

Directors' Report

To the Shareholders,
HCL Infotech Limited
(Formally known as HCL System Integration Limited)

Your Directors have pleasure in presenting their Second 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 Crores)	
	Year ended 30th June, 2014	Year ended 30th June, 2013
Net Sales and other income	1,189.44	-
Profit/(Loss) before Interest, Depreciation and Tax	(62.26)	(0.01)
Finance Charges	71.79	-
Depreciation	11.33	-
Profit/(Loss) before Tax	(145.38)	(0.01)
Provision for Taxation : Current	-	-
Deferred	-	-
Net Profit/(Loss) after Tax	(145.38)	(0.01)

Name Change

The name of the Company was changed from HCL System Integration Limited to HCL Infotech Limited effective from 28th October, 2013.

Business

We have built a strong global System Integration services offerings catering to industries such as Telecom, Utilities, Travel & Transportation, eGov, Citizen Identification Services, Defence and Healthcare. Based on our 3 decades of experience in handling various large and complex projects, we have built our own IPs which are replicable to other projects not just in India but in other emerging markets as well. Going forward, leveraging our domain expertise and technical know-how we plan to pursue only a asset-light 'SI Services' business where we would be willing to partner with other lead System Integrators to offer them our services

One of our key projects, Unique Identification Authority of India (UIDAI) Managed Service Provider, continues to progress well and has reached the milestone of generating 65 + crore Aadhaar cards. HCL is managing 5000 plus IT devices with 20PB storage across two Data Centers of UIDAI with 24*7 Operation. Besides, we are also helping UIDAI with 1.5Mn enrolments and 0.7Mn authentication per day and working on world's largest and most complex data centre migration as part of this project.

It is expected that the Aadhaar project will further gain momentum as a result of linkages with Pradhan Mantri Jan Dhan Yojna (Financial Inclusion initiatives of the government) and government's aggressive 100 crore target set for UIDAI for generating Aadhaar cards by 2015.

We have also made rapid strides in our other prestigious projects such as Defense Communication Network and WCDMA. DCN Test Bed demonstration and sign off happened on time. WCDMA Phase I is complete and phase II execution is in full swing and is likely to be over in Dec'14.

As a result of our above efforts to transition to a new asset light business model, our revenue from this segment was INR 647 Cr with total collection of INR 623 Cr for FY 2013-14. With the commissioning of few of the large projects like WCDMA, few of RAPDRP projects, BSNL CDR etc. coming to completion stage in FY 15.

In addition, we expect substantial part of the balance order book for SI business to be completed in the next 2 to 2.5 years. We will eventually transition to a high end consulting and services delivery organization by leveraging on the considerable Intellectual Property (IP) that we have developed over the years.

Awards & Recognition in FY 14:

- Bagged 'Golden Peacock Eco Innovation Award for eNBA Project'
- Bagged 'PCQuest Best IT Implementation Award 2013' under category Best Education Project (Silver) for eNBA
- Bagged eINDIA PSE 2013 Award for the project 'eProcurement by Indian Railways'
- 'PCQuest Best IT Implementation Finalist' for 'Government of Maharashtra's Border Check Post Automation'

Scheme of Arrangement

During the year under review, a composite Scheme of Arrangement (the Scheme) under the provisions of Section 391 and 394 of the Companies Act, 1956 between HCL Infosystems Limited and HCL Infotech Limited (the Company) and HCL Services Limited (formerly known as HCL Care Limited) and HCL Learning Limited and HCL Infocom Limited and their respective shareholders and creditors was approved by Hon'ble Delhi High Court vide its order dated 18th September, 2013. The Scheme became effective from 1st November, 2013 on filing a certified copy of the High Court order with the office of the Registrar of the Companies, NCT of Delhi & Haryana, from 1st January, 2013, the Appointed Date.

On Scheme becoming effective, the Hardware Solutions business of the HCL Infosystems Limited was transferred and vested into the Company, with effect from 1st January, 2013, the appointed date.

Pursuant to the aforesaid scheme HCL Investment Pte Limited, Singapore & HCL Infosystems South Africa (Pty) Limited became the subsidiaries of the Company. The Statement pursuant to section 212 of Companies Act, 1956, highlighting the summary of the financial performance of our subsidiaries is annexed to this report.

Public Deposit

The Company has not accepted any deposits from the public.

Directors

Mr. Rajesh Raizada ceased to be director w.e.f. 16th December, 2013. Mr. Sandeep Kanwar, Mr. Rothin Bhattacharyya and Mr. Jayanthi Venkata Ramamurthy w.e.f. 18th August, 2014. The Board places on record its appreciation for the contributions made by them during their tenure with the Company.

Mr. Dharendra Singh was appointed as additional director of the Company w.e.f. 16th December, 2013. Mr. Harshavardhan Madhav Chitale, Ms. Sangeeta Talwar, Mr. Dilip Kumar Srivastava, Ms. Rita Gupta and Mr. Neelesh Agarwal were appointed as additional directors of the Company w.e.f. 18th August, 2014. Mr. Dharendra Singh and Ms. Sangeeta Talwar are Independent Directors.

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. Harshavardhan Madhav Chitale, Mr. Dilip Kumar Srivastava, Ms. Rita Gupta, Mr. Dharendra Singh, Ms. Sangeeta and Mr. Neelesh Agarwal as Directors of the Company.

Committees of the Board

The Company has three Board Committees:

(A) Accounts & Audit Committee

- (i) The Accounts & 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. Dharendra Singh	Independent, Non-Executive	Chairperson
Ms. Sangeeta Talwar	Independent, Non-Executive	Member
Mr. Harshavardhan Madhav Chitale	Non-Independent, Non- Executive	Member

(B) Nomination and 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
Mr. Dilip Kumar Srivastava	Non-Independent, Non- Executive	Chairperson
Ms. Sangeeta Talwar	Independent, Non-Executive	Member
Mr. Dharendra Singh	Independent, Non- Executive	Member

(C) Corporate Social Responsibility (CSR) 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
Mr. Dilip Kumar Srivastava	Non-independent, Non-Executive	Chairperson
Mr. Harshavardhan Madhav Chitale	Non-Independent, Non-Executive	Member
Ms. Sangeeta Talwar	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

A. Conservation of Energy

Under HCL ecoSafe, the sustainable business initiative program undertaken by your company, energy conservation has been a key area of work to reduce power consumption in our products, manufacturing process and our operations.

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

Under your restructuring program, your company has made certain changes in its operations thereby consolidating its offices resulting in a power saving of 500 units in a month.

B. Research and Development/ Technology Absorption

1. Product Innovation & Engineering

Another important development from HCL Labs is the technology that enables banking for the unbanked in rural & urban migrant population in India, which is a challenge that can be surmounted only with the use of technology. Building on a spectrum of technologies, the HCL Financial Inclusion (FI) framework is an end to end solution which includes a variety of front end access devices such as an integrated MicroATM, Financial Switches & Servers at its core connected to the CBS (Core Banking Solution) of Banks & other Application servers, supported with Central & Aadhaar based biometric authentication. These solutions today have enabled Banking services outside the Brick & Mortar branch-based model including Direct Benefit Transfer, Saving Products, Insurance & Payment solutions to thousands of villages across the country.

2. Technology Absorption, Adaptation and Innovation

Continuous innovation is the second nature of ICT. Last year your company has invested in a number of new technologies keeping in line with its long term growth objectives.

In the area of Financial Inclusion (FI) some major developments in the MicroATM technology includes implementation of 1:N verification providing local de-duplication & reduced FRR (False Reject Rates) in Authentication, technology improvement for increased successful Authentication, Incorporation of Aadhaar Seeding & e-KYC (Know-your-Customer) in Enrollment Application, Online upgrade of software in Handheld Terminal & download manager for addressing poor quality of connectivity, MicroATM Compliance & functionality using PINPAD, Prototype development for new Handheld Terminal (HHT) in conformance with MicroATM standards, Porting of HCL Application on another vendor's HHT and a new design of charging cable of HHT compatible for use with 12V Automotive Battery.

Further, at the backend Application level, Aadhaar Authentication Application was developed for Aadhaar-enabled payment system (AEPS) transactions and tested with multiple connectivity options, eg – Ethernet, GPRS, WiMax & VSAT. The Application for Flexi-Deposit was developed and deployed for Enrollment & Transaction. Further, Integration of RuPay Card for Cashless Transactions and Non-carded transactions through Central Authentication is in progress.

C. Foreign Exchange Earning and Outgo

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

(Rs' in Crores)

Particulars	Year ended 30 th June, 2014	Year ended 30 th June, 2013
Foreign Exchange Earnings	12.07	-
Foreign Exchange Outgo	56.03	-

Auditors and Auditors' Report

M/s Price Waterhouse, Chartered Accountants were appointed in as Statutory Auditors of the Company in place of M/s S.D. Chopra and Associates, Chartered Accountants. It is proposed to re-appoint M/s Price Waterhouse, Chartered Accountants as statutory auditors of the Company from the conclusion of forthcoming Annual General Meeting till the conclusion of Third AGM. M/s Price Waterhouse, Chartered Accountants has, under Section 141 of the Act, furnished a certificate of its eligibility and offer themselves for re-appointment.

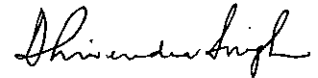
The Auditors' Report is unqualified. The notes to the Accounts referred to in the Auditors' Report are self explanatory and therefore do not call for any further clarifications.

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



Dhirendra Singh
Chairman
DIN: 00852815

Place : 28th August, 2014
Date : Noida

INDEPENDENT AUDITORS' REPORT

To the Members of HCL Infotech Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of HCL Infotech 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.

Emphasis of Matter

7. We draw attention to Note 45 to the accompanying financial statements regarding-
- (a) Recording of assets and liabilities pertaining to Hardware Solution Business at the respective fair values, as at the appointed date.
 - (b) Transfer of excess of the value of assets over liabilities, amounting to Rs. 409.47 Crores to Capital Reserve.

The aforesaid accounting treatment is in accordance with the Scheme of Arrangement as sanctioned by the Hon'ble High Court of Delhi vide order dated September 18, 2013 received on October 30, 2013, effective from January 1, 2013, and filed with the Registrar of Companies, , NCT of Delhi & Haryana on November 1, 2013. Our conclusion is not qualified in respect of this matter.

Other Matter

8. The financial statements of the Company as at June 30, 2013 and for the period then ended were audited by another firm of chartered accountants who, vide their report dated August 13, 2013, expressed an unmodified opinion on those financial statements.

Report on Other Legal and Regulatory Requirements

9. 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.
10. 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 HCL Infotech 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 are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
 - (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- 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 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.
- v. (a) 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.
 - (b) In our opinion, and according to the information and explanations given to us, there are no transactions made in pursuance of such contracts or arrangements exceeding the value of Rupees Five Lakhs in respect of any party during the year.
- 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. 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

Annexure to Independent Auditors' Report

Referred to in paragraph 7 of the Independent Auditors' Report of even date to the members of HCL Infotech Limited on the financial statements for the year ended June 30, 2014

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maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

- 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 generally regular in depositing undisputed statutory dues in respect of service tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, works contract tax, income tax, sales tax, professional tax, 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 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
U.P. Trade Tax Act, 1948	Sales Tax	0.81	0.67	2002-2007	High Court, Allahabad/ Joint Commissioner (Appeals) of Commercial Tax, Noida/ Commercial Tax Tribunal, Noida
U.P. Value Added Tax Act-2008	Sales Tax/ Commercial Tax (including Penalty)	0.59	0.13	2007-2014	Additional Commissioner (Appeals) of Commercial Tax, Noida/ Joint Commissioner (Appeals) of Commercial Tax, Noida
Delhi Value Added Tax Act, 2004	Trade Tax	1.07	0.08	2005-2006	Additional Commissioner of Sales Tax, Delhi
Rajasthan Sales Tax Act, 1994	Sales Tax	0.05	0.06	2005-2007	Deputy Commissioner (Appeals) of Sales Tax, Jaipur
Rajasthan Value Added Tax Act, 2003	Commercial Tax (including Penalty)	0.72	0.14	2006-2012	Deputy Commissioner (Appeals) of Commercial Tax Jaipur
Kerala General Sales Tax Act, 1963	Sales Tax (including Penalty)	0.10	0.04	2001-2012	Tribunals of Sales Tax, Kochi/ Check post authorities, Kerala
Jammu & Kashmir Value Added Tax Act, 2005	Sales Tax (including Penalty)	0.21	0.21	2007-2009	Deputy Commissioner (Appeals), Jammu
Punjab Value Added Tax Act-2005	Sales Tax (including Penalty)	0.04	0.11	2007-2008	Dy. Commissioner Appeals, Punjab
Name of the Statute	Nature of the dues	Amount	Amount	Period to	Forum where dispute is

Annexure to Independent Auditors' Report

Referred to in paragraph 7 of the Independent Auditors' Report of even date to the members of HCL Infotech Limited on the financial statements for the year ended June 30, 2014

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		Rs./Crores	deposited under protest Rs./Crores	which the amount relates	pending
Karnataka Value Added Tax Act, 2003	Sales Tax	1.22	1.00	2006-2008	Assessing Officer, Bangalore/ Deputy Commissioner Appeal, Bangalore/ Joint Commissioner Appeal, Bangalore
Himachal Pradesh Value Added Tax Act-2005	Sales Tax (including Penalty)	0.02	0.02	2006-2013	Assistant Commissioner of Sales Tax Shimla
Orissa Value Added Tax Act, 2004	Sales Tax (including Penalty)	0.63	0.18	2005-2011	Dy. Commissioner Appeal Bhubaneswar/ Jt. Commissioner Appeal Patna
Jharkhand Value Added Tax Act, 2005	Sales Tax (including Penalty)	0.01	0.01	2010-2011	Jt. Commissioner Appeal (Ranchi)
M.P. Value Added Tax Act, 2002	Sales Tax (including Penalty)	0.15	0.04	2010-2011	Jt. Commissioner Appeal

Refer Note 43 for the details.

- x. As the Company is registered for a period less than five years, the provisions of Clause 4(x) of the Order are not applicable to the Company.
- xi. 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.
- 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. In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.

Annexure to Independent Auditors' Report

Referred to in paragraph 7 of the Independent Auditors' Report of even date to the members of HCL Infotech Limited on the financial statements for the year ended June 30, 2014

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- xvii. 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.
- 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.
- 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

Abhishek Rara
Partner
Membership Number 077779

Place: Gurgaon
Date: August 28, 2014

HCL Infotech Limited (Formerly known as HCL System Integration Limited)
Balance Sheet as at June 30, 2014

	Notes		As at 30.06.2014 /Crores	As at 30.06.2013 /Crores
Equity and Liabilities:				
Shareholders' funds				
Share capital	2		0.05	0.05
Reserves and surplus	3		207.95	(0.01)
			208.00	0.04
Non-current liabilities				
Long-term borrowings	4		88.13	-
Other long-term liabilities	5		1.48	-
Long-term provisions	6		2.60	-
			92.21	-
Current liabilities				
Short-term borrowings	7		683.22	-
Trade payables	8		679.87	0.01
Other current liabilities	9		283.57	-
Short-term provisions	10		2.54	-
			1,649.20	0.01
Total Equity and Liabilities			1,949.41	0.05
Assets:				
Non-current assets				
Fixed assets				
- Tangible assets	11		28.25	-
- Intangible assets	11		8.40	-
- Capital work-in-progress			9.44	-
Non-current investments	12, 46		8.41	-
Long-term loans and advances	13		18.81	-
Other non-current assets	14		153.89	-
			227.20	-
Current assets				
Inventories	15		78.79	-
Trade receivables	16		426.95	-
Cash and bank balances	17		54.99	0.05
Short-term loans and advances	18		110.89	-
Other current assets	19		1,050.59	-
			1,722.21	0.05
Total Assets			1,949.41	0.05

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
Director

DHIRENDRA SINGH
Director

Place : Noida
Date : August 28, 2014

DIPENDRA CHAUDHARY
Company Secretary

HCL Infotech Limited (Formerly known as HCL System Integration Limited)
Statement of Profit and Loss for the year ended June 30, 2014

	<u>Notes</u>	<u>Year ended 30.06.2014 ₹Crores</u>	<u>Period ended 30.06.2013 ₹Crores</u>
Revenue:			
Revenue from operations (gross) [Refer Note-45]	20	1,149.95	
Other income	21	39.49	-
Total Revenue		<u>1,189.44</u>	<u>-</u>
Expenses:			
Purchases of stock-in-trade [Refer Note 45]	29	799.56	-
Changes in inventories of finished goods, work-in-progress and stock-in-trade	22	5.15	-
Other direct expense	23	164.60	-
Employee benefits expense	24	128.42	-
Finance costs	25	71.79	-
Depreciation and amortisation expense	11	11.33	-
Net Loss on Foreign Exchange Fluctuation (Other than considered as Finance cost)		34.79	-
Other expenses	26	119.18	0.01
Total Expense		<u>1,334.82</u>	<u>0.01</u>
Profit/(Loss) before tax		(145.38)	(0.01)
Tax expense		-	-
Profit/(Loss) for the year		(145.38)	(0.01)
Earning/(Loss) per equity share (in `)			
Basic (of ` 10/- each)	36	(29,076.00)	(2.04)
Diluted (of ` 10/- each)		(29,076.00)	(2.04)

Significant Accounting Policies

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

For Price Waterhouse
Firm Registration Number-301112E
Chartered Accountants

ABHISHEK RARA
Partner
Membership Number -077779

Place : Noida
Date : August 28, 2014

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

For and on behalf of the Board of Directors

HARSH CHITALE
Director

DHIRENDRA SINGH
Director

DIPENDRA CHAUDHARY
Company Secretary

HCL Infotech Limited (Formerly known as HCL System Integration Limited)
Cash Flow Statement for the year ended June 30, 2014

	Year ended 30.06.2014 `/Crores	Period ended 30.06.2013 `/Crores
1. Cash Flow from Operating Activities:		
Profit/(Loss) before tax	(145.38)	(0.01)
Adjustments for:		
Depreciation and Amortisation Expense	11.33	-
Finance Costs	71.79	-
Interest Income	(0.18)	-
Fixed Assets Written-Off	1.06	-
Profit on Disposal of Unquoted (Others) Current Investments	(0.46)	-
Provision for Doubtful Debts	11.95	-
Provision for Doubtful Loans and Advances	1.65	-
Provisions/Liabilities no longer required Written Back	(4.74)	-
Provision for Gratuity and Other Employee Benefits	3.70	-
Unrealised Foreign Exchange (Gain)/Loss	9.13	-
	<u>105.23</u>	<u>-</u>
Operating Profit/(Loss) before working capital changes	(40.15)	(0.01)
Adjustments for changes in working capital:		
- (Increase)/Decrease in Trade Receivables	(52.29)	-
- (Increase)/Decrease in Loans and Advances and Other Assets	221.29	-
- (Increase)/Decrease in Inventories	59.72	-
- Increase/(Decrease) in Liabilities	(587.72)	0.01
	<u>(359.00)</u>	<u>0.01</u>
Net cash from operating activities	(A) (399.15)	-
2. Cash flow from Investing Activities:		
Purchase of Fixed Assets (including Intangible Assets)	(6.08)	-
Capital Work-in-Progress (including Intangible Assets under Development)	15.84	-
Proceeds from Sale of Fixed Assets	(0.85)	-
Proceeds from Sale of Current Investments	64.46	-
Lease Rental Recoverable	41.00	-
Purchase of Current Investments	(64.00)	-
Interest Received	0.14	-
	<u>50.51</u>	<u>-</u>
Net cash from/(used in) investing activities	(B) 50.51	-

3. Cash Flow from Financing Activities:

Share Capital issued	-		0.05
Secured Loans			
Short term received	1.38		-
Long term (paid)	(2.88)		-
Unsecured Loans			
Short term received	389.88		-
Long term (paid)	(23.81)		-
Interest Paid	(68.94)	295.63	-
			0.05
Net cash (used in) financing activities	(C)	295.63	0.05
Net Increase/(Decrease) in Cash and Cash Equivalents	(A+B+C)	(53.01)	0.05
Opening Balance of Cash and Cash Equivalents		0.05	-
Add: Acquired on Purchase of Solution Business (Refer Note 45)		107.95	-
Closing Balance of Cash and Cash Equivalents		54.99	0.05
Cash and cash equivalents comprise of		54.99	0.05
Balances with Banks on Current Accounts		54.99	0.05

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 Transfer of Business from HCL Infosystems Limited, the Holding Company pursuant to scheme of arrangement (Refer Note 45) is a non cash transaction and therefore has been excluded from above cash flow statement.
- 3 Figures in brackets indicate cash outgo.
- 4 Notes to financial statements form an integral part of Cash flow statement.

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
Director

DHIRENDRA SINGH
Director

ABHISHEK RARA
Partner
Membership Number -077779

DIPENDRA CHAUDHARY
Company Secretary

Place : Noida
Date : August 28, 2014

HCL Infotech Limited

Notes to the Financial Statements

1- SIGNIFICANT ACCOUNTING POLICIES

a. BASIS OF PREPARATION

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, 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 are stated at fair value of the assets or present value of minimum lease payments whichever is lower.

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

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

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

c. DEPRECIATION AND AMORTISATION

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

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

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

Tangible Assets:

Plant and Machinery	4-8	years
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):

Software	1-5	years
Technical Knowhow (Product/Technology development cost)	3-5	years

- (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

Finished Goods and Stock-In-Trade are valued at lower of cost and net realisable value. Cost is determined on the basis of weighted average.

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

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

f. FOREIGN CURRENCY TRANSACTIONS

- a) Foreign currency transactions are recorded at the exchange rates prevailing at the date of transaction. Exchange differences arising on settlement of transactions, are recognised as income or expense in the year in which they arise.
- b) At the balance sheet date, all monetary items denominated in foreign currency, are reported at the exchange rates prevailing at the balance sheet date and the resultant gain or loss is recognised in the Statement of Profit and Loss. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.
- c) With respect to exchange differences arising on translation of long term foreign currency monetary items having a term of 12 months or more, from July 1, 2011 onwards, the Company has adopted the following policy:

- (i) Exchange differences relating to long term foreign currency monetary items, arising during the year, in so far as they relate to the acquisition of a depreciable capital asset are added to or deducted from the cost of the asset and depreciated over the balance life of the asset.
 - (ii) In other cases, such differences are accumulated in the "Foreign Currency Monetary Translation Difference Account" and amortised over the balance period of the long term assets/liabilities but not beyond March 31, 2020.
- d) In case of forward foreign exchange contracts where an underlying asset or liability exists at the balance sheet date, the premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contract are recognized in the statement of Profit and Loss in the reporting period in which the exchange rate change.
 - e) Forward exchange contracts outstanding as at the year end on account of firm commitment / highly probable forecast transactions are marked to market and the losses, if any, are recognised in the Statement of Profit and Loss and gains are ignored in accordance with the Announcement of Institute of Chartered Accountants of India on 'Accounting for Derivatives' issued in March 2008.
 - f) Any profit or loss arising on cancellation or renewal of a forward exchange contract are recognised as income or as expense for the period.

g. 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:

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

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

h. REVENUE RECOGNITION

- (a) Sales, after adjusting trade discount 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 which is recognised upon creation of contractual obligations rateably over the period of contract, where no significant uncertainty exists regarding realisation of the consideration.
- (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. 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.

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. 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.

m. BORROWING COSTS

Borrowing costs to the extent related/attribution 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.

n. 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.

o. 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.

p. 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.

HCL Infotech Limited (Formerly known as HCL System Integration Limited)

Notes to the Financial Statements

	As at 30.06.2014 ₹Crores	As at 30.06.2013 ₹Crores
2- Share capital		
<u>Authorised</u>		
50,000 Equity Shares (2013 - 50,000) of ₹ 10/- each	0.05	0.05
TOTAL	<u>0.05</u>	<u>0.05</u>
<u>Issued, Subscribed and Paid up</u>		
50,000 Equity Shares (2013 - 50,000) of ₹ 10/- each (Fully Paid up)	0.05	0.05
TOTAL	<u>0.05</u>	<u>0.05</u>

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. 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.

(ii) Shareholders holding more than 5% of the aggregate shares in the Company	Number of Shares	% of shares	Number of Shares	% of shares
(a) HCL Infosystems Limited, the Holding Company (Refer Note 45)	50,000	100.00	-	-
(b) HCL Infocom Limited (Refer Note 45)	-	-	50,000	100.00

HCL Infotech Limited (Formerly known as HCL System Integration Limited)**Notes to the Financial Statements****3- Movement in Reserves and surplus**

Particulars	(/Crores)		
	Capital Reserve	Surplus in the Statement of Profit and Loss	Total Reserves and Surplus
As at July 1, 2012	-	-	-
- Loss for the period	-	(0.01)	(0.01)
As at June 30, 2013	-	(0.01)	(0.01)
As at July 1, 2013	-	(0.01)	(0.01)
- Loss for the year	-	(145.38)	(145.38)
- Capital reserve arising on account of scheme of arrangement	410.64	-	410.64
- Transfer of loss for the period January 13 to June 13 from HCL Infosystems limited (Refer Note 45)	-	(62.39)	(62.39)
- Adjustment on Account of Scheme (Refer Note 45)	-	5.09	5.09
As at June 30, 2014	410.64	(202.69)	207.95

HCL Infotech Limited (Formerly known as HCL System Integration Limited)

Notes to the Financial Statements

	As at 30.06.2014 `Crores	As at 30.06.2013 `Crores
4- Long-term borrowings		
Unsecured:		
Term Loans	82.87	-
- From Others		
Finance Lease Obligation (Refer Note 35)	5.26	-
	88.13	-
TOTAL	88.13	-

Notes:

1. Unsecured Term loans from Others amounting to ` 12.12 Crores (2013 - ` Nil) and ` 3.42 Crores (2013 - ` Nil), out of which ` 5.36 Crores (2013 - ` Nil) is shown under current maturity of long term debt, are repayable in 4 to 20 equal quarterly instalments from the date of the loans and in 10 to 11 equal half yearly (interest free) instalments from the date of the loan disbursement.

2. Unsecured Loan under receivable buyout facility amounting to ` 70.88 Crores (2013 - ` Nil), out of which ` 17.58 Crores (2013 - ` Nil) is shown under current maturity of long term debt, are repayable in 14 to 20 equal quarterly instalments from the date of the disbursement.

3. Unsecured Term loans from Others amounting to ` 37.95 Crores (2013 - ` Nil), out of which ` 18.56 Crores (2013 - ` Nil) is shown under current maturity of long term debt, is repayable in 11 to 12 equal quarterly instalments from the date of the disbursement which carries interest @ 11.80% to 12.25% per annum.

4. Long term borrowings, Short term borrowings and Current maturities of long term debts include the loan amounting to ` 85.71 Crores, ` 1.38 Crores and ` 65.20 Crores respectively that the HCL Infosystems Limited, the holding company has transferred to the Company pursuant to the scheme of arrangement (Refer Note 45). HCL Infosystems Limited, the holding company, is in the process of transferring the loan agreements to the company.

5- Other long-term liabilities

Trade Payables (Refer Note 28)	0.97	-
Other Deposits	0.51	-
TOTAL	1.48	-

6- Long-term provisions

Provision for Gratuity (Refer Note 38)	2.60	-
TOTAL	2.60	-

HCL Infotech Limited (Formerly known as HCL System Integration Limited)

Notes to the Financial Statements

	As at 30.06.2014 `Crores	As at 30.06.2013 `Crores
7- Short-term borrowings		
Secured:		
Loans from Banks	1.38	-
- Buyers Credit	1.38	-
Unsecured:		
Loans from HCL Infosystems Limited, the Holding Company	681.84	-
TOTAL	683.22	-
Note:		
1. Secured Loan from Banks amounting to ` 1.38 Crores (2013 - ` Nil) 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, HCL Infosystem Limited (the Holding Company) and its demerged subsidiaries, pursuant to court approved scheme of arrangement. The charge ranks pari-passu amongst Bankers.		
2. Unsecured Loans (Inter Company Deposits) from HCL Infosystems Limited, the Holding Company, amounting to ` 681.84 Crores (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.		
8- Trade payables		
Trade Payables (Refer Note 28) (Including Acceptance ` 61.91 Crores (2013 - ` Nil))	679.87	0.01
TOTAL	679.87	0.01
9- Other current liabilities		
Current Maturities of Long-Term Debts (Refer Note 4)	41.60	-
Current Maturities of Finance Lease Obligations (Refer Note 4 and 35)	24.14	-
Interest Accrued but not due on Borrowings	0.41	-
Deferred Revenue	29.22	-
Advances Received from Customers	153.63	-
Statutory Dues Payable	19.78	-
Employee Benefits Payable	9.15	-
Capital Creditors	5.84	-
TOTAL	283.57	-
10- Short-term provisions		
Provision for Gratuity and Leave Encashment (Refer Note 38)#	2.54	-
TOTAL	2.54	-
# includes ` 1.34 Crores (2013- ` Nil Crores) for provision for leave encashment		

HCL Infotech Limited (Formerly known as HCL System Integration Limited)
Notes to the Financial Statements

11- Fixed assets

Particulars	Gross Block				Depreciation / Amortisation				Net Block		
	As at 01.07.2013	Transferred from HCL Infosystems Limited, the Holding Company (Refer Note 45)	Additions	Disposal	As at 30.06.2014	As at 01.07.2013	Transferred from HCL Infosystems Limited, the Holding Company (Refer Note 45)	Additions	Disposal	As at 30.06.2014	As at 30.06.2014
Assets Given on Operating Lease [Refer Note 35 (d)]											
Plant and Machinery	-	18.05	-	-	18.05	-	1.40	2.82	-	4.22	13.83
Own Assets											
Plant and Machinery	-	0.67	-	-	0.67	-	0.11	0.20	-	0.31	0.36
Furniture and Fixtures	-	2.05	0.01	0.01	2.05	-	0.46	0.69	-	1.15	0.90
Office Equipments	-	1.74	0.02	0.06	1.70	-	0.24	0.44	0.02	0.66	1.04
Computers	-	12.61	7.43	0.18	19.86	-	3.70	4.06	0.02	7.74	12.12
Sub-Total (a)	-	35.12	7.46	0.25	42.33	-	5.91	8.21	0.04	14.08	28.25
Previous Period	-	-	-	-	-	-	-	-	-	-	-
Intangible Assets:											
Software	-	0.45	-	-	0.45	-	0.12	0.08	-	0.20	0.25
Intellectual Property Rights	-	1.67	-	-	1.67	-	0.50	1.00	-	1.50	0.17
Technical Knowhow	-	6.10	4.46	-	10.56	-	0.55	2.03	-	2.58	7.98
Sub-Total (b)	-	8.22	4.46	-	12.68	-	1.17	3.11	-	4.28	8.40
Previous Period	-	-	-	-	-	-	-	-	-	-	-
Total (a+b)	-	-	-	-	-	-	-	-	-	-	-
											36.65

Notes:

1. Software comprise cost of acquiring licences and SAP implementation charges.
2. Intellectual Property Rights includes Marketing Rights of Nexgen Consultancy.
3. Technical Knowhow comprise of development cost of new technology/products.

HCL Infotech Limited (Formerly known as HCL System Integration Limited)
Notes to the Financial Statements

12- Non-current investments (Refer Note 45 and Note 46)

	As at 30.06.2014			As at 30.06.2013		
	<u>Face Value</u>	<u>Units</u>	<u>Amount</u> <u>/Crores</u>	<u>Face Value</u>	<u>Units</u>	<u>Amount</u> <u>/Crores</u>
<u>Unquoted (Trade) : Long Term (At Cost)</u>						
<u>Investments In Equity Instruments of Subsidiary</u>						
HCL Investments Pte. Limited	SGD 1 and USD 1	1 in SGD* and 1,775,000 in USD*	8.41			-
Total Non-Current Investments			8.41			-
Aggregate amount of Unquoted Investments			8.41			-

HCL Infotech Limited (Formerly known as HCL System Integration Limited)

Notes to the Financial Statements

	As at 30.06.2014 `Crores	As at 30.06.2013 `Crores
13- Long-term loans and advances		
Unsecured, considered good:		
Deposits	4.60	-
Prepaid Expenses	1.61	-
Advance Income Tax [Net of Provision for Income Tax of ` Nil (2013 - ` Nil)]	12.70	-
TOTAL	18.81	-
14- Other non-current assets		
Lease Rental Recoverable (Refer Note 35)	153.89	-
TOTAL	153.89	-
15- Inventories		
Stock-in-Trade [Including In-Transit ` 19.15 Crores (2013 - ` Nil)]	78.78	-
Stores and Spares	0.01	-
TOTAL	78.79	-
16- Trade receivables		
Unsecured:		
Debts outstanding for a period exceeding six months from the date they are due for payment		
- Considered Good	287.82	-
- Considered Doubtful	30.26	-
	318.08	-
Other Debts		
- Considered Good	139.13	-
	457.21	-
Less: Provision for Doubtful Debts	30.26	-
	426.95	-
TOTAL	426.95	-

HCL Infotech Limited (Formerly known as HCL System Integration Limited)

Notes to the Financial Statements

	As at 30.06.2014 ₹Crores	As at 30.06.2013 ₹Crores
17- Cash and bank balances		
Cash and Cash Equivalents		
Balances with Banks	54.99	0.05
- On Current Account		
TOTAL	54.99	0.05
18- Short-term loans and advances		
Unsecured		
Considered Good		
- Balances with Customs, Port Trust, Excise and Sales Tax Authorities	11.36	-
- Advances to Creditors	33.22	-
Deposits with Tax Authorities	11.77	-
Other Deposits	9.00	-
Prepaid Expenses	41.66	-
Others (Includes Employee advances, Insurance claim recoverable and Expenses recoverable)	3.89	-
Considered Doubtful		
Deposits and Other Advances	4.14	-
Less: Provision for Doubtful Loans and Advances	4.14	-
TOTAL	110.89	-
19- Other current assets		
Lease Rental Recoverable (Refer Note 35)	95.76	-
Unbilled revenue	35.69	-
Contracts-in-progress (Refer Note 40)*	918.42	-
Unamortised Premium on Forward Contracts	0.72	-
TOTAL	1,050.59	-

* Out of above contracts-in-progress, which includes retention money, ₹ 706.45 Crores (2013 - ₹ Nil Crores) will be due after one year.

HCL Infotech Limited (Formerly known as HCL System Integration Limited)**Notes to the Financial Statements**

	Year ended 30.06.2014 ₹Crores	Period ended 30.06.2013 ₹Crores
20- Revenue from operations		
Sale of Products (Refer Note 30)	841.17	-
Sale of Services	308.76	-
Other Operating Revenue	0.02	-
- Scrap Sale		
TOTAL	1,149.95	-
21- Other Income		
Interest Income		-
- On Lease Rental	33.07	-
- On Fixed Deposits (Gross)	0.18	-
Profit on Disposal of Unquoted (Others) Current Investments	0.46	-
Provisions/Liabilities no longer required written back	4.74	-
Miscellaneous Income	1.04	-
TOTAL	39.49	-
22- Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Closing Stock		
- Stock-In-Trade	78.78	-
Transfer from HCL Infosystem Limited, the Holding Company (Refer Note 45)		
- Stock-In-Trade	83.93	-
(Increase)/Decrease in inventories of finished goods, work-in-progress and stock-in-trade	5.15	-
23- Other direct expense		
Purchase of Services	164.05	-
Power and Fuel	0.09	-
Labour and Processing Charges	0.26	-
Royalty	0.20	-
TOTAL	164.60	-
24- Employee benefits expense (Refer Note 38)		
Salaries, Wages, Bonus and Gratuity	123.61	-
Contribution to Provident and Other Funds	3.97	-
Staff Welfare Expenses	0.84	-
TOTAL	128.42	-
25- Finance costs		
Interest on Long-term and Short-term Borrowings	71.79	-
TOTAL	71.79	-

HCL Infotech Limited (Formerly known as HCL System Integration Limited)**Notes to the Financial Statements**

	Year ended 30.06.2014 ₹Crores	Period ended 30.06.2013 ₹Crores
26 - Other expenses		
Rent (Refer Note 35(d)(ii))	5.77	-
Rates and Taxes	10.49	-
Printing and Stationery	0.49	-
Communication	2.06	-
Travelling and Conveyance	7.84	-
Packing, Freight and Forwarding	4.07	-
Legal, Professional and Consultancy Charges (Refer Note 34)	7.40	-
Retainership Expenses	14.00	-
Training and Conference	0.75	-
Office Electricity and Water	1.91	-
Insurance	3.37	-
Advertisement, Publicity and Entertainment [Refer 39(b)]	0.66	-
Hire Charges	1.35	-
Bank Charges	5.65	-
Provision for Doubtful Debts	11.95	-
Provision for Doubtful Loans and Advances and Other Current Assets	1.65	-
Impairment of Intangibles	1.96	-
Loss on Sale of Fixed Assets	0.03	-
Fixed Assets Written-Off	1.06	-
Repairs		
- Plant and Machinery	0.10	-
- Buildings	0.19	-
- Others	4.00	-
Common Cost Allocated from HCL Infosystems Limited, the Holding Company	27.70	-
Miscellaneous	4.73	0.01
	<u>119.18</u>	<u>0.01</u>

27. Contingent Liabilities (Refer Note 45):

Claims against the Company not acknowledged as debts:

	2014	2013
	₹Crores	₹Crores
Sales Tax*	5.61	-

* Includes sum of ₹ 2.68 Crores (2013 - Nil) deposited by the Company against the above.

The amounts 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.

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

	2014	2013
	₹Crores	₹Crores
a. (i) Principal amount remaining unpaid to any supplier as at the end of the year.	0.47	-
(ii) Interest due on the above amount.	0.02	-
b. (i) Amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (Act).	-	-
(ii) Amount of principal payments made to the suppliers beyond the appointed day during the year.	1.62	-
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.	0.09	-
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.	-	-

HCL Infotech Limited (Formerly known as HCL System Integration Limited)
Notes to the Financial Statements

29. Information in respect of purchase of traded goods:

	Value `/Crores
Computers/Micro processor based systems	302.92 (-)
Photocopiers/Electronic Equipments	9.33 (-)
Printers/Scanners/UPS/CVT	41.66 (-)
Others*	445.65 (-)
Total	799.56 (-)

* 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.

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

30. Sales:

Class of Products	Sales/Adjustments	
	Value#	`/Crores
Computers/Micro processor based systems	431.88	(-)
Photocopiers/Electronic Equipments	14.99	(-)
Printers/Scanners/UPS/CVT	58.83	(-)
Others*	335.47	(-)
Total	841.17	(-)

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 period's figures are given in brackets.

HCL Infotech Limited (Formerly known as HCL System Integration Limited)
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31. Value of Imports calculated on CIF basis:

	2014	2013
	`/Crores	`/Crores
a) Stores and spares	0.05	-
b) Traded items	55.68	-
Total	55.73	-

32. Expenditure in Foreign Currency:
(On accrual basis)

	2014	2013
	`/Crores	`/Crores
a) Travel	0.10	-
b) Royalty*	0.20	-
Total	0.30	-

* Gross of tax deducted at source.

33. Earnings in Foreign Currency:

	2014	2013
	`/Crores	`/Crores
a) FOB value of exports (including deemed exports)	0.03	-
b) Others (including reimbursement of expenses)	5.20	-
Total	5.23	-

34. Remuneration to Auditor*:

	2014	2013
	`/Crores	`/Crores
a) Statutory Audit	0.16	0.01
b) Other Audit Services/Certifications	0.11	-
Total	0.27	0.01

* Excluding service tax.

35. 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, 2014 and its present value as at that date are as follows:

	Total minimum lease receivable	Interest included in minimum lease receivable	Present value of minimum lease receivable
	₹Crores	₹Crores	₹Crores
Not later than one year	97.81	22.12	75.69
	(-)	(-)	(-)
Later than one year and not later than five years	174.15	22.65	151.60
	(-)	(-)	(-)
Total	271.96	44.67	227.29
	(-)	(-)	(-)

Note: Previous period'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, 2014 and its present value as at that date are as follows:

	Payable on sale and leaseback			Receivable on sub-lease		
	Total minimum lease payable	Interest included in minimum lease payable	Present value of minimum lease payable	Total minimum lease receivable	Interest included in minimum lease receivable	Present value of minimum lease receivable
	₹Crores	₹Crores	₹Crores	₹Crores	₹Crores	₹Crores
Not later than one year	21.84	2.07	19.77	21.67	1.60	20.07
	(-)	(-)	(-)	(-)	(-)	(-)
Later than one year and not later than five years	2.94	0.03	2.91	2.38	0.09	2.29
	(-)	(-)	(-)	(-)	(-)	(-)
Total	24.78	2.10	22.68	24.05	1.69	22.36
	(-)	(-)	(-)	(-)	(-)	(-)

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

c) Sale and Leaseback

As Lessee:

	Total minimum lease payable	Interest included in minimum lease payable	Present value of minimum lease payable
	₹Crores	₹Crores	₹Crores
Not later than one year	4.90	0.53	4.37
	(-)	(-)	(-)
Later than one year and not later than five years	2.45	0.10	2.35
	(-)	(-)	(-)
Total	7.35	0.63	6.72
	(-)	(-)	(-)

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

d) Cancelable Operating Leases

As Lessee:

(i) 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.

(ii) The rental expense in respect of operating leases is ₹ 5.77 Crores (2013 - ₹ NIL 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:

	2014	2013
	₹Crores	₹Crores
Gross Block	18.05	-
Accumulated Depreciation	4.22	-
Net Block	13.83	-
Depreciation Expense	2.82	-

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Notes to the Financial Statements

36. Earnings per share (EPS)

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

Calculation of EPS:

Particulars	2014	2013
Loss after tax (` /Crores)	(145.38)	(0.01)
Weighted average number of shares considered as outstanding in computation of Basic EPS	50,000	37,808
Weighted average number of shares outstanding in computation of Diluted EPS	50,000	37,808
Basic EPS (of ` 10/- each)	(` 29076)	(` 2.04)
Diluted EPS (of ` 10/- each)	(` 29076)	(` 2.04)

37. Segment Reporting

The Company's business falls within a single primary business and geographical segment, i.e. Hardware Products and Solutions business which includes sale of office automation products, hardware solutions & products sold directly to enterprises, government and providing Sytem Integration solutions in different Industry verticals. 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.

38. 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:

2014	2013
₹Crores	₹Crores
0.59	-

Employers Contribution to Superannuation Fund*

- (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
₹Crores	₹Crores
0.39	-
1.24	-

Employers contribution to Employee State Insurance*

Employers contribution to Employee's Pension Scheme 1995*

* Included in Contribution to Provident and Other Funds under Employee benefits expense (Refer Note 24).

- (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	
	2014	2013
Discount rate (per annum)	8.50%	-
Rate of increase in compensation levels	6.00%	-
Expected average remaining working lives of employees (years)	22.89	-

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	
	2014	2013
	Gratuity	Gratuity

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

Amount Transferred from HCL Infosystems Limited, the Holding Company (Refer Note 45)	6.05	-
Current service cost	0.48	-
Past service cost	-	-
Interest cost	-	-
Actuarial (gain)/loss	(1.87)	-
Benefits (paid)	(0.86)	-
Present value of obligation at the end of the year	3.80	-

Cost recognised for the year :

	2014	2013
	Gratuity	Gratuity
Current service cost	0.48	-
Past service cost	-	-
Interest cost	-	-
Actuarial (gain)/loss	(1.87)	-
Net cost recognised for the year*	(1.39)	-

* Included in Salaries, Wages, Bonus and Gratuity for Gratuity under Employee benefits expense (Refer Note 24).

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
 Fair value of plan assets at the end of the year
 Assets/(Liabilities) recognised in the Balance Sheet

	Gratuity	
	2014	2013
	3.80	-
	-	-
	(3.80)	-

@ In respect of certain eligible employees, the Company is a participant in 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 ` 1.75 Crores (2013 - ` Nil) which has been included under Contribution to Provident and Other Funds (Refer Note 24).

39. a) Loss of ` 0.09 crores (2013 - ` Nil) on sale of fixed assets has been adjusted against the Profit/Loss on sale of fixed assets.
 b) Advertisement, Publicity and Entertainment expenses, wherever on sharing basis, are shown at amounts borne by the Company.

Contract-in-progress	As at June 30, 2014	As at June 30, 2013
	(`/Crores)	(`/Crores)
Contract revenue recognised for the period	602.33	-
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) for all contracts in progress upto the period ended	4007.14	-
The amount of advances received	143.01	-
Gross amount due from customers for contracts-in-progress	1067.05	-
Gross amount due to customers for contracts-in-progress	148.63	-

41. **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 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	`/Crores	
	2014	2013
Profit/(Loss) after tax as per Statement of Profit and Loss (a)	(145.38)	(0.01)
Profit/(Loss) after tax recomputed for recognition of employee stock compensation expense under fair value method (b)	(145.38)	(0.01)
Earnings/(Loss) Per Share based on earnings as per (a) above:		
- Basic and Diluted (Refer Note 36)	(` 29076)	(` 2.04)
Earnings/(Loss) Per Share had fair value method been employed for accounting of employee stock options:		
- Basic and Diluted	(` 29076)	(` 2.04)

42. 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	U.P. Trade Tax Act, 1948.**	Sales Tax*	0.07	0.07	2002-2003	High Court, Allahabad.
1.2		Sales Tax*	0.03	0.06	2002-2003	High Court, Allahabad.
1.3		Sales Tax*	0.32	0.24	2003-2004	Commercial Tax Tribunal, Noida.
1.4		Sales Tax*	0.36	0.24	2004-2005	Joint Commissioner (Appeals) of Commercial Tax, Noida.
1.5		Sales Tax*	0.00	0.03	2005-2006	Joint Commissioner (Appeals) of Commercial Tax, Noida.
1.6		Sales Tax*	0.03	0.04	2006-2007	Joint Commissioner (Appeals) of Commercial Tax, Noida.
1.7	U.P. Value Added Tax Act, 2008**	Sales Tax*	0.04	0.05	2007-2008	Additional Commissioner (Appeals) of Commercial Tax, Noida.
1.8		Sales Tax*	0.50	0.03	2008-2009	Additional Commissioner (Appeals) of Commercial Tax Noida.
1.9		Commercial Tax(including Penalty)*	0.03	0.03	2008-2009	Joint Commissioner (Appeals) of Commercial Tax, Noida.
1.10		Commercial Tax(including Penalty)*	0.02	0.02	2013-2014	Joint Commissioner (Appeals) of Commercial Tax, Noida.
2.1	Delhi Value Added Tax Act, 2004**	Trade Tax	1.07	0.08	2005-2006	Additional Commissioner of Sales Tax, Delhi.
3.1	Rajasthan Sales Tax Act, 1994**	Sales Tax*	0.05	0.06	2005-2006 2006-2007	Deputy Commissioner (Appeals) of Sales Tax, Jaipur.
3.2	Rajasthan Value Added Tax Act, 2003**	Commercial Tax(including Penalty)*	0.02	0.00	2006-2007 2007-2008	Deputy Commissioner (Appeals) of Commercial Tax Jaipur
3.3		Commercial Tax(including Penalty)*	0.49	0.09	2011-2012	Deputy Commissioner (Appeals) of Commercial Tax Jaipur
3.4		Commercial Tax(including Penalty)*	0.21	0.04	2011-2012	Deputy Commissioner (Appeals) of Commercial Tax Jaipur
4.1	Kerala General Sales Tax Act, 1963**	Sales Tax*	0.09	0.04	2001-2002	Tribunals of Sales Tax, Kochi.
4.2		Sales Tax (including Penalty)*	0.01	-	2007-2008 2008-2009 2009-2010 2010-2011 2011-2012	Check post authorities, Kerala.
5.1	Jammu & Kashmir Value Added Tax Act, 2005**	Sales Tax (including Penalty)*	0.21	0.21	2007-2008 2008-2009	Deputy Commissioner (Appeals), Jammu.
6.1	Punjab Value Added Tax Act-2005**	Sales Tax (including Penalty)	0.04	0.11	2007--2008	Dy. Commissioner Appeals, Punjab
7.1	Karnataka Value Added Tax Act, 2003**	Sales Tax	0.01	0.40	2006-2007	Assessing Officer, Bangalore.
7.2		Sales Tax*	0.50	0.25	2005-2006 2006-2007	Deputy Commissioner Appeal, Bangalore.

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

SI.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
7.3		Sales Tax*	0.71	0.35	2007-2008	Joint Commissioner Appeal, Bangalore.
8.1	Himachal Pradesh Value Added Tax Act- 2005**	Sales Tax (Including Penalty)*	0.01	0.01	2006-2007 2012-2013	Assistant Commissioner of Sales Tax Shimla
9.1	Orissa Value Added Tax Act, 2004**	Sales Tax (Including Penalty)*	0.58	0.14	2005-2006 to 2010-2011	Dy. Commissioner Appeal Bhubaneswar
10.1	Bihar Value Added Tax Act 2005**	Sales Tax (Including Penalty)*	0.05	0.04	2010-2011	Jt. Commissioner Appeal Patna
11.1	Jharkhand Value Added Tax Act,2005**	Sales Tax (Including Penalty)*	0.01	0.01	2010-2011	Jt. Commissioner Appeal (Ranchi)
12.1	M.P. Value Added Tax Act,2002**	Sales Tax (Including Penalty)*	0.15	0.04	2010-20	Jt. Commissioner Appeal
	Total		5.61	2.68		

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.

43. Disclosure of related parties and related party transactions:

a) Company having substantial interest:

HCL Corporation Private Limited

b) Holding Company

HCL Infosystems Limited

c) List of parties where control exists/existed and with whom transactions have taken place during the year and/or where balances exist:

Subsidiaries:

HCL Investments Pte. Limited, Singapore

Fellow Subsidiaries:

HCL Learning Limited
HCL Services Limited (formerly known as HCL Care Limited)
Digilife Distribution and Marketing Services Limited
HCL Insys Pte. Limited, Singapore
HCL Infosystems MEA FZCO, Dubai
HCL Infosystems South Africa Pty. Limited

d) Other related parties with whom transactions have taken place during the year and/or where balances exist:

HCL Technologies Limited
HCL Comnet Limited
HCL Comnet Systems and Services Limited
HCL BPO Services (NI) Limited
Shiv Nadar School
Shiv Nadar Foundation
Manipal Universal Learning Private Limited.
SSN College of Engineering
SSN Trust
Statestreet Hcl Services India Ltd

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e) Summary of Related Party disclosures

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

(/Crores)

A. Transactions	Holding Company		Subsidiaries		Fellow Subsidiaries		Others		Total	
	Jun-14	Jun-13	Jun-14	Jun-13	Jun-14	Jun-13	Jun-14	Jun-13	Jun-14	Jun-13
Sales and Related Income	277.98	-			0.54	-	25.55	-	304.07	-
- HCL Infosystems Limited	277.98	-								
- HCL Technologies Limited							24.29	-		
- HCL Services Limited					0.39	-				
- HCL Learning Limited					0.06	-				
Services	166.26	-							166.26	-
- HCL Infosystems Limited	166.26	-								
Purchase of Goods	151.24	-			22.04	-			173.28	-
- HCL Infosystems Limited	151.24	-								
- Digilife Distribution and Marketing Services Limited					22.04	-				
Purchase of Services	41.57	-			33.43	-	5.17	-	80.17	-
- HCL Services Limited					33.42	-				
- HCL Technologies Limited							5.17	-		
- HCL Learning Limited					0.01	-				
- HCL Infosystems Limited	41.57	-								
Purchase of Investment			8.41	-					8.41	-
- HCL Investment Pte Limited			8.41	-						
Share Capital	-	0.05							-	0.05
- HCL Infosystems Limited	-	0.05								
Inter Company Deposits (ICD) Taken	681.84	-							681.84	-
- HCL Infosystems Limited	681.84	-								
Interest on Inter Company Deposits (ICD) Taken	17.74	-								
- HCL Infosystems Limited	17.74	-								
Reimbursements towards expenditure										
a) Received		0.01					0.82		0.82	0.01
- HCL Infosystems Limited		0.01								
- HCL Technologies Limited							0.82			
b) Paid	9.66	-							9.66	-
- HCL Infosystem Limited	9.66	-								
Net assets Received on Transfer of Business	409.47	-							409.47	-
- HCL Infosystems Limited (Refer Note 45)	409.47	-								
B. Amount due to / from related parties										
Investment			8.41	-					8.41	-
Trade Receivables	82.18	-			8.80	-	11.29	-	102.27	-
Other Recoverables					0.01	-			0.01	-
Inter Company Deposits (ICD) Payable	681.84	-							681.84	-
Trade Payables	87.71	0.01			53.65	-	22.07	-	163.43	0.01

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44. a) Derivative Instruments outstanding at the Balance Sheet date (Refer Note 46):

The Company has following outstanding derivatives as at the reporting date:

Particulars	Foreign Currency		Average Rate		Maximum Maturity Period	
	Value/Crores					
	2014	2013	2014	2013	2014	2013
Forward contracts to buy USD	\$0.63	-	65.94	-	3 Months	-

The above derivatives have been undertaken to hedge the foreign currency exposures on Import/Royalty payables/Buyers Credit as at June 30, 2014.

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

Particulars	/ Crores	
	2014	2013
Trade Payables	20.29	-
Trade Receivables	7.48	-

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	/ Crores	
	2014	2013
Unamortised premium	0.72	-

d) 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 stands deferred as at June 30, 2014.

Particulars	/ Crores	
	2014	2013
Exchange loss deferred	(0.41)	-

HCL Infotech Limited (Formerly known as HCL System Integration Limited)

Notes to the Financial Statements

45. The Hon'ble High Court of Delhi has sanctioned the Composite Scheme of Arrangement (the "Scheme") between HCL Infosystems Limited, HCL Infotech Limited (formerly known as HCL System Integration Limited), HCL Services Limited (formerly known as HCL Care Limited), HCL Learning Limited (collectively the "Transferee Companies") and HCL Infocom Ltd and their respective shareholders and creditor under the provisions of section 391 to 394 of the Companies Act, 1956, vide its order dated September 18, 2013 received on October 30, 2013. The Scheme has become effective from November 1, 2013 on filing a certified copy of the High Court order with the office of the Registrar of the Companies, NCT of Delhi & Haryana and is applicable from January 1, 2013 (the "Appointed date").
- In accordance with the Scheme, with effect from the Appointed Date, the Company has acquired Hardware Solution Business from the Holding Company for Nil Consideration. The assets and liabilities pertaining to the Hardware Solution Business, have been recorded at their respective fair values as on December 31, 2012, as determine by an independent valuer. The fair value of assets and liabilities acquired and recorded by the Company are ` 2258.10 Cr and ` 1848.63 Cr. respectively and ` 409.47 Crores, being excess of the fair values of assets over fair value of liabilities has been credited to capital reserve in the books of the Company.
- In accordance with the Scheme, the HCL Infosystems Limited continued to carry on the business and activities in relation to the Hardware Solution business Undertakings on account of and in trust for the Company from January 1, 2013 (the "Appointed date") till November 1, 2013 (the "Effective date").
- Pursuant to this, the Parent Company has transferred the profits/ (loss), amounting to ` (62.39) Crores, attributable to the Solution Business for the period from the Appointed date and up to June 30, 2013 to the Company. These profits/ (loss), after adjusting consequential impact on profits/ (loss) arising from difference between fair values and historical values of assets and liabilities, have been recorded by the Company in the 'Surplus in Statement of Profit and Loss' in reserves and surplus.

Transactions, for the period from July 1, 2013 to the effective date and attributable to the Service Business, have been included in these financial statements.

Subsequent to the effective date, the Company is in the process of entering into novation agreements with the relevant third parties, including customers and vendors, pertaining to the Hardware Solution Business undertaking. These financial statements include results/ assets and liabilities pertaining to the transactions subsequent to the effective date executed by the HCL Infosystems Limited on trust and benefit of HCL Infotech Limited pending entering into novation agreements with the respective parties.

The revenues, costs, trade receivables, inventory and trade payables include revenues, costs, trade receivables, inventory and trade payables pertaining to the transactions subsequent to the effective date executed by the HCL Infosystems Limited on trust and benefit of HCL Infotech Limited pending entering into novation agreements with the respective parties. Such revenues, costs, trade receivables, Inventory and trade payable amount to ` 102.92 Crores, ` 62.20 Crores, ` 393.01 Crores, ` 29.25 Crores and ` 393.01 Crores respectively.

46. Forward Contracts and Investments in the company has been transferred from HCL Infosystems Limited, the Holding Company, pursuant to scheme of arrangement (Refer Note 45).HCL Infosystems Limited, the Holding Company, is in the process of transferring the forward contracts and Investments to the company.
47. Previous period's figures have also been regrouped/recasted, where necessary, to conform to the 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 Number -077779

HARSH CHITALE
Director

DHIRENDRA SINGH
Director

Place : Noida
Date : August 28, 2014

DIPENDRA CHAUDHARY
Company Secretary