

Directors' Report

**To the Shareholders,
Digilife Distribution and Marketing Services Limited**

Your Directors have pleasure in presenting their Sixth Annual Report together with the Audited Accounts for the financial period ended 30th June, 2014.

Financial Highlights

The financial details are as under:

Particulars	(Rs. in Lacs)	
	Year ended 30 th June, 2014	Year ended 30 th June, 2013
Net Sales and other income	61,153.88	64609.88
Profit/(Loss) before Interest, Depreciation and Tax	(1,353.46)	545.82
Finance Charges	73.02	6.67
Depreciation	8.28	5.24
Profit/(Loss) before Tax	(1,434.76)	533.91
Provision for Taxation : Current	-	-
: Deferred	474.92	(17.05)
Net Profit/(Loss) after Tax	(1,909.68)	550.96

The net revenue of the Company was Rs. 61,153.88 Lacs as against Rs. 64609.88 Lacs in the previous year. The net loss after tax was Rs. 1,909.68 Lacs as against profit of Rs. 550.96 Lacs in the previous year.

Business

The Company has successfully entered multi brand distribution for Enterprise products by adding brands like Molex, ADC, and Huawei (Video Conferencing) in its portfolio & also added Acer in its portfolio in computing segment.

In last year Company has consolidated its portfolio to focus on Enterprise distribution and specific consumer products.

The Company is steadily moving ahead in line with its strategy of multi-brand distribution to address Enterprise, & Telecom products.

Public Deposit

The Company has not accepted any deposits from the public.

Directors

Mr. Sandeep Kanwar and Mr. J. V. Ramamurthy ceased to be directors of the Company w.e.f. 16th December, 2013. Mr. Rajesh Raizada, Mr. Princy Bhatnagar and Mr. Sutikshan Naithani who were appointed as additional directors w.e.f. 16th December, 2013, ceased to be directors of the Company w.e.f. 16th August, 2014. The Board places on record its appreciation for the contributions made by them during their tenure with the Company.

Dr. Nikhil Sinha, Mr. Dilip Kumar Srivastava, Ms. Rita Gupta, Mr. Pawan Kumar Danwar, Mr. Sundararajan Mahalingam, Ms. Sangeeta Talwar, Mr. Kaushik Dutta were appointed as additional directors of the Company w.e.f. 16th August, 2014. Ms. Sangeeta Talwar and Mr. Kaushik Dutta are independent directors of the Company.

Pursuant to the provisions of Section 161(1) of the Companies Act, 2013, additional directors shall hold office up to the date of the ensuing Annual General Meeting of the Company and being eligible offer themselves for re-appointment.

The Company has received notice(s) from member of the Company, under section 160 of the Companies Act, 2013 proposing appointment of Mr. Kaushik Dutta, Ms. Sangeeta Talwar, Dr. Nikhil Sinha, Mr. Dilip Kumar Srivastava, Mr. Pawan Kumar Danwar, Ms. Rita Gupta and Mr. Sundararajan Mahalingam as Directors of the Company.

Mr. Harshavardhan Madhav Chitale was appointed as Managing Director of the Company for a period of 5 years w.e.f. 16th August, 2014 without any remuneration, in place of Mr. Rajesh Raizada, who had tendered his resignation from the office of Director.

Committees of the Board

The Company has three Board Committees:

(A) Accounts & Audit Committee

- (i) The Audit Committee of the Company was constituted in line with the 177 of the Companies Act, 2013 .
- (ii) The composition of the Audit Committee is given below:

NAME	CATEGORY	DESIGNATION
Mr. Kaushik Dutta	Independent, Non-Executive	Chairperson
Ms. Sangeeta Talwar	Independent, Non-Executive	Member
Mr. Pawan Kumar Danwar	Non-Independent, Non- Executive	Member

(B) Nomination & Remuneration Committee

- (i) The Nomination and Remuneration Committee of the Company was constituted in line with the 178 of the Companies Act, 2013.
- (ii) The composition of the Audit Committee is given below:

NAME	CATEGORY	DESIGNATION
Ms. Sangeeta Talwar	Independent, Non-Executive	Chairperson
Mr. Kaushik Dutta	Independent, Non-Executive	Member
Mr. Dilip Kumar Srivastava	Non-Independent, Non- Executive	Member

(C) Corporate Social Responsibility Committee

- (i) Corporate Social Responsibility Committee of the Company was constituted in line with the 135 of the Companies Act, 2013.
- (ii) The composition of the Corporate Social Responsibility Committee is given below:

NAME	CATEGORY	DESIGNATION
Ms. Sangeeta Talwar	Independent, Non-Executive	Chairperson
Mr. Dilip Kumar Srivastava	Non-Independent, Non- Executive	Member
Mr. Pawan Kumar Danwar	Non-Independent, Non- Executive	Member

Directors' Responsibility Statement

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956, 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, 2014 and of the loss 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.

Personnel

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.

Additional information in relation to Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo

During the year under review, there are no particulars to be furnished in respect of conservation of energy and technology absorption.

Foreign Exchange Earning and Outgo

The details of foreign exchange earnings and outgo is as under:

(Rs. in Lacs)

Particulars	Year ended 30 th June, 2014	Year ended 30 th June, 2013
Foreign Exchange Earnings	-	-
Foreign Exchange Outgo	20793.33	13125.41

Auditors and Auditors' Report

M/s Price Waterhouse, Chartered Accountants, the auditors of the Company, retire at the forthcoming Annual General Meeting and being eligible offer themselves for reappointment. Your Directors recommend their reappointment.

The Auditors' Report is unqualified. The notes to the Accounts referred to in the Auditors' Report are self explanatory and therefore do not call for any further clarifications.

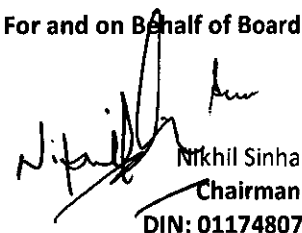
Acknowledgement

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 and Bankers.

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

For and on Behalf of Board

Place : 28th August, 2014
Date : Noida


Nikhil Sinha
Chairman
DIN: 01174807

INDEPENDENT AUDITORS' REPORT

To the Members of Digilife Distribution and Marketing Services Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Digilife Distribution and Marketing Services Limited (the "Company"), which comprise the Balance Sheet as at June 30, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the "Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at June 30, 2014;
 - (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

INDEPENDENT AUDITORS' REPORT

To the Members of Digilife Distribution and Marketing Services Limited

Report on the Financial Statements

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Report on Other Legal and Regulatory Requirements

7. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
 - (e) On the basis of written representations received from the directors as on June 30, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on June 30, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Place: Gurgaon
Date: August 28, 2014

Abhishek Rara
Partner
Membership Number 077779

Annexure to Independent Auditors' Report

Referred to in paragraph 7 of the Independent Auditors' Report of even date to the members of Digilife Distribution and Marketing Services Limited on the financial statements as of and for the year ended June 30, 2014

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

(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.

(c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- ii. (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.
- iii. 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.
- iv. 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. 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.
- v. According to the information and explanations given to us, there have been no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Act.
- vi. 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.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.
- ix. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, wealth tax, customs duty, excise duty and

Annexure to Independent Auditors' Report

Referred to in paragraph 7 of the Independent Auditors' Report of even date to the members of Digilife Distribution and Marketing Services Limited on the financial statements for the year ended June 30, 2014

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service-tax which have not been deposited on account of any dispute. The particulars of dues of sales tax as at June 30, 2014 which have not been deposited on account of a dispute are as follows:

Name of the Statute	Nature of the dues	Amount Rs./Crores	Amount deposited under protest Rs./Crores	Period to which the amount relates	Forum where dispute is pending
Rajasthan Value Added Tax Act, 2003	Commercial Tax(including Penalty)	0.77	-	2006-2007 2007-2008	Deputy Commissioner (Appeals) of Commercial Tax Jaipur
Kerala General Sales Tax Act, 1963	Sales Tax	1.47	-	2001-2002	Tribunals of Sales Tax, Kochi

Refer Note 35 for the details.

- x. The accumulated losses of the Company has exceeded fifty percent of its net worth as at June 30, 2014 and it has incurred cash losses in the financial year ended on that date. However it had not incurred cash losses in the immediately preceding financial year.
- xi. As the Company does not have any borrowings from any financial institution or bank nor has it issued any debentures as at the balance sheet date, the provisions of Clause 4(xi) of the Order are not applicable to the Company.
- xii. 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.
- xiii. 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.
- xiv. 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.
- xv. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 4(xv) of the Order are not applicable to the Company.
- xvi. The Company has not raised any term loans. Accordingly, the provisions of Clause 4(xvi) of the Order are not applicable to the Company.
- xvii. The Company has not raised any loans on short term basis. Accordingly, the provisions of Clause 4(xvii) of the Order are not applicable to the Company.
- xviii. 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.

Annexure to Independent Auditors' Report

Referred to in paragraph 7 of the Independent Auditors' Report of even date to the members of Digilife Distribution and Marketing Services Limited on the financial statements for the year ended June 30, 2014

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- xix. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- xx. 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.
- xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Place: Gurgaon
Date: August 28, 2014

Abhishek Rara
Partner
Membership Number 077779

Digilife Distribution and Marketing Services Limited
Balance Sheet as at June 30, 2014

	Notes		As at 30.06.2014 ₹/Lacs		As at 30.06.2013 ₹/Lacs
Equity and Liabilities:					
Shareholders' funds					
Share capital	2	4,805.00		4,805.00	
Reserves and surplus	3	(3,220.30)	1,584.70	(1,310.62)	3,494.38
Non-current liabilities					
Long-term provisions	4		13.63		6.33
Current liabilities					
Short-term borrowings	5	2,137.08		-	
Trade payables	6	12,282.37		16,105.46	
Other current liabilities	7	353.58		471.45	
Short-term provisions	8	20.34	14,793.37	40.96	16,617.87
Total Equity and Liabilities			16,391.70		20,118.58
Assets:					
Non-current assets					
Fixed assets					
- Tangible assets	9	11.41		20.06	
Deferred tax assets (net)	22	-		475.22	
Long-term loans and advances	10	57.60	69.01	3.23	498.51
Current assets					
Inventories	11	5,783.24		4,635.09	
Trade receivables	12	7,962.62		12,264.04	
Cash and bank balances	13	1,729.74		1,795.73	
Short-term loans and advances	14	847.09	16,322.69	925.21	19,620.07
Total Assets			16,391.70		20,118.58

Significant Accounting Policies

1

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

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

For Price Waterhouse
Firm Registration Number-301112E
Chartered Accountants

For and on behalf of the Board of Directors

ABHISHEK RARA
Partner
Membership Number 077779

HARSH CHITALE
Managing Director

NIKHIL SINHA
Director

Place : Noida
Date : August 28, 2014

SANJEEV KUMAR SARAF
Chief Financial Officer

PRADEEP TAHILIANI
Company Secretary

Digilife Distribution and Marketing Services Limited
Statement of Profit and Loss for the year ended June 30, 2014

	Notes	Year ended 30.06.2014 ₹/Lacs	Year ended 30.06.2013 ₹/Lacs
Revenue:			
Revenue from operations	15	60,934.67	64,533.23
Other income	16	219.21	76.65
		<u>61,153.88</u>	<u>64,609.88</u>
Expenses:			
Purchases of stock-in-trade	23 (a)	61,039.83	63,044.85
(Increase)/Decrease in inventories of stock-in-trade	17	(1,148.15)	(680.43)
Other direct expense	18	5.81	18.84
Employee benefits expense	19	1,284.94	652.99
Finance costs	20	73.02	6.67
Depreciation and amortisation expense	9	8.28	5.24
Other expenses	21	1,324.91	1,027.81
		<u>62,588.64</u>	<u>64,075.97</u>
Profit/(Loss) before tax		(1,434.76)	533.91
Tax expense	22	-	-
Current - For the year		-	112.92
Less: MAT Credit Entitlement		-	(112.92)
- Deferred tax		474.92	(17.05)
		<u>474.92</u>	<u>(17.05)</u>
Loss for the year		(1,909.68)	550.96
Earning/ (Loss) per equity share (in ₹)			
Basic (of ₹ 10/- each)	29	(3.97)	1.15
Diluted (of ₹ 10/- each)	29	(3.97)	1.15

Significant Accounting Policies

1

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

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

For Price Waterhouse
Firm Registration Number-301112E
Chartered Accountants

For and on behalf of the Board of Directors

ABHISHEK RARA
Partner
Membership Number 077779

HARSH CHITALE
Managing Director

NIKHIL SINHA
Director

Place : Noida
Date : August 28, 2014

SANJEEV KUMAR SARAF
Chief Financial Officer

PRADEEP TAHILIANI
Company Secretary

Digilife Distribution and Marketing Services Limited
Cash Flow Statement for the year ended June 30, 2014

	Year ended 2014 ₹/lacs	Year ended 2013 ₹/Lacs
1. Cash Flow from Operating Activities:		
Net Profit/(Loss) before tax	(1,434.76)	533.91
Adjustments for:		
Depreciation and Amortisation	8.28	5.24
Interest Expense	73.02	6.67
Interest Income	(7.24)	(55.20)
Loss on Sale of Fixed Assets	0.82	-
Provision for Doubtful Debts	285.23	2.43
Provisions/Liabilities no longer required Written Back	-	(8.89)
Provision for Gratuity and Other Employee Benefits	19.60	8.96
Unrealised Foreign Exchange (Gain)/Loss	(57.28)	76.98
	322.43	36.19
Operating profit before working capital changes	(1,112.33)	570.10
Adjustments for changes in working capital:		
- (Increase)/Decrease in Trade Receivables	4,016.32	(5,862.94)
- (Increase)/Decrease in Loans and Advances and Other Assets	24.47	(74.96)
- (Increase)/Decrease in Inventories	(1,148.15)	(680.43)
- Increase/(Decrease) in Liabilities	(3,916.43)	6,260.38
	(1,023.79)	(357.95)
Cash generated from operations	(2,136.12)	212.15
Net cash from operating activities	(A) (2,136.12)	212.15
2. Cash flow from Investing Activities:		
Purchase of Fixed Assets, including Intangible Assets	(0.47)	(24.34)
Proceeds from Sale of Fixed Assets	0.02	-
Interest Received	6.52	56.99
Movement in Margin Money	-	113.88
Investment in Banks Deposits (having original maturity of more than three month)	1.60	779.23
	7.67	925.76
Net cash from/(used in) investing activities	(B) 7.67	925.76



Digilife Distribution and Marketing Services Limited
Cash Flow Statement for the year ended June 30, 2014

		Year ended 2014 ₹/lacs	Year ended 2013 ₹/Lacs
3. Cash Flow from Financing Activities:			
Proceeds from short term borrowings			
Unsecured Loans:			
Short term received			
Interest Paid		2,137.08 (73.02)	(6.67)
		<u>2,064.06</u>	<u>(6.67)</u>
Net cash from/(used in) financing activities	(C)	<u>2,064.06</u>	<u>(6.67)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(A+B+C)	<u>(64.39)</u>	<u>1,131.24</u>
Opening Balance of Cash and Cash Equivalents		1,793.93	662.69
Closing Balance of Cash and Cash Equivalents		1,729.54	1,793.93
Cash and cash equivalents comprise of:			
Balances with Banks in Current Accounts		1,729.54	1,793.93
		<u>1,729.54</u>	<u>1,793.93</u>

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 Figures in brackets indicate cash outgo.

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

For and on behalf of the Board of Directors

For Price Waterhouse
Firm Registration Number-301112E
Chartered Accountants

HARSH CHITALE
Managing Director

NIKHIL SINHA
Director

ABHISHEK RARA
Partner
Membership Number 077779

Place : Noida
Date : August 28, 2014

SANJEEV KUMAR SARAF
Chief Financial Officer

PRADEEP TAHILIANI
Company Secretary

1 - SIGNIFICANT ACCOUNTING POLICIES

a. BACKGROUND

Digilife Distribution and Marketing Services Limited (Formerly Known as HCL Security Limited) ("The Company") was incorporated on March 19, 2008 and is the wholly owned subsidiary of HCL Infosystems Limited. The company is engaged in the business of trading and distribution of various telecommunications and electronic equipment, computer hardware and software and its accessories and other electronic, electric, digital, multi-media, consumer durables and domestic products erstwhile it was engaged in the business of supply and/or installation of Security, Surveillance and Scanning related equipments.

b. BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.

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.

c. FIXED ASSETS

Tangible Fixed Assets 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/amortisation.

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.

d. DEPRECIATION AND AMORTISATION

(a) Depreciation on tangible fixed assets is provided on a pro-rata basis using the straight-line method based on economic useful lives of the assets determined by way of periodical technical evaluation. Individual assets costing less than Rs. 5,000 are depreciated fully in the year of acquisition.

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

Furniture and Fixtures	4-6	years
Office Equipment	3-6	years
Computers	3-5	years

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

e. INVENTORIES

Finished Goods are valued at lower of cost and net realisable value. Cost is determined on the basis of weighted average method. Goods in Transit are valued inclusive of Customs 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 assets and liabilities 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.
- c) In case of forward foreign exchange contracts where an underlying asset or liability exists at the balance sheet date, the premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contract are recognized in the statement of Profit and Loss in the reporting period in which the exchange rate change.

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 Holding 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

Sales, after adjusting trade discount 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.

i. LEASES

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

j. CURRENT AND DEFERRED TAX

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

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

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

k. 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.

l. IMPAIRMENT OF ASSETS

At each balance sheet date, the Company assesses whether there is any indication that tangible asset 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.

m. 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.

Digilife Distribution and Marketing Services Limited
Notes to the Financial Statements

	As at 30.06.2014 ₹/Lacs	As at 30.06.2013 ₹/Lacs
2- Share capital		
<u>Authorised</u>		
50,000,000 Equity Shares (2013 - 50,000,000) of ₹ 10/- each	5,000.00	5,000.00
<u>Issued, Subscribed and Paid up</u>		
48,050,000 Equity Shares (2013 - 48,050,000) of ₹ 10/- each (Fully Paid Up)	4,805.00	4,805.00
TOTAL	4,805.00	4,805.00

Notes:

(i) Rights attached to Equity Shares:

The Company has only one class of equity share having a face value of ₹ 10/- each. Each holder of equity shares is entitled to one vote per share held.

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 allotted as fully paid up pursuant to contract without payment being received in cash

(iii) Shareholders holding more than 5% of the aggregate shares in the Company	No of Shares	% of shares	No of Shares	% of shares
(a) HCL Infosystems Limited (Holding Company)* * including six nominee shareholders	48,050,000	100	48,050,000	100



Digilife Distribution and Marketing Services Limited
Notes to the Financial Statements

3- Movement in Reserves and surplus

Particulars	(₹/Lacs)
	Surplus/(Deficit) in the Statement of Profit and Loss
As at July 1, 2012	(1,861.58)
Profit for the year	550.96
As at June 30, 2013	<u>(1,310.62)</u>
As at July 1, 2013	(1,310.62)
Loss for the year	<u>(1,909.68)</u>
As at June 30, 2014	<u>(3,220.30)</u>

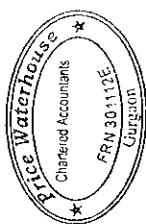


	As at 30.06.2014 ₹/Lacs	As at 30.06.2013 ₹/Lacs
4- Long-term provisions		
Provision for Gratuity (Refer Note 30)	13.63	6.33
TOTAL	13.63	6.33
5- Short-term borrowings		
Unsecured:		
Loans and advances from HCL Infosystems Limited, the Holding Company	2,137.08	-
TOTAL	2,137.08	-
Note :		
Unsecured Loans from HCL Infosystems Limited, the Holding Company, amounting to ₹ 2137.08 Lacs (2013 - ₹ Nil), out of which ₹ 2137.08 Lacs (2013 - ₹ Nil) is repayable within 1 year from the date of loan and carries an interest @ 11.77 % per annum with effect from April 01,2014.		
6- Trade-payables (Refer Note 36)		
Trade Payables		
- Outstanding due to other than Micro and Small Enterprises	12,282.37	16,105.46
TOTAL	12,282.37	16,105.46
7- Other current liabilities		
Advances Received from Customers	145.18	194.22
Statutory Dues Payable	191.29	258.15
Employees Benefits Payable	17.11	19.08
TOTAL	353.58	471.45
8- Short-term provisions		
Provision for Gratuity and Leave Encashment (Refer Note 30)#	20.34	8.04
For Income Tax	-	32.92
[Net of Advance Income Tax of ₹ Nil (2013 - ₹ 82.07 Lacs)]		
TOTAL	20.34	40.96
# includes ₹ 15.05 Lacs (2013 - ₹ 6.60 Lacs) for provision for leave encashment		



9- Fixed Assets

Particulars	Gross Block			Depreciation / Amortisation			Net Block		₹/Lacs
	As at 01.07.2013	Additions	Disposal	As at 30.06.2014	As at 01.07.2013	Additions	Disposal	As at 30.06.2014	
Tangible Assets:									
Own Assets									
Plant and Machinery	0.63	-	-	0.63	0.63	-	-	0.63	-
Office Equipments	0.68	0.47	0.92	0.23	0.06	0.10	0.09	0.07	0.62
Computers	24.79	-	0.24	24.55	5.35	8.18	0.23	13.30	19.44
Sub-Total	26.10	0.47	1.16	25.41	6.04	8.28	0.32	14.00	20.06
Previous Year	1.76	24.34	-	26.10	0.80	5.24	-	6.04	20.06



Digilife Distribution and Marketing Services Limited
Notes to the Financial Statements

	As at 30.06.2014 ₹/Lacs	As at 30.06.2013 ₹/Lacs
10- Long-term loans and advances		
Unsecured:		
Deposits with Sales tax authorities	3.56	3.23
Advance Income tax		
[Net of Provision for Income Tax of ₹ 114.99 Lacs (2013 - ₹ Nil Lacs)]	54.04	-
TOTAL	57.60	3.23
11- Inventories		
Stock-in-Trade		
[Including in Transit ₹ 148.88 Lacs (2013 - ₹ 226.35 Lacs)]	5,783.24	4,635.09
TOTAL	5,783.24	4,635.09
12- Trade Receivables		
Unsecured		
Debts outstanding for a period exceeding Six Months		
-Considered Doubtful	396.27	111.04
Other debts		
-Considered Good	7,962.62	12,264.04
	8,358.89	12,375.08
Less: Provision for Doubtful Debts	396.27	111.04
TOTAL	7,962.62	12,264.04



Digilife Distribution and Marketing Services Limited
Notes to the Financial Statements

	As at 30.06.2014 ₹/Lacs	As at 30.06.2013 ₹/Lacs
13- Cash and bank balances		
Cash and Cash Equivalents		
Balances with Banks		
- On Current Account	1,729.54	1,793.93
Other Bank Balances		
Bank Deposits with original maturity of more than twelve months	-	1.60
Margin Account	0.20	0.20
TOTAL	1,729.74	1,795.73
14- Short-term loans and advances		
Unsecured		
Considered Good		
Balances with Customs, Port Trust, Excise and Sales Tax Authorities	62.84	40.35
Advances to Creditors	519.70	625.50
Mat Credit Entitlement	112.92	112.92
Other Deposits	86.20	85.60
Prepaid Expenses	28.64	29.73
Others	36.79	31.11
TOTAL	847.09	925.21



Digilife Distribution and Marketing Services Limited**Notes to the Financial Statements**

	Year ended 30.06.2014 ₹/Lacs	Year ended 30.06.2013 ₹/Lacs
15- Revenue from operations		
Sale of Products (Refer Note 23(b))	60,934.67	64,533.23
TOTAL	60,934.67	64,533.23
16- Other Income		
Interest Income		
- On Fixed Deposits (Gross)	7.24	55.20
Profit on foreign exchange fluctuation	111.76	-
Provisions/Liabilities no longer required written back	-	8.89
Miscellaneous Income	100.21	12.56
TOTAL	219.21	76.65
17- (Increase)/Decrease in inventories of stock-in-trade		
Closing Stock		
- Stock-In-Trade	5,783.24	4,635.09
Opening Stock	5,783.24	4,635.09
- Stock-In-Trade	4,635.09	3,954.66
	4,635.09	3,954.66
(Increase)/Decrease in inventories of stock-in-trade	(1,148.15)	(680.43)
18- Other direct expense		
Purchase of Services	1.50	-
Spares and Stores Consumed	4.31	18.84
	5.81	18.84
19- Employee benefits expense (Refer Note 30)		
Salaries, Wages, Bonus and Gratuity	1,248.62	632.83
Contribution to Provident and Other Funds	34.07	19.66
Staff Welfare Expenses	2.25	0.50
TOTAL	1,284.94	652.99
20- Finance costs		
Interest on Short Term Borrowings	73.02	6.67
TOTAL	73.02	6.67



Digilife Distribution and Marketing Services Limited
Notes to the Financial Statements

	Year ended 30.06.2014 ₹/Lacs	Year ended 30.06.2013 ₹/Lacs
21- Other expenses		
Rent (Refer Note 27)	157.38	153.85
Rates and Taxes	117.47	156.51
Printing and Stationery	1.72	4.11
Communication	23.39	7.75
Travelling and Conveyance	130.91	80.92
Packing, Freight and Forwarding	224.55	216.61
Legal and Professional (Refer Note 26)	100.46	128.18
Retainership Expenses	51.00	46.14
Training and Conference	1.37	0.37
Insurance	94.69	53.59
Advertisement, Publicity and Entertainment	9.46	39.70
Hire Charges	2.03	1.06
Bank Charges	103.56	29.14
Provision for Doubtful Debts	285.23	2.43
Loss on Sale of Fixed Assets	0.82	-
Repairs		
- Others	0.23	0.16
Net Loss/(Gain) on Foreign Exchange Fluctuation	-	91.27
Miscellaneous	20.64	16.02
TOTAL	1,324.91	1,027.81



22. Taxation:

(a) Provision for taxation has been computed by applying the Income Tax Act, 1961 to the Loss for the year ended June 30, 2014, 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, 2014 are:

	As at 01.07.13	Movement during the year	As at 30.06.14
₹/Lacs			
Assets			
Carry forward Tax Loss and Unabsorbed Depreciation	439.01	(439.01)	-
Provision for Doubtful Debts	36.88	(36.88)	-
Expense accruals (Bonus, Gratuity, Leave Encashment and Provision for Warranty)	5.52	(5.52)	-
Total (A)	481.41	(481.41)	-
Liabilities			
Depreciation	2.85	(2.85)	-
Preliminary Expenses	3.34	(3.34)	-
Total (B)	6.19	(6.19)	-
Net Deferred Tax Asset (A) - (B)	475.22	(475.22)	-
Previous year	457.87	-	475.22

23 (a) Information in respect of purchase of traded goods:

	Amount ₹/Lacs
Memory Card	16,605.04
IPOD	(11,434.28)
	(2,176.64)
Computers (Desktop and Laptops)	10,727.30
	(23,135.73)
Gaming, Tablet and LCD	21,596.28
	(16,377.20)
Speakers,Accesseries	393.47
	(-)
Networking Printer server	10,585.59
	(5,998.41)
Others*	1,132.15
	(3,922.59)
Total	61,039.83
	(63,044.85)

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

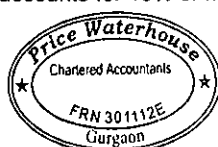
Previous year figures are given in brackets.

23 (b) Sales:

	Sales / Adjustments Amount ₹/Lacs
Memory Card	16,411.43
	(11,998.60)
IPOD	-
	(2,249.28)
Computers (Desktop and Laptops)	10,905.04
	(25,759.43)
Gaming, Tablet and LCD	20,920.07
	(16,189.73)
Networking Printer server	10,963.00
	(5,797.87)
Others*	1,735.13
	(2,538.32)
Total	60,934.67
	(64,533.23)

*Does not include any item which in value individually accounts for 10% or more of the total value of sales / stock.

Previous year figures are given in brackets.



24. Value of Imports calculated on CIF basis:		2014	2013
		₹/Lacs	₹/Lacs
	Traded items	20,791.55	13,113.81
	Total	<u>20,791.55</u>	<u>13,113.81</u>
25. Expenditure in Foreign Currency: (On accrual basis)		2014	2013
		₹/Lacs	₹/Lacs
	a) Travel	1.41	7.62
	b) Technical	0.37	-
	c) Others	-	3.98
	Total	<u>1.78</u>	<u>11.60</u>
26. Remuneration to Auditor*:		2014	2013
		₹/Lacs	₹/Lacs
	Audit Fee	3.00	1.25
	Other Audit Services/Certifications	1.00	5.75
	Total	<u>4.00</u>	<u>7.00</u>
	*Excluding service tax		

27. Leases:

Operating Lease:

(i) Cancelable Operating Leases

(a) The Company has taken various residential/commercial premises under cancelable operating leases. These leases are for a period of eleven months to three years and are normally renewable on expiry.

(b) The rental expense in respect of operating leases is ₹ 157.38 Lacs (2013 - ₹ 153.85 Lacs) which is disclosed as Rent expense under 'Other expenses'.

28 Contingent Liabilities :

Claims against the Company not acknowledged as debts:

	2014	2013
	₹/Lacs	₹/Lacs
Sales Tax*	2.24	-

The amount shown above 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. It is not practicable for the Company to estimate the timing of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.

29. Earnings per share (EPS)

The earnings considered in ascertaining the Company's EPS represent profit / (loss) for the year after tax. Basic earnings per share is computed and disclosed using the weighted average number of equity shares outstanding during the current year. Diluted earnings per share 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:

		₹/Lacs
Particulars	2014	2013
Profit / (Loss) after tax (₹)	(1,909.68)	550.96
Weighted average number of shares considered as outstanding in computation of Basic EPS	48,050,000	48,050,000
Weighted average number of shares considered as outstanding in computation of Diluted EPS	48,050,000	48,050,000
Basic EPS (of ₹ 10/- each)	(3.97)	1.15
Diluted EPS (of ₹ 10/- each)	(3.97)	1.15



30. The Company has calculated the various benefits provided to employees as under:

(a) Defined Contribution Plans

Superannuation Fund

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

	2014	2013
	₹/Lacs	₹/Lacs
Employers Contribution to Superannuation Fund*	5.90	5.04

(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:

	2014	2013
	₹/Lacs	₹/Lacs
Employers Contribution to Employee State Insurance*	0.28	-
Employers Contribution to Employee's Pension Scheme 1995*	8.31	3.55

* Included in Contribution to Provident and Other Funds under Employee Benefits expense (Refer Note 19).

(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 plans based on the following assumptions:

	Employees Gratuity Fund	
	2014	2013
Discount Rate (per annum)	8.50%	7.93%
Rate of increase in compensation levels	6.00%	6.00%
Rate of return on plan assets	Not Applicable	Not Applicable
Expected average remaining working lives of employees (years)	20.34	20.39

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.

	2014	2013
	₹/Lacs	₹/Lacs
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	7.76	3.15
Current service cost	3.40	2.90
Past service cost	-	-
Interest cost	0.57	0.25
Actuarial (gain)/loss	10.15	3.91
Benefits (paid)	(2.96)	(2.45)
Transferred out on sale of business	-	-
Present value of obligation at the end of the year	18.92	7.76
Reconciliation of the present value of the defined benefit obligation and the fair value of the plan assets:		
Present value of the obligation as at the end of the year	18.92	7.76
Fair value of plan assets at the end of the year	-	-
Assets/(Liabilities) recognised in the Balance Sheet	(18.92)	(7.76)
Cost recognised for the period (included under Salaries, Wages, Allowances, Bonus and Gratuity under Employee Benefits expense - Refer Note 19)		
Current service cost	3.40	2.90
Past service cost	-	-
Interest cost	0.57	0.25
Actuarial (gain) / loss	10.15	3.91
Net cost / (gain) recognised for the year	14.12	7.06

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

	₹/Lacs				
	2014	2013	2012	2011	2010
Present value of the obligation as at the end of the year	18.92	7.76	3.15	21.96	26.12
Fair value of plan assets at the end of the year	-	-	-	-	-
Assets/(Liabilities) recognised in the Balance Sheet	(18.92)	(7.76)	(3.15)	21.96	26.12

In respect of certain eligible employees, the Company is participant under a provident fund plan which is administered through a multi employer trust. The participants have an obligation to make good any deficiency in the interest to be paid by the Trust to its members and the income earned by it. Accordingly the plan is as a defined benefit plan. The trust has obtained an actuarial valuation of the Provident fund liability as at the Balance Sheet date and as per valuation report, there is no shortfall as on June 30, 2014. The valuation report contained details for the disclosure requirement of the Accounting Standard 15 "Employee Benefits" for the trust as a whole, however breakup into respective entities is not available and accordingly the disclosures for provident fund liability as required by Accounting Standard 15 "Employee Benefits" has not been made in these financial statements. The Company's contribution to provident fund for the year is ₹ 19.58 Lacs (2013 ₹ 11.07 Lacs) which has been included under Contribution to Provident and Other Funds (Refer Note 19).

31. Foreign Currency Exposure:

(a) The Company has following outstanding derivative as at reporting date:

Particular	Foreign Currency Value ₹ / lacs		Average rate		Maximum Maturity Period	
	2014	2013	2014	2013	2014	2013
Forward contract to buy USD	6.52	3.40	60.18	55.53	1 months	2 Months

(b) As on June 30, 2014, the foreign currency exposure that is not hedged by a derivative instrument or otherwise in respect of

Particulars	₹ / Lacs	
	2014	2013
Trade Payables	735.25	2424.02
Trade Receivables	11.06	Nil

(c) The unaccrued forward exchange cover has been included under 'Other current assets' and 'Other non current assets' as 'Unamortised Premium on Forwards Contracts'.

Particulars	₹ / Lacs	
	2014	2013
Unamortised premium	1.55	0.81



32. Disclosure of related parties and related party transactions:

(a) Company having substantial Interest:

- HCL Corporation Private Limited

(b) Holding Company:

- HCL Infosystems Limited (holds 100% of equity share capital of the Company)

(c) Fellow subsidiaries:

- HCL Infotech Limited

- HCL Services Limited

- HCL Learning Limited

(c) Other related parties with whom transactions have taken place during the year and/or where balances exists:

-HCL Connet Limited

- HCL Technologies Limited

(d) Summary of Related Party disclosures:

₹/Lacs

Particulars	Holding Company		Fellow Subsidiaries		Others		Key Management Personnel		Total	
	June 2014	June 2013	June 2014	June 2013	June 2014	June 2013	June 2014	June 2013	June 2014	June 2013
(i) Transactions										
Sales and related Income										
-HCL Infosystems Limited	5,371.27	8,419.56							5,371.27	8,419.56
-HCL Infotech Ltd.			2,203.93	-					2,203.93	-
-HCL Services Ltd			187.04	-					187.04	-
-HCL Learning Ltd			1.95	-					1.95	-
-HCL Technologies Limited					711.59	46.57			711.59	46.57
-HCL Connet Limited					445.38	-			445.38	-
Purchase of Goods										
-HCL Infosystems Limited	12,040.73	34,005.75							12,040.73	34,005.75
Purchase of Services										
-HCL Services Limited			38.64	-					38.64	-
Inter Company Deposits (ICD) Taken										
-HCL Infosystems Limited	2,137.07	-							2,137.07	-
Interest on Inter Company Deposits (ICD) Taken										
-HCL Infosystems Limited	41.20								41.20	-
Reimbursement of Expenses										
-HCL Infosystems Limited	-	110.07							-	110.07
(ii) Amount due to/ from related parties										
Accounts Receivables	917.29	3,264.04	2,046.59	38.72	13.20				2,977.08	3,302.76
Accounts Payables	5,781.51	7,370.33	-	-	-				5,781.51	7,370.33
Inter Company Deposits (ICD)	2,137.07	-							2,137.07	-

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

(e) The Company has taken working capital facilities (non funded) from bank which is secured by a corporate guarantee given by HCL Infosystems Limited, the holding company, against which the Company has utilised ₹ 620 Lacs (2013 - ₹ 4,578.59 Lacs) as at June 30, 2014.

(f) No remuneration is paid by the Company to the whole-time Director.



Digilife Distribution and Marketing Services Limited**Notes to the Financial Statements****33. Employee Stock Option Plan (ESOP):**

The holding company has established Employee Stock Option Scheme 2000 and Employee Stock Based Compensation Plan 2005 for the employees of HCL Infosystems Limited and its subsidiaries.

HCL Infosystems Limited, Holding Company follows the Intrinsic Value Method of accounting and there is no charge for ESOPs based on this method during the current year which relates to the Company.

The impact on the profit/(loss) of the Company for the current year ended June 30, 2014 and the basic and diluted earnings per share had the Holding Company followed the fair value method of accounting for stock options is set out below:

Proforma disclosures		₹/Lacs
Particulars	Year ended June 30, 2014	Year ended June 30, 2013
Profit/(Loss) after tax as per Profit and Loss account (a)	(1,909.68)	550.96
Profit/(Loss) after tax recomputed for recognition of employee stock compensation expense under fair value method (b)	(1,909.68)	550.96
Earnings/(Loss) Per Share based on earnings as per (a) above:		
- Basic and Diluted (Refer Note 29)	(3.97)	1.15
Earnings/(Loss) Per Share had fair value method been employed for accounting of employee stock options:		
- Basic and Diluted	(3.97)	1.15

34. The Company's business falls within a single primary business and geographical segment, i.e. trading and distribution of various telecommunications and electronic equipment, computer hardware and software and its accessories and other electronic, electric, digital, multi-media, consumer durables and domestic products. Accordingly, pursuant to Accounting Standard 17 on 'Segment Reporting', notified under section 211 (3C) of the Companies Act, 1956, segment information is not required to be disclosed.

35. 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 ₹ /Lacs	Amount deposited ₹ /Lacs	Period to which the amount relates	Forum where dispute is pending
1.1	Rajasthan Value Added Tax Act, 2003**	Commercial Tax(including Penalty)*	0.77	-	2006-2007 2007-2008	Deputy Commissioner (Appeals) of Commercial Tax Jaipur
2.1	Kerala General Sales Tax Act, 1963**	Sales Tax*	1.47	-	2001-2002	Tribunals of Sales Tax, Kochi.
	Total		2.24	-		

Notes:

- * Deposits under sales tax are adjustable against demand of other assessment years.
- ** Including balances under Central Sales Tax Act, 1956 with relevant rules of respective states.

36. Based on the information available with the management, none of the vendors are registered under the Micro, Small and Medium Enterprises Development Act, 2006.

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

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

For and on behalf of the Board of Directors

ABHISHEK RARA
Partner
Membership No. 077779

HARSH CHITALE
Managing Director

NIKHIL SINHA
Director

Place: Noida
Date : August 28, 2014

SANJEEV KUMAR SARAF
Chief Financial Officer

PRADEEP TAHILIANI
Company Secretary