84.76)	**9.83** (15.86)	**61.20** (68.90)

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	**4.61**	**1.27**	**3.34**
	(3.46)	(1.53)	(1.93)
Later than one year and not later than five years	**12.26**	**1.57**	**10.69**
	(16.87)	(2.84)	(14.03)
Total	**16.87**	**2.84**	**14.03**
	(20.33)	(4.37)	(15.96)

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 ₹ 29.18 Crores (2011 - ₹ 30.77 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:

	2012 ₹/Crores	2011 ₹/Crores
Gross Block	**57.66**	41.42
Accumulated Depreciation	**17.85**	11.79
Net Block	**39.81**	29.63
Depreciation Expense	**5.96**	4.38

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:

	2012 ₹/Crores	2011 ₹/Crores
Not later than one year	**1.24**	4.04
Later than one year and not later than five years	**1.77**	4.15
Total	**3.01**	8.19

(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, 2012 are ₹ 2.23 Crores (2011 - ₹ 4.10 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 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	2012	2011
Profit after tax (₹/Crores) [Net of Minority Interest]	**72.07**	168.19
Weighted average number of shares considered as outstanding in computation of Basic EPS	**222,879,629**	219,350,542
Add: Dilutive impact of stock options		
- Issued for no consideration	**246**	152
Weighted average number of shares outstanding in computation of Diluted EPS	**222,879,875**	219,350,694
Basic EPS (of ₹ 2/- each)	**₹3.23**	₹ 7.67
Diluted EPS (of ₹ 2/- each)	**₹3.23**	₹ 7.67

36. Segment Reporting

The Group recognises the following segments as its primary segments.

a) The operations of Computer Systems and Other Related Products and Services consists of manufacturing of computer hardware systems, providing comprehensive Systems Integration, Roll out and Infrastructure management solutions in different Industry verticals, providing IT services including maintenance and facility management and ICT training.

b) The businesses of Telecommunication and Office Automation comprise of distribution of telecommunication and other digital lifestyle products, office automation products and related comprehensive maintenance and allied services, and Homeland security and surveillance.

c) Internet and Related Services segment provides Internet and related services through HCL Infinet Limited, which ceased to be Company's subsidiary with effect from October 31, 2011, to business enterprises. The offerings include Internet access services, virtual private network and other connectivity services.

Secondary segmental reporting is based on the geographical location of the customers. Details of secondary segments are not disclosed as more than 90% of the Group's revenues, results and assets relate to the Indian domestic market.

Notes to the Consolidated Financial Statements

Consolidated Segment wise performance for the year ended June 30, 2012 ₹/Crores

	Primary Segments	Computer Systems & Other Related Products and services	Telecommunication & Office Automation	Internet and Related Services (Discontinued operations) [Refer Note 40(e)]	Inter-segment Elimination	Total
(i)	**Revenue**					
	External Revenue	**3296.08**	**7521.83**	**22.34**		**10840.25**
		(3690.40)	(7782.41)	(69.30)		(11542.11)
	Inter-segment Revenue	**32.54**	**9.32**	**0.77**	**-42.63**	
		(1.01)	(22.46)	(5.42)	(-28.89)	
	Total Gross Revenue	**3328.62**	**7531.15**	**23.11**	**-42.63**	**10840.25**
		(3691.41)	(7804.87)	(74.72)	(-28.89)	(11542.11)
	Less: Excise Duty	**86.20**				**86.20**
		(122.19)				(122.19)
	Total Net Revenue	**3242.42**	**7531.15**	**23.11**	**-42.63**	**10754.05**
		(3569.22)	(7804.87)	(74.72)	(-28.89)	(11419.92)
(ii)	**Results**	**-2.68**	**155.95**	**-5.54**		**147.73**
		(117.82)	(192.76)	(-10.71)		(299.87)
	Less: Unallocable Expenditure					**87.98**
						(55.53)
	Operating Profit					**59.75**
						(244.34)
	Add: Other Income (Excluding Operational Income)					**109.26**
						(64.48)
	Less: Finance Charges					**84.62**
						(79.38)
	Profit Before Tax					**84.39**
						(229.44)
	Less: Tax Expense					**14.39**
						(60.11)
	Profit After Tax					**70.00**
						(169.33)
(iii)	**Segment Assets**	**3130.20**	**956.82**	**-**		**4087.02**
		(2918.50)	(829.28)	(42.81)		(3790.59)
	Unallocated Corporate Assets					
	a) Liquid Assets					**438.39**
						(607.62)
	b) Others					**500.79**
						(307.31)
	Total Assets					**5026.20**
						(4705.52)
(iv)	**Segment Liabilities**	**2003.45**	**540.35**	**-**		**2543.80**
		(1555.09)	(519.34)	(50.83)		(2125.26)
	Unallocated Corporate Liabilities					**571.29**
						(669.04)
	Total Liabilities					**3115.09**
						(2794.30)
(v)	**Capital Expenditure**	**75.70**	**20.64**	**0.50**		**96.84**
		(82.45)	(33.02)	(2.89)		(118.36)
(vi)	**Depreciation**	**32.90**	**9.68**	**1.30**		**43.88**
		(24.73)	(7.18)	(3.77)		(35.68)
(vii)	**Other Non Cash Expenses**	**63.36**	**14.42**	**0.68**		**78.46**
		(25.96)	(7.97)	(0.22)		(34.15)

Note: Previous year's figures are given in brackets.
Segment Results include ₹ 17.77 Crores (2011 - ₹ 20.10 Crores) of certain Operating other income which is included in 'Other income' in the Statement of Profit and Loss.

Notes to the Consolidated Financial Statements

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:

	2012 ₹/Crores	2011 ₹/Crores
Employers Contribution to Superannuation Fund*	**2.49**	2.10

(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:

	2012 ₹/Crores	2011 ₹/Crores
Employers contribution to Employee State Insurance*	**3.82**	4.14
Employers contribution to Employee's Pension Scheme 1995*	**7.93**	7.21

* Included in Contribution to Provident and Other Funds under Employee benefits expense (Refer Note 25).

(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	
	2012	2011	**2012**	2011
Discount rate (per annum)	**8.60%**	8.00%	**8.50%**	8.50%
Rate of increase in compensation levels	**7.00%**	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)	**24.34**	24.35	**24.34**	24.35

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

	2012		2011	
	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	**22.22**	**123.64**	17.61	102.41
Acquired on the purchase of business	-	-	1.32	-
Current service cost	**3.42**	**6.97**	2.75	5.60
Past service cost	**-**	**-**	-	-
Interest cost	**1.71**	**10.51**	1.39	8.71
Actuarial (gain)/loss	**(0.56)**	**(1.78)**	0.65	1.37
Benefits (paid)	**(3.98)**	**(17.54)**	(1.51)	(10.54)
Settlements/transfer In	**-**	**1.48**	-	1.66
Contribution by plan participants	**-**	**17.31**	-	14.43
Present value of obligation at the end of the year	**22.81**	**140.59**	22.21	123.64

Notes to the Consolidated Financial Statements

₹/Crores

Reconciliation of opening and closing balances of the fair value of the Plan assets:	2012 Provident Fund	2011 Provident Fund
Fair value of plan assets at the beginning of the year	**122.64**	102.25
Expected Return on Plan Assets	**10.42**	8.69
Employer Contribution	**6.97**	5.60
Settlements/Transfer in	**1.48**	1.66
Employee Contribution	**17.31**	14.43
Benefit paid	**(17.54)**	(10.55)
Actuarial gain/(loss) on Plan Assets	**0.58**	0.56
Fair value of plan assets at the end of the year	**141.86**	122.64

₹/Crores

Cost recognised for the year (included under Salaries, Wages, Bonus and Gratuity):	2012		2011	
	Gratuity	Provident Fund	Gratuity	Provident Fund
Current service cost	**3.42**	**-**	2.75	-
Company contribution to Provident Fund	-	**6,97**	-	5.60
Past service cost	**-**	**-**	-	-
Interest cost	**1.71**	**-**	1.39	-
Actuarial (gain)/loss	**(0.56)**	**-**	0.65	-
Interest guarantee liability	**-**	**-**	-	0.17
Shortfall in fund	**-**	**-**	-	0.83
Net cost recognised for the year*	**4.57**	**6.97**	4.79	6.60

* Included in Salaries, Wages, Bonus and Gratuity for Gratuity and Contribution to Provident and Other Funds for Provident Fund under Employee benefits expenses (Refer Note 25).

₹/Crores

Reconciliation of the present value of the defined benefit	Gratuity				
	2012	2011	2010	2009	2008
Present value of the obligation as at the end of the year	**22.81**	**22.22**	**17.61**	**15.34**	**12.36**
Fair value of plan assets at the end of the year	-	-	-	-	-
Assets/(Liabilities) recognised in the Balance Sheet	**(22.81)**	**(22.22)**	**(17.61)**	**(15.34)**	**(12.36)**

	Provident Fund	
	2012	2011
Present value of the obligation as at the end of the year	**(140.59)**	**(123.64)**
Fair value of plan assets at the end of the year	**141.86**	**122.64**
Assets/(Liabilities) recognised in the Balance Sheet	**-****	**(1.00)**

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

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

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.

Notes to the Consolidated Financial Statements

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

Particulars	As at June 30, 2012 (₹/Crores)	As at June 30, 2011 (₹/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	87.46	73.34
- Acquisition	27.51	25.30
- Working Capital	300.00	303.10
Total Utilisation	**414.97**	**401.74**
Unutilised		
Currently held in Unquoted (Others) Current Investments	365.15	378.38
Total Unutilised	**365.15**	**378.38**

40- (a) Subsequent to the year end, the Shareholders of the Company by way of postal ballot have given their approval under section 293(1)(a) of the Companies Act, 1956 for transfer of the Company's Computing Products Manufacturing and Channel Business as a going concern on slump sale basis, effective on such date as the Board deems fit for the Company, to a wholly owned subsidiary/group/affiliate/other entity either at book value or for such lump sum consideration being not less than the book values.

(b) The Company through its wholly owned subsidiary, HCL Insys Pte. Limited, Singapore has on August 7, 2012 acquired the remaining 40% equity stake with effect from January 1, 2012 in HCL Infosystems MEA FZCO.

Consequently, HCL Infosystems MEA FZCO, with effect from January 1, 2012, has become a wholly owned subsidiary of HCL Insys Pte. Limited, Singapore.

(c) On June 29, 2012, the Company has acquired content for the K-12 education segment from Attano Media and Education Private Limited at a negotiated consideration.

(d) HCL Touch Inc., USA was incorporated as a wholly owned subsidiary on August 29, 2011.

(e) Pursuant to Share Purchase Agreement (SPA) dated January 11, 2011, read with addendum to SPA dated August 26, 2011, the Company with effect from October 31, 2011 has sold its entire equity stake in HCL Infinet Limited, the wholly owned subsidiary, reported as Internet and Related Services segment.

This transaction has resulted in a gain of ₹ 25.55 Crores, which has been included in 'Other Income'.

(f) During the year, the Company has with effect from August 1, 2011, transferred its Digital Entertainment business as a going concern basis to Digilife Distribution and Marketing Services Limited, the wholly owned subsidiary for a consideration of ₹ 35 crores, and acquired the Security and Surveillance business of Digilife Distribution and Marketing Services Limited as a going concern on slump sale basis for a consideration of ₹ 6 Crores.

(g) Techmart Telecom Distribution FZCO, Dubai, in which a subsidiary of the Company has 20% stake, is being dissolved.

41- Contract-in-progress

	As at June 30, 2012 (₹/Crores)	As at June 30, 2011 (₹/Crores)
Contract revenue recognised for the period	**342.60**	404.10
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) for all contracts in progress upto the period ended	**2943.00**	2600.40
The amount of advances received	**93.35**	76.56
Gross amount due from customers for contract-in-progress	**1075.87**	948.46
Gross amount due to customers for contract-in-progress	**84.33**	79.81

42- Disclosure of related parties and related party transactions:

a) **Company having substantial interest:**

HCL Corporation Private Limited (Formerly known as Guddu Investments (Pondi) 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-12	Jun-11	**Jun-12**	Jun-11	**Jun-12**	Jun-11	**Jun-12**	Jun-11
Sales & Related Income	**0.00**	0.00	**148.47**	130.88			**148.47**	130.88
- HCL Technologies Limited			**131.47**	121.26				
- HCL Comnet Systems and Services Limited			**4.20**	3.95				
Services	**0.01**	0.01	**11.10**	27.83			**11.11**	27.84
- HCL Technologies Limited			**7.94**	9.90				
- HCL BPO Services (NI) Limited			**2.20**	0.20				
- HCL Comnet Limited			**-**	16.73				
Other Income			**4.86**	1.81			**4.86**	1.81
- Techmart Telecom Distribution FZCO, Dubai			**4.86**	1.81				
Purchase of Services			**6.11**	3.92			**6.11**	3.92
- HCL Technologies Limited			**6.11**	2.77				
Assets Purchased			**-**	4.30			**-**	4.30
- HCL Technologies Limited			**-**	4.30				
Remuneration					**8.74**	7.02	**8.74**	7.02
- Mr. Ajai Chowdhry					**3.14**	3.32		
- Mr. Harsh Chitale					**2.50**	1.38		
- Mr. J.V. Ramamurthy					**1.56**	1.30		
- Mr. Sandeep Kanwar					**1.54**	1.02		
Reimbursements towards expenditure								
a) Received	**0.09**	0.02	**0.50**	0.02			**0.59**	0.04
- HCL Technologies Limited			**0.50**	-				
b) Made	**0.27**	0.04	**1.96**	3.81			**2.23**	3.85
- HCL Technologies Limited			**1.92**	2.95				
- HCL Comnet Limited			-	0.85				
B. Amount due to/from related parties								
Trade Receivables	**0.06**	0.09	**66.87**	74.83			**66.93**	74.92
Loans and Advances	**0.34**	0.35	**2.38**	1.03			**2.72**	1.38
Trade Payables			**0.01**	2.02			**0.01**	2.02
Advance Received from Customer			**0.16**	-			**0.16**	-

Notes to the Consolidated Financial Statements

43- a) Loss of ₹ 0.99 Crores (2011- Profit of ₹ 0.16 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.

44- 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	
	2012	2011	**2012**	2011	**2012**	2011
Foward Contracts to buy USD	**$8.18**	$3.54	**56.10**	45.41	**9 Months**	3 Months
Options to hedge USD liability	**$0.80**	-	**55.93**	-	**13 Months**	-

The above dervatives have been undertaken to hedge the foreign currency exposures on Import/Royalty payables as at June 30, 2012.

b) As on June 30, 2012, the foreign currency exposure that is not hedged by a derivative instrument or otherwise in respect of Trade Payable are ₹ 216.49 Crores (2011 - ₹ 351.10 Crores) and in respect of Trade Receivable are ₹ 38.80 Crores (2011 - ₹ 13.05 Crores).

c) Mark-to-Market Losses provided for June 30, 2012 of ₹ 0.27 Crores (2011 - ₹ Nil)

d) The unaccrued forward exchange cover as on June 30, 2012 of ₹ 7.06 Crores (2011 - ₹ 1.50 Crores) has been included under 'Other current assets' as 'Unamortised Deferred 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 ₹11.47 Crores (2011 - ₹Nil) stands deferred as at June 30, 2012.

45- 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	**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, 2012	Year ended June 30, 2011
Revenue from operations	130.09	147.19
Other Income	3.81	2.21
Total	**133.90**	**149.40**
Purchases of stock-in-trade	142.78	166.45
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(12.93)	(19.26)
Employee benefits expense	0.49	0.19
Other expenses	2.02	0.98
Depreciation and amortisation expense	0.10	0.03
Total	**132.46**	**148.39**
Profit before tax	1.44	1.01

Notes to the Consolidated Financial Statements

₹/Crores

Particulars	As at June 30, 2012	As at June 30, 2011
Liabilities		
Short-term borrowing	**4.42**	5.94
Trade payables	**8.59**	27.38
Total Liabilities	**13.01**	**33.32**
Assets		
Tangible assets	**0.03**	0.16
Inventories	**6.33**	19.26
Trade receivables	**0.01**	0.10
Cash and bank balances	**8.67**	13.45
Short-term loans & advances	**0.10**	2.05
Total Assets	**15.14**	**35.02**

46- The results of HCL Infosystems South Africa Pty. 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, 2012. It is unlikely that the audited results would be materially different from the unaudited results.

47- The consolidated financial statements for the year ended June 30, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the consolidated financial statements for the year ended June 30, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of consolidated financial statements.

For Price Waterhouse
Firm Registration Number-301112E
Chartered Accountants

ABHISHEK RARA
Partner
Membership Number 77779

Place : Noida
Dated : August 24, 2012

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, 2012	For previous financial years of the subsidiary since it became the Holding Company's subsidiary	For the year ended June 30, 2012	For previous financial years of the subsidiary since it became the Holding Company's subsidiary
1	Digilife Distribution and Marketing Services Ltd.	June 30, 2012	48050000	100	(7,408)	(80,765)	Nil	Nil
2	HCL Infocom Ltd.	June 30, 2012	330000	100	(1,099)	(134)	Nil	Nil
3	RMA Software Park Pvt. Ltd.	March 31, 2012	10000	100	(22,335)*	(20,542)*	Nil	Nil
4	HCL Insys Pte Ltd., Singapore	June 30, 2012	6199991 in SGD	100	66,085.2	26,823	Nil	Nil
5	HCL Investments Pte Ltd., Singapore	June 30, 2012	1 in SGD and 1575000 in USD	100	34,773.5	21,930	Nil	Nil
6	Pimpri Chinchwad eServices Limited	June 30, 2012	42500	85	(306)	(68)	Nil	Nil
7	HCL Infosystems MEA FZCO, Dubai**	June 30, 2012	6 in AED	60	94	26,938	Nil	Nil
8	HCL Infosystems LLC, Dubai**	June 30, 2012	147 in AED	49	(32)	(2,839)	Nil	Nil
9	HCL Infosystems MEA LLC, Abu Dhabi**	June 30, 2012	49 in AED	49	(108)	(2,054)	Nil	Nil
10	HCL Infosystems South Africa (Pty) Ltd., South Africa**	June 30, 2012	100 in ZAR	100	10,023	Nil	Nil	Nil
11	HCL Touch Inc., USA	June 30, 2012	150 in USD	100	(3,818)	NA	Nil	NA
12	HCL Infosystems Qatar WLL, Qatar**	June 30, 2012	49 in AED	49	(20)	NA	Nil	NA
13	Techmart Telecom Distribution FZCO, Dubai**	June 30, 2012	2 in AED	20	15,355	NA	Nil	Nil

* Represents the loss for 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, 2012	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, 2012	16003

Financial Summary of Subsidiaries as at June 30, 2012

(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 FZCO, Dubai
Share Capital	4805.00	33.00	1.00	1981.27	715.49	5.00	151.56
Reserves	(1861.58)	(26.49)	3423.55	1082.14	648.77	(3.64)	1910.81
Total Assets	13229.89	46.53	6629.00	8960.00	1619.72	0.94	10942.88
Total Liabilities	13229.89	46.53	6629.00	8960.00	1619.72	0.94	10942.88
Investments	Nil	Nil	Nil	2430.79	480.08	Nil	68.63
Turnover	20881.70	8.00	Nil	41601.67	540.91	Nil	13878.66
Profit/(Loss) before taxation	(74.08)	(10.99)	(184.66)	660.85	417.77	(3.60)	124.76
Provision for taxation	Nil	Nil	Nil	Nil	70.04	Nil	Nil
Profit/(Loss) after taxation	(74.08)	(10.99)	(184.66)	660.85	347.74	(3.60)	124.76
Proposed Dividend	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Particulars	HCL Infosystems LLC, Dubai	HCL Infosystems MEA LLC, Abu Dhabi	HCL Infosystems Qatar WLL, Qatar	HCL Infosystems South Africa (Pty) Ltd., South Africa	HCL Touch Inc., USA	Techmart Telecom Distribution FZCO, Dubai
Share Capital	45.47	22.73	30.31	0.01	0.00	124.04
Reserves	(457.76)	(351.90)	Nil	(111.37)	41.65	853.13
Total Assets	7.55	119.31	455.01	162.43	127.60	7350.50
Total Liabilities	7.55	119.31	457.37	162.43	127.60	7350.50
Investments	Nil	Nil	Nil	Nil	Nil	Nil
Turnover	Nil	180.04	610.89	2.97	43.37	64996.09
Profit/(Loss) before taxation	(53.11)	(180.86)	(32.67)	(100.23)	(38.18)	767.74
Provision for taxation (Current/FBT)	Nil	Nil	Nil	Nil	Nil	Nil
Profit/(Loss) after taxation	(53.11)	(180.86)	(32.67)	(100.23)	(38.18)	767.74
Proposed Dividend	Nil	Nil	Nil	Nil	Nil	Nil

For the year ended March 31, 2012

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