

Corporate Information

BOARD OF DIRECTORS

Chairman & Chief Executive Officer

Ajai Chowdhry

Whole-time Director & Chief Operating Officer

J.V. Ramamurthy

Directors

S. Bhattacharya

D.S. Puri

R.P. Khosla

E.A. Kshirsagar

Anita Ramachandran

T.S. Purushothaman

V.N. Koura

Nikhil Sinha

CHIEF FINANCIAL OFFICER

Sandeep Kanwar

COMPANY SECRETARY

Sushil Kumar Jain

AUDITORS

Price Waterhouse, Gurgaon

BANKERS

State Bank of India

Canara Bank

HDFC Bank Ltd.

ICICI Bank Ltd.

Societe Generale

Standard Chartered Bank

State Bank of Patiala

The Hongkong and Shanghai Banking Corporation Limited

REGISTERED OFFICE

806, Siddharth,

96, Nehru Place, New Delhi - 110 019

CORPORATE OFFICE

E-4,5,6, Sector XI, Noida - 201 301 (U.P.)

WORKS

R.S. Nos: 34/4 to 34/7 and part of 34/1, Sedarapet, Puducherry - 605 111

R.S. Nos: 107/5, 6 & 7, Main Road, Sederapet Puducherry - 605 111

Plot No. 77, 78, South Phase, Ambattur Industrial Estate, Chennai - 600 058

Plot No. 1, Melayanambakkam Road, Athipet, Ambattur Chennai - 600 058

Plot No. SPL. A2, Thattanchavadi, Industrial Area, Puducherry - 605 009

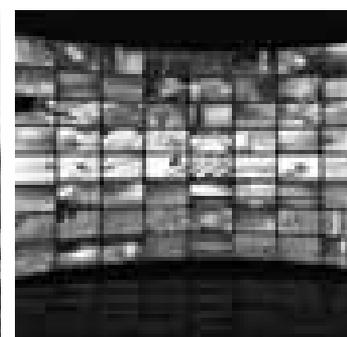
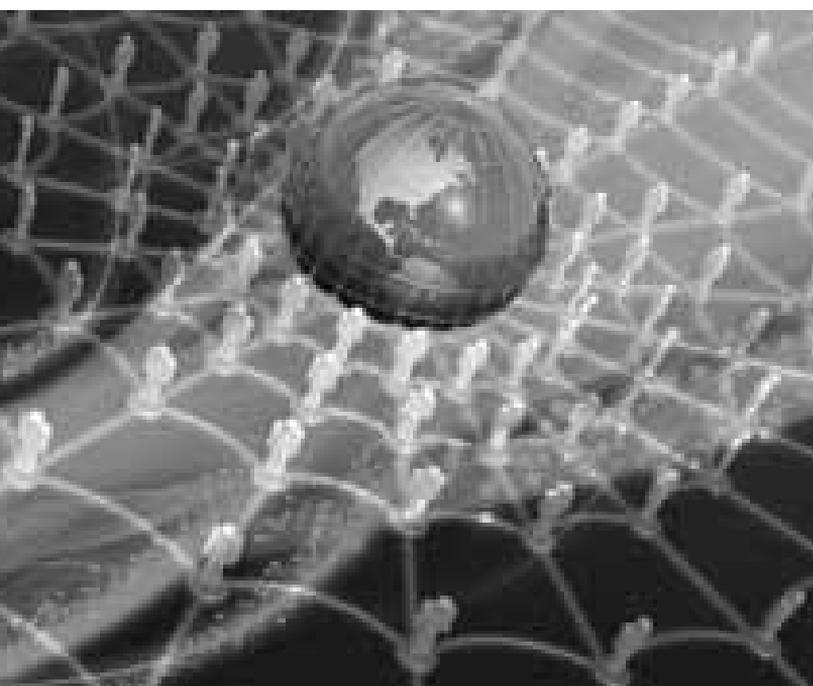
Plot Nos. 1, 2, 27 & 28, Sector 5, SIDCUL, Rudrapur, Distt. - Udham Singh Nagar, Uttarakhand - 263 145

F - 214, G - 215, EPIP, Sitapura Industrial Area, Jaipur, Rajasthan - 302022



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Forward-Looking Statement

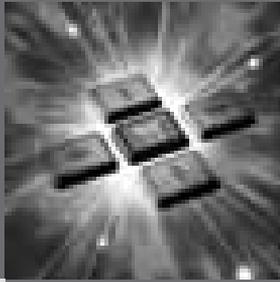
In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements, written and oral, that we periodically make contain forward-looking statements that set out anticipated results based on the management's plan and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'project', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

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● **Enabling
solutions for
a sustainable
tomorrow**
*Through technology
that touches lives*



*Business that
goes beyond numbers.
Solutions that
go beyond tomorrow.
Technology that
touches lives.*

In this value proposition lies the core of our operational philosophy. A philosophy that has evolved into a futuristic growth driver to enable transformational solutions beyond today to build a better and more sustainable tomorrow.

- Pioneering a new wave in ICT through strategic initiatives in ICT systems integration solutions and services
- Evolving solutions to effectively address the fast-growing demands for Systems Integration (SI) in Information & Communication Technology (ICT)
- Focusing our energies on expansion in emerging markets with a commitment to transform their technological landscape
- Going beyond today to develop sustainable and smart technological solutions that are geared to meet tomorrow's needs with a wide range of evolving technologies across diverse verticals addressing different market segments

Pioneering a sustainable tomorrow for the future generations through enabling solutions developed today.

Because at HCL Infosystems, we anticipate the needs of the future to make tomorrow happen today with our smart and enabling solutions of far-reaching impact.

Amongst the first few companies in the world to pioneer computing in the late seventies, HCL Infosystems is a preferred next generation ICT partner for companies looking to build an intelligent and sustainable ICT infrastructure.

Armed with over three decades of rich experience in enabling technology and offering integrated ICT solutions for vast urban and sub-urban tracts in India, HCL Infosystems is the steering force behind modern computing in India. The largest Indian ICT Company with "India Facing Revenue", HCL Infosystems Ltd. is the only ICT Company in the country covering multiple technology domains, including Hardware, Software, Systems Integration and ICT services, Networking, Telecom, Education & Homeland Security.

Offering complete turnkey & support services infrastructure, HCL Infosystems is engaged in developing and implementing ICT solutions for diverse market segments. HCL Infosystems is uniquely poised to address the growing demand for Systems Integration (SI) in the Information & Communication Technology (ICT) domain.

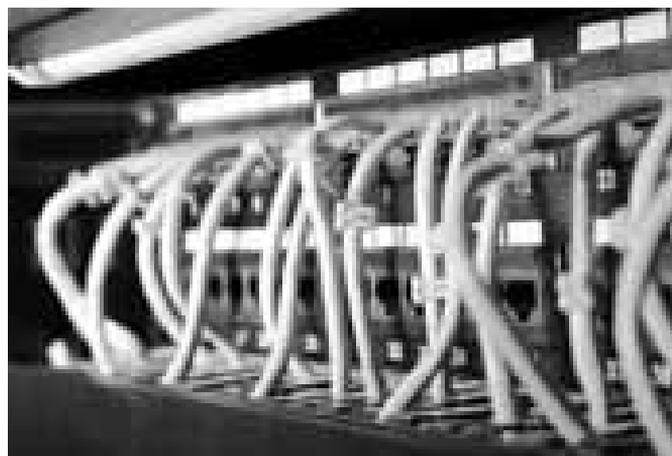
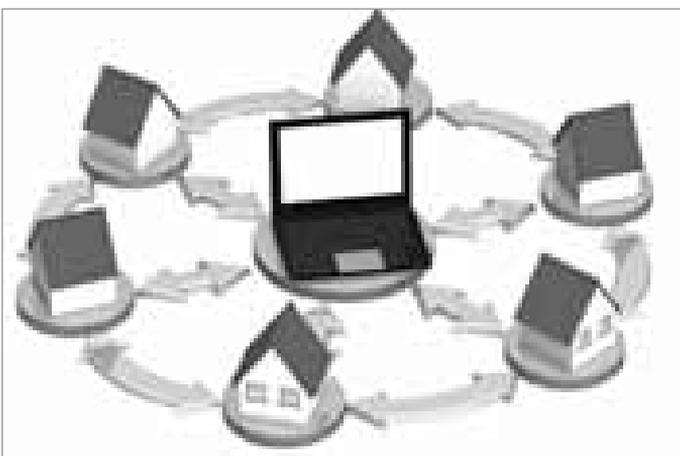
With a clear vision to bring technology solutions that make a

lasting difference in the lives of the people, HCL has, over the years, evolved to becoming a leading multi-faceted technology ICT Products, Services and Systems Integration Company with increasing market presence in emerging markets like South Asia, Middle East and Africa.

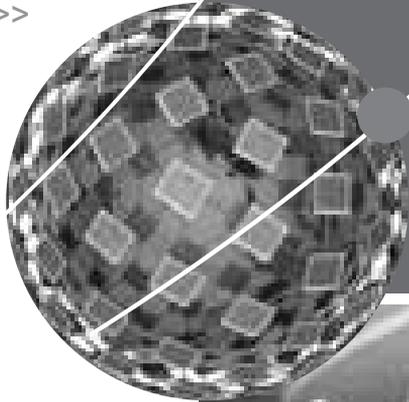
HCL has India's largest ICT distribution and retail network, taking to market a range of Digital Lifestyle products in partnership with leading global ICT brands, including Apple, Cisco, Ericsson, Kingston, Kodak, Konica Minolta, Microsoft, Nokia, Toshiba, and many more.

HCL's Direct Service Support infrastructure is one of the widest in the country. With an employee pool of over 6,700 professionals, company has the largest skilled manpower in the country to deliver ICT products and services that are primed to enable business transformation.

The Company's quality hallmark is underlined by its endorsement with ISO 9001-2000 quality certification for ICT Services & Systems Integration and ISO 14001 for manufacturing.



Pioneering
technology
that touches
lives >>



Some of our showcase systems integration rollouts

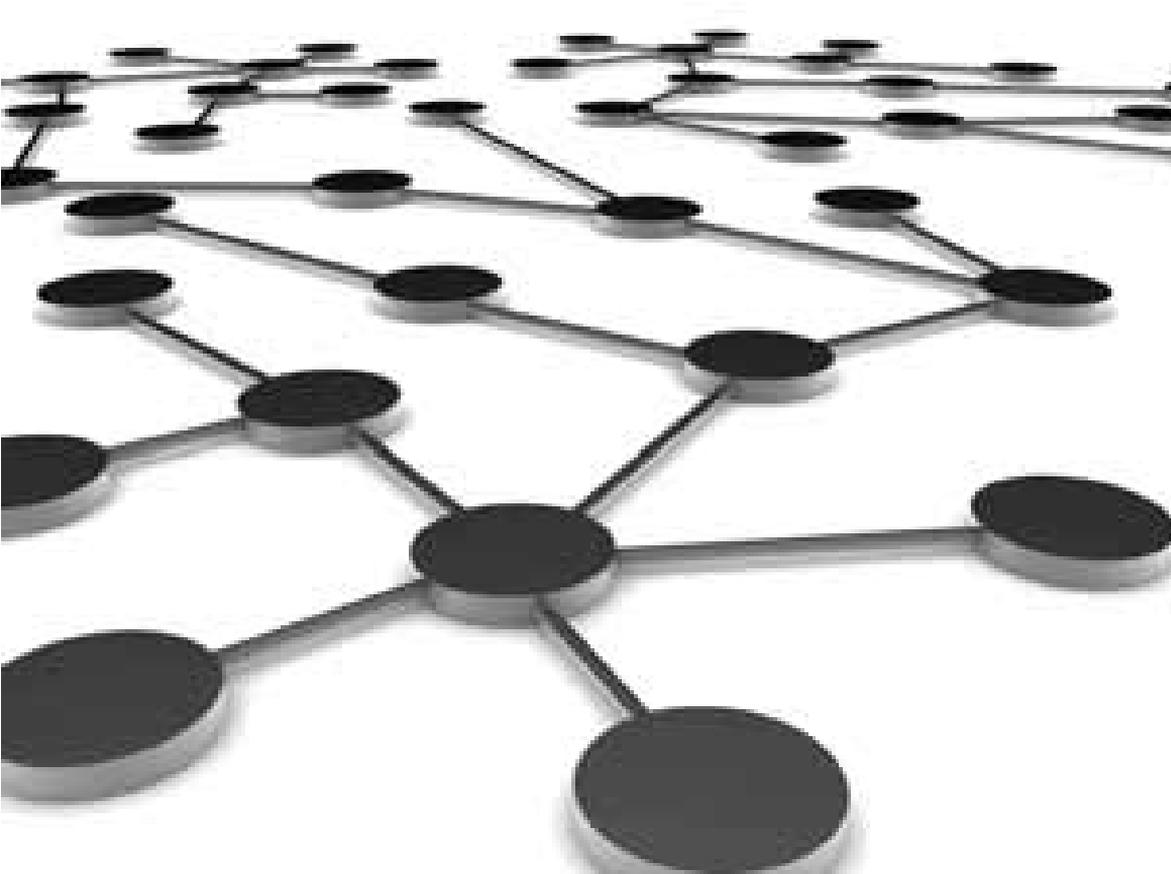
- Single largest rollout of ERP licenses in India with over 60k ERP licenses
- One of the world's largest VOIP Defence Networks pan India
- National Internet Backbone Broadband Service for millions pan India



A business model designed to reach out to customers

HCL Infosystems has a highly developed holistic business model focussed on delivering one-stop, high-end solutions to customers across regions and segments. The Company's offerings encompass Systems Integration, and Rollout & Infrastructure Management across a wide spectrum of sectors, including: Telecom, e-Governance, Power, Railways, Healthcare, Security, Media & Entertainment, Airports, Defence, Education, BFSI Co-operative and Retail.

HCL has India's largest direct sales network in the B2B ICT space, providing exhaustive solutions to its customers in the areas of Computing & Storage, Networking, Security, Telecom, Imaging, Printing & Copying, Voice & Data Comm, Video Conferencing, Digital Signage, Enterprise Services, Managed Networks and POS (Retail).



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In the B2C ICT space, HCL has India's largest distribution & retail network, dealing in a wide product range that includes Computing, Imaging & Printing, Mobile Handsets, iPods, Digital Cameras, Accessories, Wireless Headsets, MFDs, Memory Products and Solar Chargers.

Best-in-class manufacturing facilities

The Company's depth and reach of technological prowess and its capacity to reach out to diverse customers with customised solutions find strength in its 4 state-of-the-art Indian manufacturing plants - two at Puducherry, one at Chennai & one at Rudrapur (Uttaranchal), with a combined production capacity of 2.5 million computers per annum.

Equipped to develop and produce built-to-order products & peripherals across the entire range of products in ICT hardware, these facilities are among the best in the global IT industry and a major factor in the successful development of highly innovative enabling solutions primed to build a sustainable future.

HCL is committed to manufacturing of RoHS compliant products that are environment friendly in all respects and are free from hazardous chemicals. HCL's manufacturing facilities are ISO 9001 - 2000 & ISO 14001 certified and adhere to stringent quality standards and global processes.

Pioneering initiatives

- Among the first to initiate ICT hardware manufacturing in India
- First ICT manufacturing company in India to be ISO 14001
- A total of 4 production plants with an existing capacity of 2.5 million/year
- Amongst the largest ICT manufacturing facilities in India

**Pioneering
technology
that touches
lives >>**

Extensive service & support network

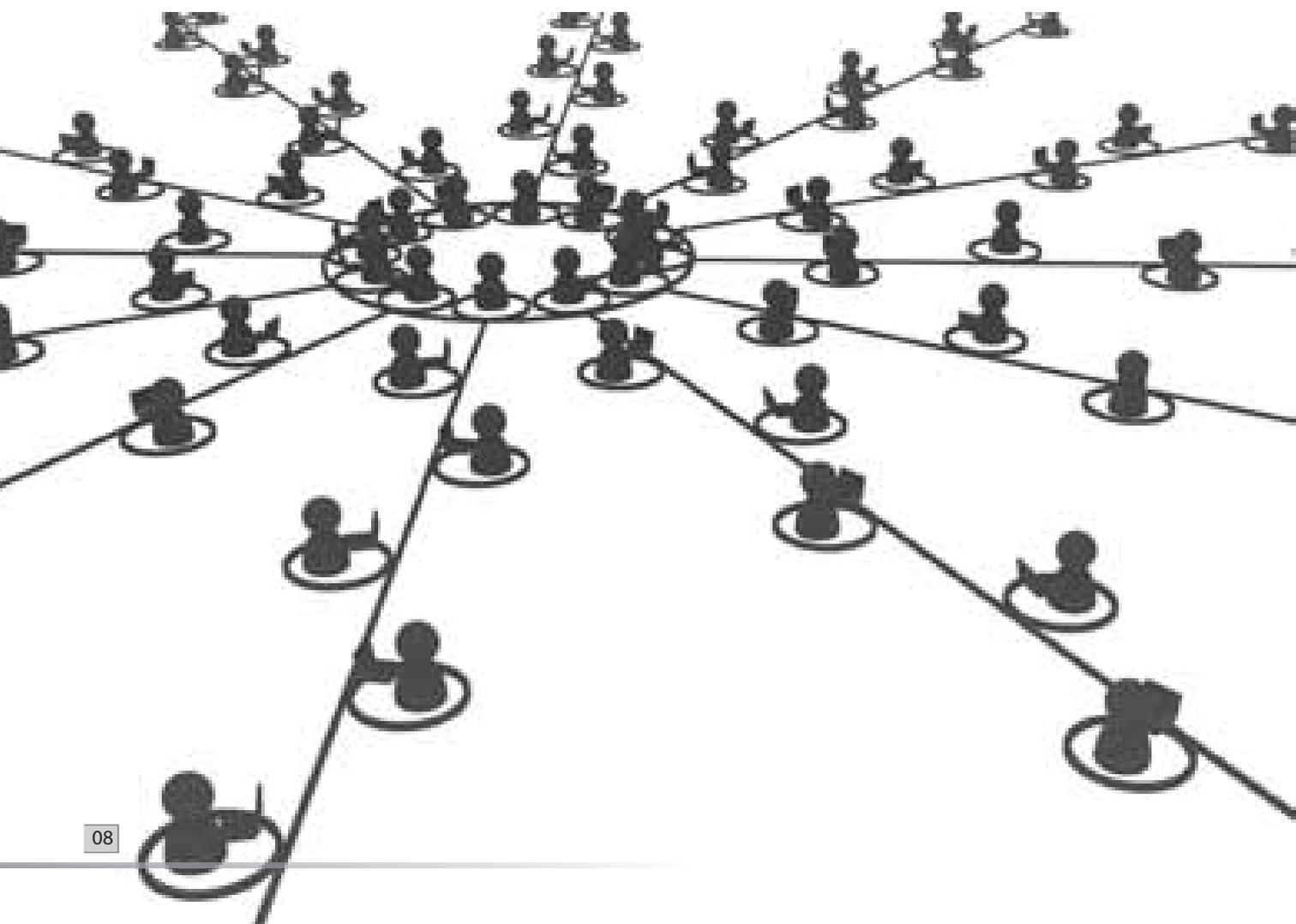
Helping us to extend our technological reach to our customers around the country is our wide spectrum of services through a Direct Support Service infrastructure. Our dedicated 24X7 HCL Touch service network, coupled with our 505 points of presence, reaching 4,000 towns, ensure constant pre- and post-sales support to our customers, enabling us to further the excellence of our product and service offerings to serve our customers better. For the convenience of our customers the service is accessible over phone, mail, chat & SMS.



Our offerings:

- HCL Touch 24X7X365 days support
- HCL Touch Bring-in Support/Walk-in support
- Telephonic and SMS based support
- E-mail based support
- Data Recovery
- World's first and only one touch Live Chat
- Real Time Remote Troubleshoot

With state-of-the-art Networking Operations Centers for delivery of the Managed Network services and setting up of the Remote Infrastructure Management Centre, HCL Infosystems offers a wide range of software & hardware services including operations & facilities management.



Our commitment for a sustainable tomorrow

Focused commitment to ensure a sustainable future growth for its customers and other stakeholders has made HCL Infosystems one of the most environment-friendly companies. HCL Infosystems joined the elite league of selected companies worldwide to publically commit to sustainability in its Vision Statement. HCL has integrated environmental management procedures into its business processes for the continued and sustained protection of the environment, health and safety of all its stakeholders.

Our RoHS initiatives and e-Waste programmes are derived from our commitment to a sustainable tomorrow.

The Company has pioneered many vital sustainability initiatives in India and is the first IT company in the country to secure ISO 14001 compliance. It is also the first company in India to have a comprehensive take back policy for WEEE recovery and recycling and the first to launch a complete range of RoHS compliant PCs.

HCL's Go Green initiatives include:

- Drive for energy conservation
- Integration of environment management processes in manufacturing facilities
- Best Assured Campaign
- Green belt creation
- HCL's Green Bag Campaign

At HCL Infosystems, we are committed to improve the conservation of natural resources, ensure minimisation of waste & pollutants and comply with applicable legal, regulatory and other requirements relevant to our products, processes and environment.

HCL ecoSafe is one of our biggest initiatives as part of our drive for a greener tomorrow and an endeavour to protect the environment, health and safety of all our stakeholders.

In line with our focus on environment protection, HCL's manufacturing facilities practise 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.

HCL Green Bag Campaign is an initiative taken by the company to dispose of e-Waste in a 100% environment-friendly manner. In order to facilitate the disposal of e-Waste in an environmentally responsible manner, HCL has equipped all HCL Touch Centres across the country to collect and dispose e-waste.



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Our Vision

"A Global corporation enriching lives and enabling business transformation for our customers, with leadership in chosen technologies and markets. Be the first choice for employees and partners with commitment to sustainability."

Quality assurance for total customer satisfaction

We shall deliver defect-free products, services and solutions to meet the requirements of our external and internal customers, the first time, every time.

This commitment ensures that every HCL service and product is assured of quality and durability. The Company assures safe delivery of quality products and services that are simply impeccable and defect-free through world-class services provided at the customer's door-step.

A firm believer in the Total Quality Management philosophy as a means for continuous improvement, HCL is continually striving for superior quality in all its endeavours through total employee participation in quality improvement and customer satisfaction.





Our Mission

"We enable business transformation and enrichment of lives by delivering sustainable world-class technology Products, Solutions & Services in our chosen markets, thereby creating superior shareholder value."



2004

Becomes the largest manufacturer of PCs in India.

2002

Introduces infrastructure services management.

2006

Enters into IT outsourcing. Journey of transformation begins.

2005

Forays into systems integration.

2008

Incorporates HCL Security Ltd., a 100% subsidiary to provide Systems Integration solutions for security & surveillance. Launches HCL Touch - a pioneering initiative in the Indian ICT sector for customer care services.

2007

Announces 'HCL ecoSafe' programme to spearhead its environment protection initiatives. Launches a new range of eco-friendly Desktops & Laptops.

2010

IDC-Dataquest Customer Satisfaction Survey ranks HCL Infosystems as No.1 in 'IT Services' in India for second consecutive year. Launches Cloud services.

2009

Launched brand 'ME' range of laptops.



ICT in emerging markets

Emerging Market Business Outlook

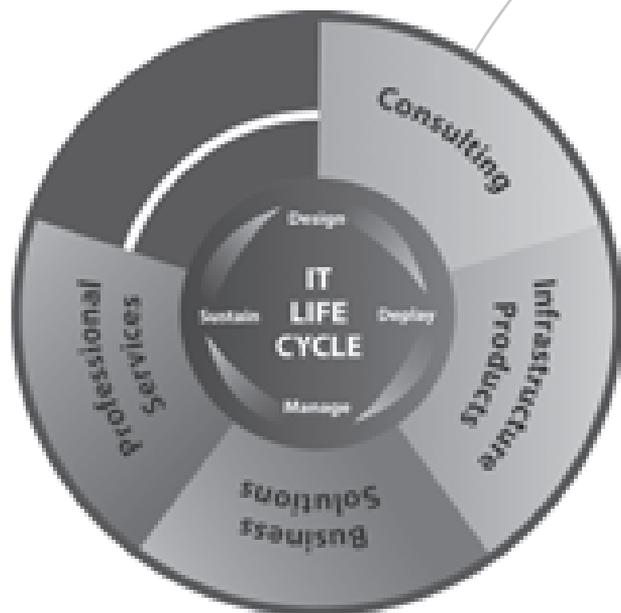
IDC Report Q2 09 IT market forecast (in US \$ Mn)						
GEO	Year	2010	2011	2012	2013	CAGR
UAE		4,459	5,197	5,946	6,717	12.84%
RoME / Africa		16,253	18,463	20,598	23,147	11.83%
Total		20,712	23,660	26,544	29,864	12.03%

Our Footprints Today



Delivering 360 degree ICT products and solutions

360° Portfolio
across entire
IT Life Cycle



HCL's expertise and experience in ICT has enabled it to play a transformational role in taking forward the ICT revolution through a 360 degree solutions portfolio.

The realisation of the commitment to a sustainable tomorrow mandates solutions that enable ease of processes and systems and an end-to-end product and service delivery model founded on a core of deep-rooted strengths.

With a single partner interface and integrated service delivery model, HCL's 360 degree solutions portfolio spans the entire IT lifecycle, facilitating its presence across diverse verticals. The company has, in particular, done pioneering work in the core sectors

Our solutions portfolio

HCL's 360 degree portfolio encompasses a range of ICT solutions and frameworks that are designed to address Enterprise, SMB, SOHO and Consumer domains.

Enterprise

Systems Integration

With a strong legacy and over thirty years of expertise in this domain, we offer turnkey ICT solutions and Systems Integration services that integrate best-in-class products and solutions to meet the business needs of Enterprise.

ICT Networking Infra Consultancy & Facilities Management Services

Our Consulting Group has extensive experience of working with corporate and public sector organisations on the rollout of technology infrastructure and business transformation based on ICT solutions.

ICT Products

We offer an entire range of ICT products, which include PCs, Notebooks, Servers, Imaging & Printing Solutions, Voice & Video Solutions, Networking Products, TV and FM Radio Broadcasting Solutions, Communication & Security Solutions and ATMs & Kiosks.

IT Audit, Security Compliance & Risk Management

We assist customers in evaluating processes and technology to secure their infrastructure and to minimise the risk to meet their requirements.

ERP Consulting & Services

Through strategic associations with Oracle, SAP, Microsoft and other Software & ERP companies, we offer state-of-the-art IT consulting services to align their IT strategy with their business strategy.

Strategic Outsourcing Services

We offer a one-stop shop for strategic outsourcing of information systems, leading to an overall advantage for the customer in reduction of deployment time, access to a pool of technical expertise and lowering the cost of total ownership.

VPN & Managed Network Services

These are provided through HCL Infinet Ltd., which is the Networking Services arm of the HCL Infosystems. The company holds an all India license to operate as a Class "A" ISP, ITSP and NLD service provider.

Homeland Security Products & Solutions

HCL Security Ltd is a 100% subsidiary of HCL Infosystems Ltd. With the core objective of addressing end-to-end solution requirements in the Security & Surveillance domain and leveraging on world-class alliances, HCL Security Ltd offers the best of deeply integrated global technologies to ensure safety & security of infrastructure.



Consumer & Retail

Computing Products

From Home PCs to Notebooks and peripherals, our offerings in this segment constitute an extensive portfolio designed to meet the diverse needs of our customers.

Digital Lifestyle

HCL Infosystems offers a bouquet of Digital Lifestyle Products & Solutions. Our Digital Lifestyle products and solutions are perfectly primed to provide the best-in-technology and state-of-the-art experience.



Learning

HCL Career Development Centres

HCL Career Development Centres (CDC) take students to the core of IT fundamentals and the most advanced cutting-edge technology. It's course modules are structured to give students the best of both academics and hands-on experience. Rooted in a three decade legacy of excellence, HCL Career Development Centres (CDC) are designed to address the increasing demand for skilled professionals in the ICT arena. They offer students real world, hands-on experiential training on enterprise-wide ICT deployment and integration assignments, thereby transforming them into professionals prepared to take on the industry challenges and opportunity head on.

Our bouquet of products

HCL has been touching lives in the ICT space through a wide bouquet of products designed to meet diverse needs of different customers.

HCL has constantly innovated to offer a wide range of products, including: Computing products; Office Automation; Imaging & Printing solutions; Display products; Office Automation Telecom & AVSI solutions; Digital Lifestyle products & solutions; Storage solutions; Networking products; Software licenses; POS, ATM, KIOSK; Customer Service; Counter products and Software solutions.

We have pioneered the home PC market in India - we launched Beanstalk Media Centre, India's first Multimedia-enabled PC for home users; HCL Infosystems also introduced path breaking products like Ezeebee, Busybee brand of PCs and ME Laptops in the personal computing space.

Leveraging three decades of expertise in total technology solutions, HCL Desktops and Laptops offer increased security, ultra-efficient manageability and maximum productivity for a smart business landscape.

As enterprises have unique needs for their computing platforms, HCL range of business Desktops and Laptops comes with unique features that enhance productivity while reducing TCO. For our Enterprise & SMB customers, we offer customised built-to-order range of ME Laptops and Desktops.





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Enabling solutions *through Systems Integration*



Seamless integration of systems and technologies with business processes requires best of IT technology and solutions to enable organisations to effectively connect their business processes with customer and citizen requirements. Only through such integration can business operations become smoother and simpler, leading to improved productivity and enhancement in customer value.

With extensive experience in this domain, HCL Infosystems has emerged as a leader to address the growing demand for Systems Integration and ICT services.

We offer turnkey SI services that integrate best-in-class products and solutions to meet the business needs of enterprises across diverse sectors.

Education

Education continues to be a focus area for our Systems Integration offering. We provide end-to-end turnkey advanced education solutions to schools, institutions and universities in the government and the private sector. Our offerings in this vertical include DigiSchool, K12 content and Bus Tracking solutions.

A key initiative in this domain is HCL E2 (Education Everywhere) initiative, which encompasses HCL DigiSchool and HCL DigiCampus for schools and colleges. These solutions are designed to give students an opportunity to learn according to the curriculum and



improve their IT competency.

HCL DigiSchool offers the digital multimedia asset library, covering all major aspects in K12 category. It also offers the School Management Software that fits the unique needs of the departments of the school, thus improving overall functioning and efficiency of the system.

The solutions offered by HCL DigiCampus are aligned to the requirements of large campus and universities. The key offerings of HCL DigiCampus include Campus Infrastructure Solution, University Resource Planning, Online Distance Learning/e-Learning Programme and Tele Education.

Training manpower for rural development

Sector: Education

Customer: An apex training institute in Andhra Pradesh for capacity building of rural development officers and Panchayat Raj officials, engaged in educational services and training with the aim to generate efficient and high quality manpower working towards the cause of rural development.

Business challenges

The customer ventured into creating a technology-based learning model to deliver its courses on rural development to officials at district and state level, elected representatives of Panchayat Raj and farmers. The challenge was to create e-learning solution for such a heterogeneous target audience comprising a mix of literate, semi-literate and illiterate target audience across the remote and rural areas of Andhra Pradesh. There was also a need for a scalable learning model that could meet training demand as per the learner group size, along with constant monitoring and evaluation support.

HCL's solution

The customer collaborated with HCL in creating and

deploying e-learning courses on rural development. The courses were designed considering the low literacy rates of the rural population as well as its implementation in hard-to-reach village areas of Andhra Pradesh.

Key benefits

Usage of ICT and Multimedia was able to deliver credible, stimulating and relevant training to the diversified target audience. The blended learning solution ensured that learning was made easy and accessible to a large number of users.

The e-learning solution created a flexible digital learning model that engaged learners for active participation in rural development. The training was delivered in English and Telugu to bridge the digital divide and cater to a mix of literate, semi-literate and illiterate target audience. The training enabled hard-to-reach learners to learn through mediums like learning management systems (LMS), TV and radio broadcasts, Web hosting and CDs. The complete e-learning solution provided increased capacity to reach, connect and support a great variety of learners and inculcate in them a critical appreciation of the concept of sustainable development in the rural environment.

Defence

The critical nature of the Defence sector requires seamless operations of the highest order. To address this need, HCL has ventured into this vital segment with some key SI offerings, which include:

- Fully integrated Command & Control Centres
- Security and Surveillance
- Defence offsets manufacturing
- End-to-end Data Centre Operations
- Data, Voice, Video IP Network
- Development and integration of battlefield management and tactical communication networks



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Homeland Security



SECURITY TECHNOLOGY SOLUTIONS TO KEEP YOU SAFE

HCL has played an important enabling role in this segment through its customised solutions, which include Security & Surveillance, Emergency Response Systems, Baggage Screening, Explosives Detection, Fire Safety, Command & Control Centres, Vehicle Tracking Systems and more.

Our SI solutions in this vertical offer:

- A proactive approach for ensuring public safety and security in the State
- Enablement of intelligent surveillance systems that continuously monitor sensitive zones & high footfall areas
- Connectivity and communication between authorities, districts/zones and Command & Control Centres

For a safe holiday experience

Sector: Homeland Security

Customer: A holiday destination on the outskirts of Vijayawada offering a blend of relaxation, entertainment, food, shopping, wellness and celebrations.

Business challenges

To provide world-class amusement and hospitality facilities, a high level technology solution was required across all verticals of the park, which is spread over an area of 50 acres and offers thrilling rides, beautiful lakes, gardens, and amazing water games, clubs, food courts, and banquet halls, traditional spa centers and well furnished cottages. There was need for a seamless deployment of secure and reliable technology solution to create the ideal destination for non-stop excitement and adventure.

HCL's solution

HCL Infosystems offered a complete end-to-end software, hardware and networking technology solution for park. The technology used at the park is the first of its kind in India. The complete park set-up works on paperless operation. RFID, the latest wireless technology, with redundancy of

barcode scanning, is used to gain access into the park and to gain access to other entertainments and rides. HCL Infosystems also provided the complete software for the park. The software has Visual Basic.net as frontend and uses SQL server 2000 as backend. The software runs on secure Windows server 2003 and Windows XP client. Similarly, top level technology is used for communication, security, surveillance, public announcing systems, public information system and parking systems.

Key benefits

RFID wrist bands/tags are used to gain access into the park and to other entertainments and rides. These RFID tags can be used as a payment mode at all outlets in the park and make way for cashless transaction in the park. Public announcement system and CCTV cameras are centrally monitored to ensure security to the visitors.

WIMAX networking solution is opted in the park to eliminate lengthy cables and trenches, thereby reducing costs for cable, cable laying, trenching, etc, and reducing troubleshoots/maintenance downtime, while ensuring that the beautiful landscapes are not disturbed.

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Enabling solutions through Systems Integration

Telecom

Telecom is one of the dominant verticals in HCL's SI space. With the Telecom industry having emerged as the backbone for global growth, the need for seamless operational strength in this segment is huge. This segment requires diverse technologies to be brought together, interconnected on one network, offering an anytime anywhere service that is changing the way the world lives.

Our Telecom solutions include: Operation Support Services ("OSS"); Business Support Systems ("BSS"); Next



Generation Networks ("NGN"); Security Embedded Solutions; Switching, Signaling, Transmission and Access Solutions; Network Design and Mobility Solutions.

Working on cutting-edge technology, we have deployed projects based on WiMax, 3G, IPTV, MPLS and Broadband services technology. Our solutions have enabled high speed wireless access to urban and rural customers, MPLS backbone for the Defence sector and convergent billing solution for Telecom service providers.

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Unified Billing Solution for transparent accounting

Sector: Telecom

Customer: One of the leading telecom service providers in India.

Business challenges

The customer provided a comprehensive range of telecom services including Wireline, DMA Mobile, GSM Mobile, Internet, Broadband, Carrier service, MPLS-VPN, VSAT & VoIP services. In the existing system, interconnect calls were monitored by the Points of Interconnect (POI). It was also used to detect call violations, and for claiming the prescribed higher rates from the operators. This system was not efficient, resulting in delayed revenue realisation & leakage of revenue.

HCL's solution

HCL implemented Inter Operator Billing and Accounting System (IOBAS), which is a Call Data Record (CDR) based computerised billing platform that transformed its MCU based billing to a CDR based billing system.

From an infrastructure perspective it connected SSAs and exchanges across the country with four data centers. All of

these were clustered on a network to achieve a high availability configuration. From an application perspective it is an end-to-end integrated system providing order booking, customer handling, provisioning, installation, billing, payment collection & IVRS services. From an infrastructure maintenance perspective, the hardware, software and network was monitored and maintained to deliver the defined SLAs.

Key benefits

- System consolidation resulting in reduction of O&M cost
- Online mediation of CDRs, eliminating the need for bill data transportation and fraud on this account
- Proper accounting of payments & receivables for better financial management
- Supports different tariffs, different billing cycles and different discounting schemes for different category of subscribers
- Enabled Pre-paid and Post-paid billing integration
- Host of online services, online query and prompt customer response

Power



HCL has focussed itself on the growing needs of the burgeoning and critical Power sector in a big way. Our offerings include specialised ICT solutions in the areas of:

- Field Automation
- ERP Solution
- Advanced Metering Infrastructure
- Integrated Energy Management
- Substation Setup/Distribution Automation

Powered to grow

Sector: Power

Customer: Large State Electricity Board

India's first RAPDRP (Restructured Accelerated Power Development and Reform Programme) project worth US \$114 million for the state of Rajasthan

Project encompasses creation of baseline data, setting up an energy audit framework, bringing accountability and efficiency to deliver improved customer service

Business challenges

1. To automate all the processes at Sub Division level
2. To reduce the technical & commercial losses
3. To provide better consumer management services
4. To bring transactional effectiveness & transparency in the overall system
5. To develop authentic MIS for top management for strategic decisions

Solution requires setting up of a state-wide area network involving:

- Automated Meter Reading (AMR)
- Roll-out of billing and CRM application
- Tier III+ class data centre with disaster recovery backup centre under the Restructured Accelerated Power Development and Reform Programme (RAPDRP)
- Geo-spatial Information Systems (GIS)
- State-wide differential GPS to map all the electrical assets of the three distribution companies of Rajasthan

HCL's solution

HCL implemented the complete IT package for the State Electricity Board including computerised billing & energy accounting, which involved computerisation of Sub Division offices at the circle level, along with setting up of the Data Centre & Customer Care Centres. The IT package consisted of nine different modules:-

1. Pre and Post Billing
2. Legal & Vigilance Activities
3. Store Management
4. Web-based MIS
5. Customer Care cum Call Centre
6. Energy Accounting/Auditing
7. Electrical Network Management

Billing requirements of the client were handled by the Billing Module, the Electrical Network Management & Energy Accounting through the ENMS (Electrical Network Management Module) Package and all other modules by the Subdivision Automation System Software. ENMS Package running at the Sub Division Servers has been integrated with the GIS software at a data base level.

Key benefits

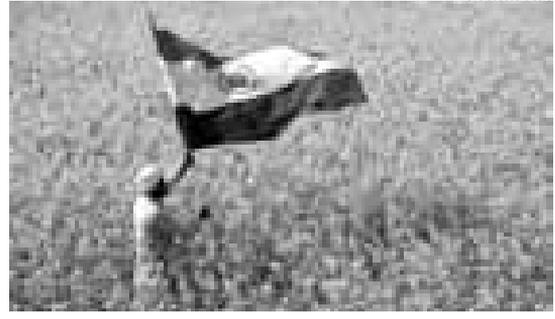
The solution improved processes, reduced T&D losses, provided better consumer satisfaction through the centralised call centre that handled the various complaints and grievances of consumers. Consumer facilities were provided on the Client's website to view his/her bill accounts, make payments or lodge a complaint. Further, the top management of the Electricity Board can now generate & view relevant operational & MIS reports.

e-Governance

Our e-Governance SI service is a key thrust area for the company, providing technology solutions to government departments across the country. This vertical is working in accordance with the National e-Governance Plan's (NeGP) vision to make all Government services accessible to the common man.

Our diverse offerings in e-Governance projects span State and Central Government MMPs (Mission Mode Projects) and include:

- Municipal Corporation Automation Electronic District Solutions
- Property Registration State Data Centres
- State-Wide Area Networks
- Electronic Procurement
- Police Force Automation Solutions
- Smart Card Projects like NREGA, RSBY, UID programme, etc.



The smart way of e-Governance

Sector: e-Governance

Customer: A nodal agency of Haryana Government, engaged in promoting and accelerating the pace of the Electronics and IT Industry in the State with an emphasis on the development of state-of-the-art IT Solutions.

Business challenges

The nodal agency of Haryana Government required strengthening of the PDS in the state to ensure adequate supplies, reasonable subsidies and efficient delivery of subsidized food. The agency required a technology partner to deploy the pilot Smart Card-based Ration Cards in the union territory of Chandigarh.

HCL's solution

HCL Infosystems teamed up with them to implement India's first Smart Card-based solutions for Public Distribution System in the union territory of Chandigarh. The project will distribute Smart Card-based ration cards to the families living below the poverty line in the region.

The scope of the project included collection and digitisation of the survey of 2.5 lakh APL families. It will involve setting up of enrollment camps in different areas and creation of central database of all beneficiaries, which includes biometric, photographic and demographic data. Further, printing of Smart Card-based ration card will be done as per the electronic database available.

The project will involve giving Smart Card to the Fair Price Shop (FPS) owner which would be pre-loaded with the commodity allocation as per consumers attached with FPS. Further, Smart Card will be given to the beneficiary. The card has biometric of 3 family members (above 12 years). HCL will also help in generation of MIS reports.

Key benefits

The solution will deploy India's first Smart Card-based Public Distribution System solution. The implementation of the Smart Card will help in identification of right beneficiary and effective monitoring and implementation of PDS.

Healthcare



Quality healthcare delivery systems are vital components of a healthy nation. To ensure such delivery systems, it is imperative to put in place a reliable, swift, real time health data collection system backed by proper infrastructure. In view of the importance of hospital modernisation, HCL has focused itself on:

- Hospital Management Information Systems
- Picture Archival and Communication System (PACS)
- Laboratory Information Systems (LIS)
- Radiology Information System (RIS)
- Medical Records Maintenance Solution
- Telemedicine Solutions
- Remote ICU Monitoring System

Railways



Keeping pace with the modernisation of the Indian Railways, HCL Infosystems has developed a range of customised products and solutions for this sector.

Our offerings include:

- e-Procurement Solutions
- Security & Surveillance Solutions
- Networking Connectivity Solutions
- Digital Signage – LED Displays

- IT Infrastructure – Data Centres, Thin Clients
- Automatic Ticket Vending Machines (ATVMs)
- Energy Management Solutions

HCL pioneered the automation process for Indian Railways, having implemented the setting up of Automatic Ticket Vending Machines (ATVM) across the country, thereby enabling ease of ticket sales to passengers.



Empowering Indian Railways through eProcurement

Sector: Railways

Customer: Indian Railways (IR), the largest rail network in Asia and the world's second largest, spanning over 6900+ stations and carrying 20 million passengers every day. The Center for Railway Information Systems (CRIS), created in 1986 by the Ministry of Railways, is an umbrella organization for all computer activities for Indian Railways. As a technology partner, CRIS conceptualises and implements prudent business and technology strategies based on the changing digital environment.

Business Challenges

Indian Railways was embarking on an eTendering/eProcurement initiative, wherein its aim was the development and supply of an eProcurement application software, configuration/customisation and development of additional features. These features include one year warranty, system software licenses including one year ATS, manpower for data centre and training to Railway users and vendors. The project required development of an eProcurement application which will run on a centralised data centre. The application scope covered the entire procurement cycle, electronic payment of EMDs, payment to vendors through payment gateway and Auction (forward and reverse).

HCL's Solution

HCL Infosystems implemented eProcurement System for

Indian Railways, covering 16 zonal railways and 6 production units, along with CRIS. Today, the entire eProcurement for Indian Railways runs on the site www.ireps.gov.in. The offering stack includes e-Requisition, e-Tendering, e-Auction, e-Contract Management, e-Shipment Planning and Monitoring System, e-Receipt and Issuance, e-Payments, etc. HCL Infosystems provided the end-to-end application software, customization, implementation, training, periodic updating and procurement specific interactions.

Key Benefits

The project eliminates aberration, resulting in the reduction of procurement process. It provides a secure and transparent platform for publication of tenders by the buyer and online bidding by vendors. The IREPS site provides a secure platform to users for online transactions for procurement.

Railway can upload their tender documents and can open tenders online. Vendors can access the tender documents through the site and submit their bids online duly encrypted at their end. IREPS site is being used extensively across Railway offices and production units.

Benefits observed are reduced procurement time cycle and efficiency, reduction in tabulation time from 23 days to instantaneous with tender opening, reduced time for dispatch of tender documents, technical scrutiny etc. by 50%.



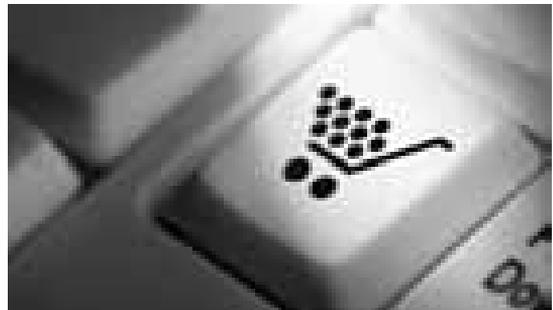
Media & Entertainment



Innovative technology solutions designed to meet all the diverse needs of the Media & Entertainment segment are a vital aspect of our SI business. Our end-to-end solutions in this vertical encompass:

- TV Broadcasting & TV Channel infrastructure, including the complete work flow, from acquisition, post-production automation to archiving and transmission solutions
- FM Radio Broadcasting
- Commercial FM Radio Stations and Community Radio Stations
- Satellite TV Systems
- Digital Head-Ends Systems for MSOs for the implementation of Conditional Access Systems

Retail & POS



In an effort to provide end-to-end business IT enablement in a complete customised form, we have introduced path breaking offerings in this segment through HCL Retail Infrastructure and Point of Sale (POS) Solutions.

Keeping in mind the unique business needs of every client, we customise the Retail IT solutions for our customers.

Our SI portfolio in this segment includes:

- Retail Stores Front End Solution
- Retail Store Back End Solution
- Warehouse Automation Solution
- Logistics Automation Solution
- Connectivity Solution
- CRM Solution
- Call Centre and Process Outsourcing Solution
- Automatic Milk Co-operative Automation Solution
- Mobility Solution
- Rural Products and Solution

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Enabling solutions
through Systems Integration

Taking Dairy Cooperative to a new level

Sector: Retail and POSS

Customer: India's leading Dairy Cooperative Society

Business challenges

The dairy farmers and dairy milk scheme facilities were continuously facing problems and inconsistencies in the supply and quality of milk. Middlemen would buy the produce from the farmer and then sell it to the dairy. This not only gave the farmer a lower return on the sale of the milk produce but also left the dairy open to receive adulterated and varying milk quality. There was an urgent need to improve the existing situation and participate towards curbing this malpractice, and ensure that the dairy farmers received their fair due. Also, the data analysis & the milk collection units further suffered due to untrained manpower with little know-how on the available technology.

HCL's solution

HCL offered the Shwet Ahaar solution to improve the activities at the Dairy Cooperative Society for achieving timely, accurate and transparent milk collection and improving the profit margin of the farmers by eliminating the role of the middlemen.

Unlike existing milk testers which only check FAT component of milk, HCL's milk analyzer could identify the micro components including not only FAT but also SnF of milk which helped identify and classify the milk supplied and accordingly give the dairy farmer their just dues with transparency for the produce. Further, HCL's milk analyzer offered more accuracy as it is based on the latest ultrasonic technology than general milk testers based on photometric technology.

Key benefits

A total of 90,000 villages, encompassing 27,000 functional Cooperative sectors and over 18 lakh farmers, amounting to 1/3rd of the total milk production in the country, stood to gain from the solution.

HCL Infosystem's Shwet Ahaar initiative resulted in the creation of a centralised database which had easy access to operators for generating user-specific reports for shift wise milk collection and monitor demand. Subsequently, milk collection could be increased and regulated with demand.

The solution enabled farmers to better their quality of living and plough back more capital into cattle supplement and feed to improve supply. Furthermore, the solution resulted in reduction of waiting time, decrease in wastage of milk and elimination of unfair practices by preparing accurate milk receipts, proper invoicing and bringing about timely payments to farmers.

The Shwet Ahaar scheme created over 300 jobs for the local youth, improving future opportunities for employment.



BFSI

We have a wide range of SI solutions for the Banking, Financial Services and Insurance ("BFSI") sector, including infrastructure components software products and professional services.

The Company is a preferred partner to many of the major



banks and insurance companies, providing a range of solutions, including MIS BI & Data Warehousing, Compliance Solutions, Mobile Banking, ATM & Self-Service Solutions, MICR and Cheque Transaction, Core Insurance Applications Payment Hub & Financial Inclusion Solutions. These solutions are based on a flexible component-based architecture.

BFSI Co-op

HCL provides turnkey solutions that help a Co-op Bank lower the total cost of operations and deliver prompt and efficient services to their customers. These include:

- HCL BancMate Core Banking Solutions (CBS) Bilingual Software Application
- HO Records Collaboration Inter-bank Reconciliation
- Documentation Solutions Retail Lending Solutions
- Audit & Credit Trail Solutions MIS Reporting Solutions



Enabling solutions
through Systems Integration

Banking made easy

Sector: Banking (BFSI)

Customer: A leading State Co-operative Bank which is amongst the fastest growing banks in India having more than US \$500 million of deposits; it has 173 branches and extension counters spread throughout the state.

Business challenges

The bank was faced with the prospect of increased competition from new private and public sector banks. It also faced the challenge of linking all its branch operations into a cohesive entity to serve its customers better.

HCL's solution

The bank chose BancMate CBS from HCL to run its branch banking operations on the Microsoft Windows Server 2003 and Microsoft SQL Server 2005 database.

HCL "BancMate" CBS is an innovative solution focused on the Indian Banking Industry. It is a web-based bilingual Core Banking Solution that communicates with users and account holders in their local language and meets all requirements of the mandatory Official Languages Act.

It incorporates security features with access rights defined for every user. BancMate CBS is platform and database independent, and is built on 3-tier web architecture with

scalable technology and robust functionality.

Key benefits

1. Easy to Implement

The implementation process is simple, fast and user friendly. This made it one of the fastest software rollouts for the bank.

2. User Friendly

The entire retail banking process is covered in just two screens in BancMate. This made it very easy for the bank employees to adopt and use the new technology.

3. Easy to Troubleshoot

The ease with which configuration could be done meant that the bank was able to get the infrastructure up and running very fast, even in its far flung remote branches.

4. Bilingual Application Software

BancMate gave the bank the ability to maintain the database in Hindi and English, as required. The multilingual solution helped the bank maintain better relationships with its retail and rural customers. By providing bank statements in the local language, the bank was able to communicate with customers in their preferred language, thus removing communication gaps.

New verticals



Manufacturing



Travel Transport & Logistics



Oil & Gas

Expanding its expertise to newer domains, HCL ventured into three new Systems Integration Verticals during the year:

- 1) Manufacturing
- 2) TTL (Travel Transport & Logistics)
- 3) Oil & Gas

The Company is extending its existing offerings in the Solutions & Services portfolio to these verticals. The foray is also aimed at creating a new solution stack and offerings to these verticals that would include Applications like ERP, CRM, SCM, PLM, BI/CPM, Strategic Outsourcing, RIM and any other segment-specific solutions.

Enabling security solutions for 'Safe State'

HCL Security Ltd.



Faced by increasing security challenges and threat perceptions in its emergence as a leading developing economy, India is fast moving towards development of high security and surveillance solutions as a critical component for ensuring safety of its citizens, infrastructure and cities.

Bringing focus to the HCL Security Systems Integration practice, HCL Infosystems launched a 100% subsidiary, named HCL Security Ltd., to provide integrated SI solutions in the field of Homeland Security & Surveillance.

HCL Security Ltd. has already established a niche for itself in this exclusive domain through the introduction of the unique concept of 'Safe State'.

The Safe State is an architecture that leverages technology to build a security framework that will safeguard life, infrastructure & society. Integrating technology with physical surveillance and security solutions to make them work in tandem, 'Safe State' helps secure a state, city and critical/vulnerable areas, buildings or facilities like Hotels, Hospitals, Educational Institutions, Transport, Railways, IT - ITes Establishments, Utilities, SEZs, etc.

Enabling diverse network solutions

HCL Infinet Ltd.



The development of a sustainable tomorrow rests significantly on efficient networking solutions. The Networking Services arm of HCL Infosystems, HCL Infinet Ltd. is an Internet Infrastructure initiative which started its ISP/NLD operations in the year 2000.

Since its inception, HCL Infinet Ltd. has gone on to become a leader in offering multi-service Data, Voice and Video application support on IP/MPLS-VPN and Internet bandwidth, providing fully converged network

platform (Data, Voice and Video application support) on VPN network to enterprises across India.

The Company holds an all India license to operate as a Class "A" ISP, ITSP and NLD service provider. The ISP/NLD operations are carried out through world-class technology and unparalleled network infrastructure across the country.

HCL Infinet Ltd. offers state-of-the-art Managed Network Services to enterprises across the country through a pan India POP footprint.

Our range of network solutions includes VPN, Internet, Network Management Services, Data Centre & Co-location Services and Value-added Services like Internet Telephony and Enterprise Mailing Solutions, etc. With a strong presence in the BFSI and Aviation segments, the company has a proven record of offering robust network connectivity solutions for critical applications like banking, reservation and ticketing across diverse verticals that include Aviation, Manufacturing, Banking and Financial Institutions, FMCG, Education, etc.

Our fully redundant, carrier agnostic backbone architecture enables us to deliver high network uptimes and network availability to our customers. Each of the HCL Infinet POPs is equipped to provide all the latest WAN protocols.

Sustaining the future

with our people power

Driven by a strong belief that the company's and the nation's progress towards a sustainable future lies on the shoulders of its people, HCL Infosystems has always striven to take innovative measures to continuously empower its precious human assets.



Nurturing the growth of its 6700 employees is the company's people-focused HR philosophy that is founded on a nucleus of innovative practices, policies, systems and processes.

The effort at HCL is to stay engaged with our people at all times and ensure their empowerment through a wide range of internal People Development Processes. These processes included performance-linked incentives and regular training programmes, which go a long way in ensuring a high rate of employee retention across the country, including those based in remote locations.

The work environment at HCL is primed to stimulate the intellect of the employees through a Fun@Work philosophy that enables our people to 'Grow, Learn and Own' at every step of their progress within the Company.

At HCL, we ensure that we provide our people with the

opportunity to work on different technologies with multi-location exposure & latest technology. We believe in encouraging growth and 80% of the top Management have joined straight from the Campus and are thereafter provided ample opportunities to move from the technical to functional to general management roles. The thrust is on encouraging entrepreneurship while concurrently demanding performance management of the highest level.

As pioneers for ESOPs since 1980s, HCL has evolved a system of profit-sharing with the employees that acts as one of the biggest incentives to their performance.

The focus on constant strengthening of the HR systems shall continue to top our priority list and the effort will be to keep employee welfare at the centre of our growth philosophy.

Enabling solutions across markets

an expanding geo spread

An expanding global reach is a sine qua non to ensuring that the world for our future generations is a vibrant, sustainable entity geared to nurture and nourish growth and progress.

With an ever-growing portfolio of ICT products, services and solutions, HCL has been a pioneer in the field of ICT solutions and Systems Integration. Our expanding geographical footprint is an evidence of our growing presence both in the domestic as well as in the emerging markets of Africa, Middle East and South East Asia.

Our growing India presence

- Service locations catering to 4,000 cities
- Over 5,000 direct service engineers on-field
- 22 Regional Customer Care Centres
- Over 360 Locations L1/L2 Logistics
- More than 150 Test & Repair Centres
- Established Automated Call management Systems & ERP-enabled Logistic Support Systems
- Support base of over 3 million assets in 75,000+ sites

Our increasing presence in emerging markets

With the commencement of operations in Singapore, HCL Infosystems forayed into the fast-growing South East Asian market while also expanding its presence in the emerging markets of Middle East and Africa through strategic initiatives.

Middle East

With the acquisition of a majority stake in a Dubai-based leading IT services and Solutions company, HCL Infosystems marked a strategic foray into the Middle East during 2009-10 to strengthen its global presence.

The completion of this acquisition represents a significant step for HCL Infosystems in its transformation strategy to accelerate growth in targeted international markets, offering a complete set of products, services and solutions.

With this development, HCL Infosystems will further focus on building its business in the Middle East and African Markets and client relationships across Dubai, Abu Dhabi & Qatar will now have access to HCL Infosystems' bouquet of specialised IT products and solutions.

Africa

In another major global initiative, HCL Infosystems has been constantly growing its footprint across the African continent and the Company is uniquely poised to offer its set of ICT products and services.

Leveraging its three decades of expertise in ICT products and solutions, HCL Infosystems offers value-added services in key technological domains such as systems integration, networking consultancy and a wide range of support services.

HCL Infosystems has fast emerged as a preferred partner of choice in the continent to deploy critical solutions for projects such as connecting 53 African countries into one network, providing electronic and knowledge connectivity to the African nations.



New frontiers in our journey towards a sustainable tomorrow

Cloud computing

In a major initiative aimed at benefiting users with reduced fixed costs and predictable operational expenses for business, along with increased adaptability in the dynamic market environment, HCL Infosystems launched HCL O'zone – a cloud-enabled services suite to provide end-to-end solutions to its customers.

Consisting of reliable services delivered through modern data centres and high performance servers, HCL O'zone service offerings are customised to meet Business Automation requirements of Retail, SMB and Enterprise customers.

With this, HCL Infosystems has revolutionised the existing cloud framework with its new Infrastructure as a Service (IaaS) and Software as a Service (SaaS) platforms, thus, enhancing the company's capabilities in areas of application delivery and infrastructure deployment & management.

HCL Infosystems will offer its state-of-art cloud based services to enterprises, mid-sized organisations (SMBs) and SOHOs, with the flexibility to have technology landscape monitored remotely on a regular basis, while maintaining full use of tools hosted in a secure environment. The seamless working environment of the HCL O'zone framework ensures a flawless delivery model and real time back-up available with three cloud centres in Delhi, Mumbai and Chennai.

Key highlights of O'zone

- Integration of IaaS and SaaS to ensure high performance
- Round-the-clock technical support and helpline facility
- Highly secured infrastructure to ensure data safety and business continuity
- Green infrastructure ensures energy efficiency

HCL Infosystems' in its journey towards a sustainable future, herald many a new initiatives. The year 2009-10 witnessed the company achieve many milestones in this journey.

Strategic Outsourcing

In a bid to meet the growing customer demand for simplifying and streamlining business portfolios, de-risking ICT investments and focusing on core business, HCL Infosystems has set up a Strategic Outsourcing (SO) practice.

The practice focusses on development of long-term, multi-layer SLA-based contracts and relationships, providing end-to-end services that include infrastructure, applications, processes, tools and methodologies. It leverages diverse skill sets from across the enterprise and over three decades of the company's ICT presence in products and services, while delivering measurable, value-adding solutions.

Examples of some of our SO relationships include complete outsourcing of IT applications, infrastructure services and processes for a leading Indian healthcare chain, total IT outsourcing services including applications, infrastructure and ERP rollout for a large auto ancillary; and e-Governance services for multiple departments of a large municipal corporation on a BOOT model with citizen-facing operations.



ERC

HCL Infosystems inaugurated Enterprise Resource Centre (ERC) in Puducherry, which is primarily a Managed Service Provider (MSP) and a part of the Remote Infrastructure Management (RIM).

The state-of-the-art HCL Infosystems ERC deployed various remote support & management tools that will virtually allow ERC to control & manage the customer's entire IT operations off-site.

HCL ERC deploys various remote support & management tools that deliver efficient and effective services in lieu of on-ground support operations of making customer visit for support call.

With the launch of the Enterprise Resource Center, HCL has become the first ICT company to set up a knowledge hub in Puducherry. This facility, spread over 6,300 sq. ft., has deployed world-class, high technology managed services and tools for remote access, developed by HCL R&D labs. The facility is manned by highly qualified & experienced technical experts on various platforms and operating environment. Specialised help desks have been set up with 100 DID numbers for call handling. The facility also has a test lab and manufacturing along with in-house R&D, making it a unique and reliable support hub.



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The vision behind our enabling solutions

Our Management Team

AJAI CHOWDHRY

Chairman & CEO

Mr. Ajai Chowdhry is one of the six founder members of HCL. An engineer by training, he took over the reins of HCL Infosystems, the flagship company of the group, as President and CEO in 1994. He became the Chairman of HCL Infosystems in November 1999. His contribution to the Indian IT industry has won him many an accolade, including the prestigious DATAQUEST 'IT Man of the Year' Award.

J V RAMAMURTHY

President and Chief Operating Officer

With three decades of diverse industry experience, J V Ramamurthy brings expert leadership to HCL Infosystems as its President and Chief Operating Officer. A technocrat and a man of broad vision, he has spearheaded the company's foray into several new verticals and partnerships, enabling the company to grow its operational strengths and reach.

SANDEEP KANWAR

CFO & EVP

Sandeep Kanwar joined HCL in 1988 and in a span of eight years progressed to the position of Chief Financial Officer at the young age of 35. His financial acumen and management skills make him a respected name both within the company and industry.

ROTHIN BHATTACHARYYA

CEO (HCL Security Ltd.)

Rothin Bhattacharyya is the Chief Executive Officer (CEO) of HCL Security. A senior business leader, with over 24 years of business management experience, Rothin is considered a thought leader in the technology & services sector. His primary responsibility in HCL is to expand the company's capability to lead large, complex and global businesses.



VIVEK PUNEKAR

Chief Human Resource Officer

Vivek, who is associated with HCL since 1986, is an engineer by profession with over two decades of industry experience in various functions. He heads the HR function for the company and is credited with innovative HR initiatives that have made HCL among the best companies to work for.

HARI BASKARAN

EVP

Hari, a BE graduate and alumni of IIM - Bangalore, has been instrumental in building the largest retail network for digital lifestyle products in the country. He heads the Distribution and Marketing Services and Retail business division for HCL.

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RAJENDER KUMAR

EVP

Rajender Kumar, who joined the company in 1976, has over three decades of industry experience in procurement, manufacturing & channel development. He heads the Mobile Computing business and Corporate Initiatives, including Quest for Excellence Program.

M CHANDRASEKARAN

Sr. VP

M Chandrasekaran joined HCL in 1984. He has over two decades of industry experience in sales, support and marketing, and heads the office automation products business for HCL.

ANAND EKAMBARAM

VP

With rich experience in ICT education and learning domain, Anand Ekambaram heads HCL education and learning function. A BITS Pillani and Nottingham University alumni, Anand shoulders the responsibility to steer HCL Infosystems' education business to new heights.

GEORGE PAUL

EVP

An experienced hand, George Paul heads the Marketing Function, along with HCL R&D. A graduate in Electronics & Telecommunications, he joined HCL in 1983.

RAJEEV ASIJA

EVP

Rajeev, who heads the Enterprise Solutions & services of HCL, has behind him two decades of extensive industry experience. An engineering graduate, he joined HCL in 1983.



Recognising HCL's contribution for a sustainable tomorrow

HCL Infosystems unstinting efforts to pioneer enabling solutions have won many top industry awards and recognitions.



DQ-IDC: Ranked No. 1 in the Best Employer Survey 2009, among the IT companies in India

Frost & Sullivan: 'India Manufacturing Excellence Award (IMEA) 2008', Gold Award in the "IT & Automation Hardware" category

CISCO PAL: Awarded the "Gold Star" rating for customer satisfaction excellence survey

DQ CSA: Ranked No. 1 IT services company in 2009 for the second consecutive year

Computer Active: Best Desktop PC Category award

Infocus: Emerald Award for best all-round performance

HDFC Standard Life Insurance Co. Ltd.: Platinum Certificate of Excellence award in appreciation of its contribution & efforts towards the continued success of HDFC SLI

Dun & Bradstreet Rolta Corporate Award for the year 2009: In computer hardware and peripherals category

ELCINA-Dun & Bradstreet Award: For 'Outstanding achievement in Quality for the year 2009'

'The Electronics Company of the Year 2009': Recognition by EFY

Greenpeace's 'Guide to Greener Electronics': HCL Infosystems was ranked amongst the top five green electronic companies in the world

Ranked number one in the Best Employer Study 2009: Conducted by IDC – Dataquest

'HCL ME': Ranked amongst the top 10 brands by a Business Standard survey 'Brand Durby 2009'



Chairman's message



Ajai Chowdhry
Chairman & CEO,
HCL Infosystems Ltd.

“Today, HCL Infosystems is equipped to further expand its Systems Integration & ICT services expertise across verticals and even replicate the ICT growth story similar to that of India in various other developing geographies. The company is committed to invest in tomorrow, for enriching lives and enabling sustainable business transformation.”

Dear Stakeholders,

The year gone by has seen your company taking to new frontiers. The focus for this year clearly was 'expansion'. Through our journey of transformation we have created capacities and have achieved many milestones that have seen us grow in different verticals. The 'expansion' this year was led by the transformation in the Services and Systems Integration business as we introduced new areas of Manufacturing, Travel Transport & Logistics, Oil & Gas to our existing systems integraton domains. Also, I am happy to share that your company has successfully created multiple new product IP's for diverse Systems Integration solutions.

In the past one year, the organisation has witnessed many significant changes unveiling a new face of HCL Infosystems as a driver for creating new technology markets and verticals backed by advanced Systems Integration ICT solutions. A range of projects of national importance were picked up, from digitising data for Census of India, to deployment of India's largest AOCC at T3, Delhi International Airport, to projects that involved revamping of the country's Public Distribution Systems based on UIDAI defined Aadhar guidelines.

During the year, the Company also expanded its reach into the 'Emerging Markets' and has taken its ICT solutions stack to these geographies. We have extended our reach to Middle East Asia with the acquisition of a majority stake in a Dubai-based company and have strengthened our footprint across the African and South East Asian markets as well.

Apart from emerging markets, your Company also explored 'Emerging Sectors' with innovative technology frameworks. We launched path breaking initiatives like the Cloud Services with HCL O'zone and advanced Homeland Security and end-to-end solutions framework with 'HCL Horizon'. HCL Infosystems also focussed on excelling in the education domain by providing vocational training in technology through HCL CDC and delivering digital learning content with Digital Classrooms.

Today, with us sustaining our leadership position as the largest Indian ICT Company with 'India facing revenues', I am confident that HCL Infosystems is equipped to further expand its Systems Integration & ICT services expertise across verticals and even replicate the ICT growth story similar to that of India in various other developing geographies. HCL Infosystems is committed to invest in tomorrow, for enriching lives and enabling sustainable business transformation and also for maintaining its position as the preferred choice amongst both employees and customers.

Further, I would like to thank you, fellow stakeholders, for your interest and constant support in HCL Infosystems' progress and the faith you have reposed in the future of your Company.

With warm regards,

Ajai Chowdhry

Financial highlights

Revenue and Profitability (Consolidated)

₹/Crore

YEAR ENDED JUNE 30	2010	2009	2008	2007	2006
Total Revenue	12159	12378	12403	11855	11455
PBIDT	411	417	497	454	396
Interest	39	45	48	10	(1)
Depreciation	26	21	19	15	12
Profit Before Tax	346	351	430	429	385
Provision for Tax	104	111	130	113	105
Profit After Tax (PAT)	242	240	300	316	280
Profit available for Appropriation	1033	951	904	792	640
Equity Dividend	171**	111	137	135	135
Basic Earning Per Share (₹)*	11.92	14.02	17.6	18.7	16.7
PBIDT (%)	3%	3%	4%	4%	3%
Profit Before Tax/Revenue (%)	3%	3%	3%	4%	3%
Return on Net Worth (%)	13%	21%	30%	37%	40%
Return on Capital Employed (%) #	16%	29%	34%	40%	48%
Equity Dividend (%)	375%**	325%	400%	400%	400%

* Based on equity shares of ₹ 2/- each on Balance Sheet date

** Includes interim dividends aggregating to 275% and proposed final dividend of 100% amounting to ₹ 127.1 Crore and ₹ 43.7 Crore, respectively

Calculated on "PBIT"

Assets and Liabilities (Consolidated)

₹/Crore

AS AT JUNE 30	2010	2009	2008	2007	2006
Sources of Funds					
Equity Funds	44	34	34	34	34
Share Warrant Application Money	18	-	-	-	-
Reserves and Surplus	1831	1088	982	826	664
Loan Funds	520	227	354	236	84
Deferred Tax Liabilities (Net)	-	-	7	12	11
Total	2413	1349	1377	1108	793
Application of Funds					
Net Block	287	185	170	151	98
Investments	854	260	215	272	295
Deferred Tax Assets (Net)	13	6	-	-	-
Current Assets	3615	2912	2704	2160	1543
Current Liabilities	2356	2014	1712	1475	1143
Net Current Assets	1259	898	992	685	400
Total	2413	1349	1377	1108	793



Management Discussion and Analysis

Overview

The year 2009-10 has seen the revival of economy and established a new growth path for the Indian industry. As the economy recovered both consumers and enterprises demand for services and solutions that allow them to 'do-more-with-less' and business model innovation, improved productivity, faster return on investment, cost savings took the forefront.

During the year, the enterprise & SMB market has slowly opened up to adopt more IT into the system and the hiring spree, which had a ripple effect across industry in 2009, is back on revival thereby, resulting in increased IT buying. However, the market is witnessing a paradigm shift in the purchase behaviour of enterprise and SMB with virtualisation, green IT, on-premise delivery and outsourcing services gaining traction. The organisations are moving towards more secured investments and want to move ahead for more of opex than capex model. The sustenance of this model and preferences are likely to evolve and widespread adoption is to be seen in times ahead. The e-Governance and 'Economic Stimulus Spending' will continue to invigorate Government / Public Sector IT spending to new levels in 2010. Large scale e-governance projects will witness increased adoption of Document Management Services (DMS) and digital imaging technologies, notably scanners.

Business outlook

The consumer is now moving to - 'Consumer 2.0' - from 'Consumer 1.0' marked by advancements in mobile computing leading to next generation 'Netbooks' and availability of several new applications for smart handheld devices (SHDs) or smartphones. A lag in the roll out of 3G / WiMAX will affect the launch of new types of consumer services. While consumers may experience newer digital products, they will have to make do with the limited spectrum of applications currently available and wait for the full range of next generation services experience.

The domestic IT market is expected to grow at 13.0% in 2010 to touch ₹ 1,07,655 crore, while the data centre services market in the country is forecast to grow at a compound annual growth rate (CAGR) of 22.7 per cent between 2009 and 2011, to touch close to US\$ 2.2 billion by the end of 2011, according to research firm IDC India's report published in March 2010. The report further stated that the overall India data centre services market in 2009 was estimated at US\$ 1.39 billion.

Cloud computing is reshaping the IT marketplace, creating new opportunities for suppliers and catalysing changes in the traditional IT offerings. Cloud computing primarily evolved with the growing acceptance of SaaS, and the

industry looking to replicate the success of offering software-as-a-service to not just platforms / applications (PaaS) but also as infrastructure / hardware (IaaS or HaaS). In the current scenario, when the market is passing through wide scale curtailment of CAPEX and focusing on deriving benefits through the OPEX route, this model is making its presence felt as organisations can derive benefits without the need to worry about maintenance and upkeep of the hardware and software. This is especially important for small and medium businesses, a sector that will be a key target in any plan for the broad economic recovery.

After the inflexion in JAS 2009, there has been a continuous growth in the notebook market, maintaining the levels above 700 K every quarter. The market is bound to witness and support more growth into this specific sector and also see more devices and variety of notebook/netbook range and offerings coming into the picture. Research firm IDC expects the combined India domestic IT-ITeS market to grow at rate of 15.0% in 2010 to achieve revenues of ₹ 1,20,666 crore as compared to ₹ 1,04,906 crore in 2009.

HCL Infosystems of Today

With advent of technology, as the key enabler and transforming the way we work and live, HCL Infosystems over the

years has established itself as a pioneer of modern computing. The **multi-faceted** HCL Infosystems of today has built a comprehensive range of capabilities, giving it a unique advantage to leverage the new paradigms that are emerging from a converging world. HCL Infosystems has specialised verticals addressing multifarious segments of the technology spectrum.

Today, HCL Infosystems is proudly poised as a global player and is fast spreading its presence. Your company during the year has **strengthened its global presence with the addition of emerging markets** like Middle East, Africa and south-east Asia. Apart from focused initiatives in the emerging markets, your company completed the buyout of a majority stake in the Dubai-based NTS Group. The acquisition will see NTS's customer relationships across the Middle East get access to the HCL Infosystems three decades of expertise in the ICT domain. The completion of this acquisition represents a significant step under the HCL Infosystems transformation strategy to expand in the emerging international markets, offering a complete set of solutions, services and products.

Enhancing company's capabilities in areas of application delivery and infrastructure deployment and management, your company has also announced the launch of HCL O'zone - an end to end **cloud based computing solution service** for its customers. With this, HCL Infosystems has revolutionised the existing cloud framework with its new Infrastructure as a Service (IaaS) and Software as a Service (SaaS) platforms.

With **innovative new products & services** for the emerging markets and building technology frameworks, your company is transforming itself into a **Services and System Integration company**. At the same time, it continues to be a **leader in all the core businesses in the field of computing**, office automation, ICT infrastructure for small, medium and large enterprises, ICT education and ICT retail.

The year gone by has seen your company invest to grow both organically and inorganically. With a focus to address the emerging technological landscape, HCL

has been building up capacity to best leverage presenting opportunities. Your Company's strategy of focusing on core defensive sectors has enabled it to address new business opportunities in growth sectors, and initiatives taken to expand the spectrum of business have enabled HCL Infosystems to de-risk its business strategy.

During the year under review, your company launched Enterprise Commercial Channel (ECC), a major initiative in its enterprise channel strategy. In line with the company's objective of **strengthening its footprint to address SMB segment**, ECC will not only extend HCL Infosystems' and its alliance partner's range of ICT solutions to SMB's but will also provide opportunities to Channel partners to take complete bouquet of HCL Infosystems ICT Solutions to end customers.

In the ICT learning space, your company has established itself amongst the leading players in the ICT education and training segment. Established with an objective to meet the increasing demand for skilled professionals in the ICT arena, HCL Infosystems ventured into high-end **ICT Education & Training** with HCL Infosystems Career Development Centres (CDC). Today, HCL Infosystems CDCs across the country are offering specially designed courses in high-end infrastructure hardware, software, and middleware and networking integration. Apart from Career development centres HCL Infosystems this year also introduced 'HCL DigiSchool', its state-of-the-art solutions designed for Indian schools that offer modern multimedia classroom with world class content. HCL Infosystems DigiSchool solutions are designed & customised as per Indian school curriculum including all K12 boards. HCL Infosystems DigiSchool offer students an opportunity to not just learn according to the curriculum but also give a chance to improve their IT competency.

HCL Infosystems has built India's largest distribution and retail chain to address **digital lifestyle** demands of today's customers. With a network of HCL Infosystems ME zone stores across the country, more than 93,000 retail outlets across more than 11,000 towns and cities

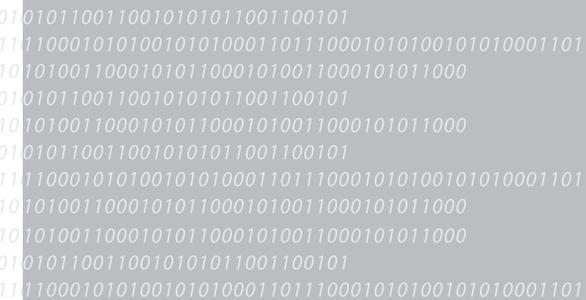
of India, HCL Infosystems has by far the largest value added distribution network in the country. HCL Infosystems has partnerships with leading global brands such as, Nokia, Apple, Kodak, Toshiba, Microsoft, Konica and Minolta among others. HCL ME Zones, a unique concept in our country, offer a single window for ICT consumers to experience a comprehensive range of digital lifestyle products, including Notebooks, PCs, digital cameras, MP3 players, mobile phones, LCD's and related accessories.

In view of the increasing threat perception in our country as India emerges as a global player, **Homeland security and surveillance** is increasingly becoming an important requirement. HCL Security is a 100% subsidiary of HCL Infosystems with focus on providing integrated System Integration solutions in the field of Security & Surveillance.

I. System Integration & Services (engineering systems involving multi-dimensional services)

Over the years, HCL Infosystems has successfully transformed itself into a leading Services and System Integration company in the country. HCL Infosystems brought about this transformation by leveraging its strength in core technologies and its direct service capabilities. HCL Infosystems has designed, developed and delivered cost-effective, technology-enabled solutions that have enabled businesses to achieve a competitive advantage in their respective verticals. HCL Infosystems System Integration capabilities span the entire gamut of services - from consulting, to design, roll-out implementation, management and support. HCL partners with leading technology vendors - CA, Cisco, EMC, Hitachi, HP, IBM, Intel, Microsoft, Oracle, SAP, Sun and Symantec - to roll out solutions that are customised as per the requirement of each business vertical.

The launch of HCL ERC and cloud computing has provided a new dimension to HCL Infosystems capabilities in the services space.



Management Discussion and Analysis

HCL System Integration services have been rapidly expanding presence across industry verticals, viz. Telecom, e-Governance, BFSI, Power, Media & Entertainment, Retail, Healthcare, Infrastructure, Railways, Education, Homeland security, Cooperative banks and Defence.

a) SI Telecom

The convergence of applications, networks and content like voice, video and data on this new age information super highway has become the next path breaking move in core mass market technology offering , providing seamless connectivity and integrated user experience.

HCL Infosystems, with its multi-product and multiservice approach, is able to understand and address the challenges and opportunities brought by convergence. Our SI Telecom projects encompass the following:

- Complete infrastructure rollout for WIMAX implementation for a leading Telecom player Roll out of Broad Band Multiplay Project and developed single window billing solution to manage all the services of a leading Telecom operator
- Provided VPN Backbone Solution to manage the VPN network of a leading PSU in India Integrated solutions for complete ICT Core, Billing, Data centre and disaster

recovery

b) SI eGovernance

SI eGovernance practice provides technology and business solutions to government departments across the country. eGovernance empowered with its innovative solutions continues to help the Indian government to make government services accessible to the common man and ensure efficiency, transparency and reliability of such services at affordable costs to realise the basic needs of the common man across India.

HCL Infosystems offerings in eGovernance projects span across several states and central government Mission mode projects. HCL marked its presence by partnering in prestigious nation building projects such as Sitapur NREGA, State wide implementation of Public Distribution System on UIDAI guidelines in Chandigarh and Madhya Pradesh, Pilot project of PDS in Andhra Pradesh & Haryana, Automation of Municipalities in Kolhapur, Sangli & Kolkata, India's largest e-procurement project of Indian Railways, Commissioning of Infrastructure to host central database and application of the Department of Trade and Taxes, Biometric attendance system in Gujarat Tribal school, Smart card system for NACO, Setting up and running the complete operations of

Summary of key SI verticals and the opportunities are given in the table below:

Summary of key SI verticals and the opportunities are given in the table below:

Sector	Total Domestic IT spend (Rs. Billion)	Opportunity Areas	HCL Infosystems Offerings and solutions	Recent wins
Telecom	<p>CAGR: 14%</p>	<ul style="list-style-type: none"> • OSS BSS Solution Expansion • Wimax • IP/MPLS Expansion • Number Portability • Data centre & Value • Added services • Metro ethernet 	<ul style="list-style-type: none"> • Infrastructure • Wimax, optical networks, Active / passive rollout • Billing solutions • Convergent Billing • Customer care solutions • Internet solutions 	<ul style="list-style-type: none"> • Telecom network Management solutions • Wimax rollout • IP / MPLS and broadband Multiplex expansion • Giga-Ether Passive Optical Network
Telecom	<p>CAGR: 13%</p>	<ul style="list-style-type: none"> • Core Banking, Core Insurance • Payment systems • Mobile banking • ICT Infrastructure • ATM & Self-Service solutions • Multi-Lingual Solutions 	<ul style="list-style-type: none"> • Smart-card based solutions • ATMs and services • Core banking solutions • Multi-lingual solutions • Branch rollout • ICT infrastructure • Co-Operative Sector 	<ul style="list-style-type: none"> • End-to-end IT project for Life insurance company • Core banking solution for six Indian Cooperative & Rural Banks
eGovernance	<p>CAGR: 14%</p>	<ul style="list-style-type: none"> • Smart-card projects • Income Tax • Immigration & Visa • Pensions • E-Procurement • Land records 	<ul style="list-style-type: none"> • Complete Data centre including Networking, storage, security & engineering Solutions • State-wide area network • Land records 	<ul style="list-style-type: none"> • Municipal Corporation Automation • E-District Solutions • State Wide area network
Power	<p>CAGR: 18%</p>	<ul style="list-style-type: none"> • R-RAPDRP (part A) spend of Rs. 100 Billion (USD 2.1 Bn) in XI plan • IT Application <ul style="list-style-type: none"> - GIS, Consumer Index - Billing, CRM, ERP • Non IT areas <ul style="list-style-type: none"> - Energy Audit services, smart energy management 	<ul style="list-style-type: none"> • Field automation • Smart metering • Energy management • ERP solutions • Unmanned sub-stations 	<ul style="list-style-type: none"> • Centralized Architecture with integrated ERP for a leading Discom in north India • Smart metering /advanced metering infrastructure • Energy audit services

Notes:

1. Total IT spending include Hardware + software + services + others (source IDC report)
2. RAPDRP restructured accelerated power development and reform program. Part A spend shall include the reports for establishment of baseline data and IT applications for energy accounting auditing & IT based consumer service centres.
3. Exchange rate USD 1 = Rs. 48.15

eSeva centres across Andhra Pradesh.

c) SI BFSI & Cooperative

HCL SI BFSI is focused on Retail and Corporate Banking, Insurance and Capital Markets. HCL Infosystems has been working with several nationalised, MNC, private, rural and cooperative banks across the country. Among other innovations HCL Infosystems at its R & D center, has developed a Core Banking Solution - HCL BancMate. HCL Infosystems successfully implemented 'BancMate CBS' in some of the leading cooperative banks across the country. The Company has also successfully introduced its state-of-the-art co-branded ATM solutions. HCL is the preferred partner for many BFSI

customers and its clientele includes all major banks and insurance companies.

d) SI Power

The foundation of HCL Infosystems power practice is based on deep power domain knowledge and understanding of prevailing power sector field scenario in our country. HCL started with IT implementation in the power sector moving onto the distribution, committed to collaborate with the Indian government for bringing reforms in power distribution sector.

As we moved forward with automating the commercial, technical and operational functions through an integrated IT system in two large utilities, our vision in

power business has seen no limitation in our thoughts and continues to create and bring innovation in the Indian Power sector.

Under RAPDRP, the Indian Distribution sector is transforming with implementation of large IT and automation projects. HCL Infosystems has been awarded the first large contract of this program in the state of Rajasthan involving over 8 million consumers.

HCL Infosystems today offers consulting and services practice in Energy Audit for utilities and has created capability for design and implementation of Advance Metering Infrastructure, matured Automated Meter Reading system to read metering data in real time

from Distribution transformers and Substation feeder meters. HCL Infosystems also offer utilities automation systems to improve feeder reliability, by avoiding the situation of complete feeder shut-down situations due to temporary faults. HCL Infosystems is also focusing on implementing ERP projects in Utilities and looking at emerging new technology opportunities in the area of Power Generation, Transmission and Distribution sector.

e) SI Defence

In modern times, availability of information has become the key battle winning factor for armed forces as the information exchange platform enabling decision making for commanders at all level to shape the battle field in real time. HCL SI Defence has emerged as the vertical to design, develop and implement the infrastructure for communication for both Terrestrial & Mobile forms.

Developing C4ISR solutions along with foreign and Indian OEMs, to participate in forthcoming opportunities like Tactical Communication systems, Battle Field Management System and Defence Communication Network, SI Defence is focussed to position HCL Infosystems as the true long term Partner to Indian Armed Forces capable of providing support at all times.

Fluid battle theatre demands highly flexible support and logistics support where SI Defence is partnering with major ERP OEMs like SAP and Oracle to deliver the backbone for the logistics support. To enable the same and keep pace with the changing technology SI Defence is also contributing in customising platforms for Unit Level management Packages.

Completion of a PAN India Defence terrestrial network, ongoing implementation of ERP at a DRDO lab are few of the key projects which will shape the path ahead for SI Defence to emerge as a major

business vertical capable of delivering fully integrated Defence Systems for the Indian Armed Forces.

II. ICT Services

HCL Infosystems has consolidated on the comprehensive, IT Infrastructure solutions and services offerings, in a quest to provide end-to-end ICT Infrastructure Solutions and Services to its customers. These comprehensive range of solutions are in the areas of:

- Data Centre(DC) using virtualisation technologies, Storage backup, Archival & Replication Solutions, Disaster Recovery/Business Continuity Plan(DR/BCP) solutions using Information Lifecycle Management (ILM)
- Enterprise Management Solutions using tools for health, performance, fault and configuration management of Server, Storage, Network, Security, Client PCs, System and Application Software, setting up of Network/Security/IT Operations Centre and managing them.
- Borderless Networks & collaborative communication solutions comprising of Unified Communication & Messaging solutions, Wide area network/Virtual Private Network solutions.
- Information Security Solutions including perimeter security, Data centre security, network security, client security, Application security & SOC (Security Operations Centre) etc.

We have setup and operationalised a Global IT operations Centre to enhance our offerings to our customers in the area of Managed services. Using this ISO-27001 certified facility, we are providing the Infrastructure (Network, DC/DR, Clients) Management, Application management and Operations management services to our customer.

Enhancements of IT Infrastructure practices (Network, Security,

Storage & Servers) with Centres of Excellences (COEs) have been key to positioning and winning deals in these areas. In order to procure best in the global IT, HCL Infosystems has also partnered with global technology leaders like Cisco, CA, Symantec, IBM, HP, Sun, EMC, Hitachi Data Systems, Microsoft & Oracle.

The Strategic Outsourcing (SO) group at HCL Infosystems was conceived to meet the growing customer demand for simplifying and streamlining business portfolios, de-risking investments and focusing on core business. The group focuses on development of long-term, multi-layer, SLA based contracts and relationship providing end-to-end services that include infrastructure, applications, processes, tools and methodologies. It leverages diverse skill sets from across the enterprise and over three decades of HCL Infosystems IT presence in products and services while delivering measurable, value-adding solutions via innovative commercial constructs (e.g. revenue share, Capex/Opex, transaction based etc.) that eventually makes HCL Infosystems a preferred partner.

At present, the HCL Infosystems SO group is managing multiple client relationships across different business verticals. Examples of some of our SO relationships include complete outsourcing of IT applications, infrastructure services and processes for a leading Indian healthcare chain, total IT outsourcing services including applications, infrastructure and ERP rollout for a large auto ancillary; and e-governance services for multiple departments of a large municipal corporation on a BOOT model with citizen facing operations.

III. Computer systems & related products

Over the years, HCL has been working effortlessly to understand needs of varied customers and develop technology that not only empowers its customers but also is

environment friendly. This year, too, your company laid special emphasis on introducing products which not only addressed customer need but also were intone to take care of the environmental concerns.

Keeping its commitment to promote inclusive growth by providing an impetus to PC & Broadband penetration in rural India, your company along with BSNL launched HCL Infosystems' broadband PC under the National Broadband Penetration Program (NBPP). The program is a nationwide initiative to accelerate IT proliferation in rural India. The project aims to accelerate PC and broadband penetration by offering a complete solution and to create new markets in the interiors of the country. The NBPP project, believed to be the largest government program to promote rural connectivity till date, aims to break through the affordability barrier. The project aims to power the next million PC+ Broadband connections in untapped market space.

HCL Infosystems also launched 'Maza PC' in Maharashtra. HCL in association with Maharashtra State Co-operative Bank's Association (MSCBA) will facilitate purchase of PCs across the state of Maharashtra. Any Institution, SMB, Students, Farmer, entrepreneurs or individual can avail Interest free loan from MSCBA member banks for purchase of PC & Laptops.

The year under review also saw HCL Infosystems announcing an alliance with Central Bank of India to enable consumer finance for purchase of computing devices and accessories under the 'cent computer loan' scheme. The scheme has been extended to students, salaried persons and professionals with low interest rates and no processing charges.

This year your company also rolled out its new marketing initiative 'HCL Mobile Excitement' HCL ME. The multi dimension initiative includes more focused marketing strategy towards today's nomadic customer

and saw the launch of a new logo and TV commercial focused around Mobility and life-on-the-go. HCL ME campaign has been designed around the concept -- 'It's all about ME' - thereby, reaching out to the largest emerging consumer group - the youth and the young executives. As a part of rebranding exercise HCL Digilife stores have been rebranded post the new brand launch of ME. The Multi category stores offering a range of ICT products including laptops, mobiles, cameras, MP3 Players and gaming consoles have been branded as "ME-Zones" and the Computing Stores selling desktops, laptops and netbooks are called "ME-Xclusives".

HCL Infosystems is undoubtedly the leader in the desktop business in India and its existing range of products for the enterprise segment and the consumer segment continues to grow. This year, HCL Infosystems announced the return of Beanstalk, its most popular desktop range to cater to the growing demand for cutting-edge technology on the home computing front. With power-packed features and advanced technologies, the all new HCL Beanstalk range offers the ultimate convenience of productivity, connectivity and an incredible new entertainment experience. HCL Beanstalk was India's first Home Multimedia PC launched by HCL Infosystems in 1995 with a view to address the fast emerging home computing market. Not only this, your company also launched various sales promotion campaigns for HCL desktops and laptops. 'Young India Offer', 'Freedom To Win', 'Tick and Click offer' and 'Winter Carnival' consumer offers were successfully launched in different parts of the country during the year.

Committed to a sustainable future, your company this year joined the exclusive club of organisations across the globe to commit to 'sustainability' as part of its vision statement. Leading from the front HCL Infosystems introduced a new range of path breaking environment friendly computing

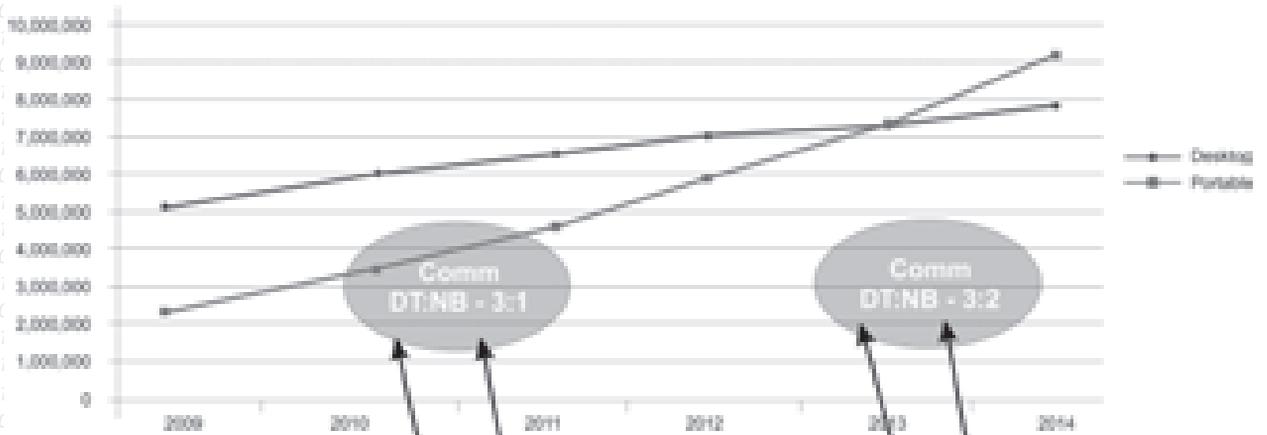
products, with the launch of India's first PVC and BFR free HCL ME Series 40 Notebook. The eco-friendly 'ME' notebook is designed and manufactured with materials completely free of harmful chemicals like Polyvinyl Chloride(PVC), a hazardous toxin, absence of which makes recycling of electronic products safer and environment friendly.

IV. Telecommunications & office Automation Products

During the year under review, HCL Infosystems consolidated its position in the distribution of Nokia Cellular phones and Digital Lifestyle products. India continues to show growth in the mobile subscriber base. With 3G and mobile number portability expected, the cellular market is set to achieve new landmarks. Nokia continues to dominate the market share in the GSM cellular phone market with its well established product line-up and strong distribution reach.

HCL Infosystems continues to grow the Digital Lifestyle business by adding new products to its portfolio of consumer electronics and mobile accessories. This year, your company continued to build a robust Office Automation (OA) channel to address the sale of Imaging and Printing products. The Company added new products from the existing and new partners to consolidate its offerings in this space. HCL Infosystems deployed a prestigious project to cater to various operational and service requirements with Airport Operation Control Centre (AOCC) for daily airport management system at the New Terminal (T3) at Delhi International Airport. The project integrates 19 IT systems to manage the terminal and also is capable to view and monitor overall operations of Airport for real time inputs and collaborative operations. Your company also deployed Dial 100 solutions for Police departments across regions. Dial 100 solution provides technology to equip the police force to access automated information which will help the police force to act in a more efficient

Domestic PC Market Dynamics



Form Factor	2009	2010	2011	2012	2013	2014	CAGR (2009-2014)
Consumer Desktops	1,818,377	1,863,476	1,940,234	2,035,166	2,115,186	2,168,829	3.0%
Commercial Desktops	3,389,476	4,151,493	4,379,582	4,881,880	5,172,600	5,471,891	10.0%
Desktop	5,207,853	6,014,971	6,319,816	6,916,946	7,287,786	7,640,720	8.0%
Consumer Notebook	1,292,813	2,047,964	2,657,545	3,404,915	4,290,879	5,382,165	33.0%
Commercial Notebook	1,164,987	1,482,642	1,903,559	2,438,754	3,078,711	3,809,691	28.1%
Portable	2,457,800	3,530,606	4,561,104	5,843,669	7,369,590	9,191,856	29.3%
Total	7,665,653	9,545,577	10,880,920	12,760,615	14,657,376	16,832,576	29.1%

IDC PC Tracker Q1, 10

All figures in unit #

way. The control room consists of the state-of-the-art multimedia contact centre and can also track all PCR vans fitted with GPS devices (Global Positioning System) and coordinate their movement to help public.

HCL Infosystems telecom products business registered growth. This vertical won orders of deploying voice solutions from Corporate to Defence & Police establishments, Railways and infrastructure companies. The company also bagged prestigious orders for deploying its video solutions from leading multi-national companies in infrastructure and BFSI sectors to Railways and other companies in IT, oil & gas and banking.

In the year under review, HCL Infosystems telecom products business won orders to deploy voice

solutions from leading Corporates, Railways and Defence establishments. The company also bagged prestigious order for its video solutions from a leading infrastructure multi-national company to deploy tele-presence solutions. The company also bagged projects for nationwide rollout of video conferencing solutions from leading names in BFSI, education and oil & natural gas sectors.

V. Quality Initiatives

Quality and Excellence journey has been the key highlight of this year's initiatives. The transformation journey started with a focused exercise of realigning the Vision and Mission statements to reflect the future Business Goals and Plans of enhancing Business Portfolio and expanding the Global footprint.

Achieving 'Excellence' has been the key theme of the year. A companywide drive - Quest For Excellence (QFE) was undertaken to train and sensitize the teams.

Progressing on the transformational journey and aiming at enabling both the Top and Bottom lines growth, the Corporate Quality Excellence Group (CQEG) has been focussing on driving Integrated and Value Centric approach. The scope of Quality charter has been enhanced to cover the end to end Process Management related requirements.

CQEG has been aiming at creation and institutionalization of Integrated Quality Management System; covering Process Portfolio. Synthesizing and Strengthening the existing frameworks and practices, Transforming the existing Processes

IT Services: Pride of Place				
Vendors	Rank-09	Rank-10	Overall Scores	Change
HCL Infosystems	1	1	90.3	■ (0)
TCS/CMC	3	2	87.9	▲ (1)
HCL Comnet	2	3	87.7	▼ (-1)
IBM	6	4	87.6	▲ (2)
Wipro	4	5	86.9	▼ (-1)
SIFY	7	6	85.7	▲ (1)
CMS	5	7	85.5	▼ (-2)
HP	8	8	85.4	■ (0)



Source: IQ-ITC Survey Customer Satisfaction 2010

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

into an Integrated Quality Management System and Optimising the Quality Assurance program.

Achieving Customer Delight has been the key goal; various initiatives undertaken in 2009-10 have retained HCL Infosystems on the top in CSA 2010 (Customer Satisfaction Audit) conducted by IDC-DQ during Oct-Dec'09. Out of 16 parameters your company got highest score in 9 parameters with "Pre - Contract stage experience" and "Post contract experience" being significant ones.

Centre of Excellence capabilities have further been strengthened by enhancing solutions and process portfolios. COE- ITOC provides Remote Infrastructure Management (RIM) services and managed support services to customers and helps utilization of high skilled resources better by consolidating them at IT Operation Centre (ITOC). Quality Management System has been established at ITOC and ISO 9001:2008 (Quality Management System Certification) certification has been achieved. ITOC also

embarked on the journey of strengthening Information Security related controls and achieved ISO 27001:2005 (Information Security Management Certification) Certification.

Taking manufacturing Quality to the next levels, the Puducherry and Uttarakhand Manufacturing Operations Units demonstrated highest commitment towards 'Employee Centric Approach', the units adopted the best practices for ensuring Occupational Health and Safety; implemented the system, enabled the controls and got certified for ISO 18001:2007 (OHSAS Standard). In addition, the Operations in both the units have undergone successful Surveillance audits of ISO 9001-2008 (QMS) and ISO 14001-2004) (EMS) Standards.

Progressing on the journey of strengthening Software Practice, Jaipur Development Centre has embarked on the journey of achieving Highest Maturity Level. With CMMI Level 3 assessed system as base, the centre benchmarked its processes and performance indicators in line with CMMI Level 5

requirements and is well poised to achieve the successful CMMI Level 5 Assessment during the current Financial Year. In addition, the Centre has successfully completed the ISO 9001- 2008 Re-certification. This will enhance operational responsiveness and efficiencies.

Career Development Centre, Nokia Repair Factory & Info Structure Services have also undergone successful surveillance audits and have been recommended for continuation of ISO 9001-2008 certificates.

VI. Risks & concerns and risk mitigation

In constant pursuit of excellence, HCL has designed a well defined Enterprise Risk Management Framework to address various risks to our business. It covers identification, analyzing, planning, monitoring, controlling and prevention of risks across the enterprise; covering all the Business Divisions and Support Functions. Broad level categories of risks covered are as follows.

- (a) Business Risk:- Captures & Mitigates the division and function wise risks covering various key aspects related to Strategy, Operations, Resources, Regulatory, Compliance, etc.
- (b) Process Risk (Gaps / Non Compliance): - Captures & Mitigates the division and function wise process gaps and process non compliances
- (c) Project Risk: - Captures & Mitigates the Project risk. This is integral part of Project Management Process spanning all stages of the Project Life Cycle. This has enabled HCL to manage and optimise risks related to Bid Terms, Deals, Service Level Agreements, Customer credit worthiness in project engagements.

The framework is enabled by establishing Risk Management Organisation Structure and related processes. The Periodic reviews of the business processes and risk analysis reports are carried in a planned and systematic manner

CSA 2010 - Analysis



HCL Infosystems is #1 in 8 parameters & Has scored > 90% in 8 parameters

IT Services: What Satisfies Customers

	Industry	CMS	HCL Connet	HCL Infosystems	HP	IBM	TCS /CMC	SIFY	WIPRO
Ability to support multi location	90.5	93.1	87.1	89.1	90.2	91.8	86.4	90.8	89.3
Scope of service provided	86.4	83.9	85.9	91.4	82.8	88.8	87.3	82.3	90.0
Reliability of service provided	87.0	84.2	88.2	92.9	82.8	88.8	88.2	86.2	88.7
Overall - Service Offering	87.4	85.8	87.2	91.6	84.2	89.3	87.5	85.7	89.3
Proactive-ness of the service provider in understanding	90.0	90.2	87.5	91.4	92.7	89.6	90.9	89.2	86.9
Service providers understanding - Domain knowledge of your business...	87.5	86.7	91.3	91.9	85.9	88.4	90.0	86.9	86.2
Overall - Sales & Marketing/ Pre contract Stage	86.4	86.0	89.8	91.7	86.4	88.9	90.3	87.8	86.5
Technical expertise of the service provider (Personal	89.2	86.9	88.2	92.4	89.8	90.8	88.2	88.5	88.0
Adherence to CoS / SLA	83.5	81.2	84.7	86.3	80.5	84.4	89.1	84.6	85.5
Geographical reach to provide after sales service	83.0	82.7	85.9	86.2	80.8	85.3	85.8	83.9	81.3
Routine checks and preventive nature	83.4	83.5	87.1	86.8	81.0	83.3	86.4	83.9	84.7
Solution orientation & time oriented approach	87.1	84.6	89.4	89.1	88.8	83.3	89.1	84.6	82.7
Responsiveness & availability of service personnel	84.5	83.9	85.9	90.5	81.9	87.2	85.5	82.3	84.0
Turnaround capability in case of disaster / crisis	84.8	84.2	88.2	88.1	82.3	85.2	84.6	86.2	84.7
Availability of required spare parts & other essential	84.7	83.9	88.2	87.6	83.3	86.0	88.2	83.1	85.3
Overall - Post contract stage experience	84.7	83.7	87.2	88.1	82.9	85.9	86.9	84.4	84.4

Base: 525

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

Source: DQ4DC Survey Customer Satisfaction 2010

with respective stakeholders. The reports of Enterprise Risk Management are presented to Board of Directors at regular intervals. Some of the key example areas are described below.

To ensure managing the risks related to Information Security & Business Continuity, HCL has established comprehensive information security framework and business continuity plan. The Data Centre and IT Operation Centre are ISO 27001:2005 (Information Security Management System)

Certified. The comprehensive security controls are established which are preventive in nature and aims at protecting people and assets.

HCL has a strong HR policy to mitigate the risks related to sourcing and attrition. It ensures attracting, training, motivating and retaining the best of industry talents and moulding them into global leaders.

The company business growth strategy and framework ensures the continuous enhancement of the

existing Business and Offerings portfolio by innovating and introducing newer lines of product range, services and geographies on an ongoing basis.

VII. Internal control systems and their adequacy

The Company has in place adequate systems for internal control that are commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable

financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use or losses, executing transactions with proper authorization and ensuring compliance of corporate policies. The Company has a well-defined delegation of power with authority limits for approving revenue as well as capital expenditure. Processes for formulating and reviewing annual and long-term business plans have been laid down.

The Internal audit is based on an Audit Plan, which is reviewed each year in consultation with the Audit Committee. The Internal Audit process is designed to review the adequacy of internal control checks in the system and covers all significant areas of the Company's operations such as accounting and finance, procurement, employee engagement, travel, insurance, IT processes, safeguarding of assets and their protection against unauthorised use, among others.

The Company has an Audit

Committee, the details of which have been provided in the Corporate Governance Report. The Audit Committee reviews reports submitted by the Internal Auditors. Suggestions for improvement are considered by the Management and the Audit Committee follows up on the implementation of corrective actions.

VIII. Human resource development

The year under review has been a year of renewed business transformation, wherein we have created new and Innovative HR Practices for new business areas like Strategic Outsourcing, Services and System Integration Solutions. Starting our foray into Global operations, we have established HR practices for HCL Infosystems employees based in Middle East, Singapore and Africa.

The employee strength has increased from 5921 in 2009 to 6731 in 2010. Our attrition rate stands at 11.27% compared to 10.4% for the

previous year.

People are vital to the growth of HCL. This year we took significant steps towards Talent Review with a focus on Individual Development & Growth. During the year, we initiated iLead Development Centres to systematically develop and assess leadership capabilities to link career movements to competencies. As part of this programme, select people at various levels within the organisation underwent a one year intensive development.

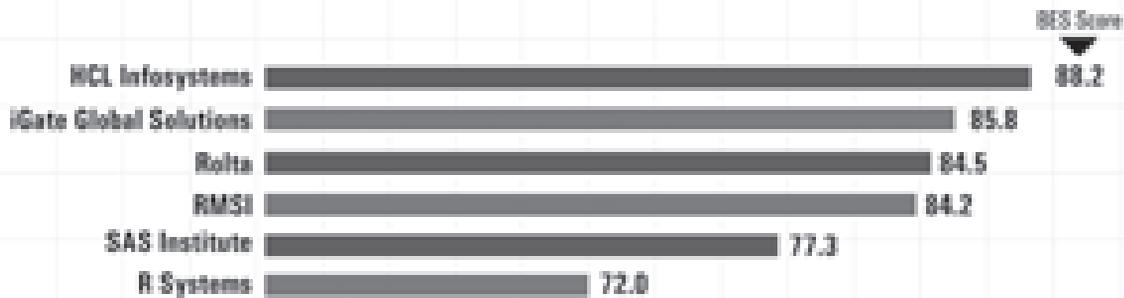
Your company continue to invest in people development and skill enhancement to empower them to perform their best. This year HCL had organised an unprecedented number of training programmes with participants from different levels. Several online learning initiatives were launched to provide an array of blended learning opportunities to each employee.

Talent engagement activities

DQ-IDC IT BES 2009

BEST EMPLOYERS

Average retention rate increased from 79% to 85% in a year of slowdown. Yet many employers increased emphasis on training and communication/19.



continue to strengthen the bonds within HCL family through regular get-togethers, shared celebration of all festivals, unified employee campaigns towards Healthy living, Environment Conservation and various Social causes.

An internal survey 'My Voice' was conducted to measure employee engagement scores. Including a response rate from approximately 80% of employees, the overall Engagement score was observed to be higher than previous surveys.

Your company continues to get accolades from third party agencies

who conduct annual Employee Satisfaction Surveys.

DISCLAIMER

Certain statements made in this report relating to the Company's objectives, projections, outlook, estimates, etc. may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such estimates or projections etc., whether expressed or implied. Several factors including but not limited to economic conditions affecting demand and supply, government regulations and taxation, input prices, exchange rate fluctuation, etc., over which the

Company does not have any direct control, could make a significant difference to the Company operations. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Readers are cautioned not to place undue reliance on any forward looking statements. The MD&A should be read in conjunction with the Company's financial statements included herein and the notes thereto. Information provided in this MD&A pertains to HCL Infosystems Limited and its subsidiaries on a consolidated basis, unless otherwise stated.

FINANCIAL COMMENTS ON CONSOLIDATED OPERATIONS FOR THE YEAR ENDED JUNE 30, 2010

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

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

The Management Discussion and Analysis on Financial performance relates to Consolidated Financial Statements of the Company and its subsidiaries. This should be read in conjunction with the financial statements and related notes to the consolidated accounts for the year ended June 30, 2010.

FINANCIAL PERFORMANCE

Particulars	Consolidated		Parent	
	FY 2010	FY 2009	FY 2010	FY 2009
Gross Business Revenue	12159	12378	12062	12337
Gross Margins (a)	1104	1089	1083	1082
Other Operating Income (including exchange fluctuation) (b)	30	-4	27	-7
Operating Expenses (c)	757	683	714	654
Depreciation (d)	26	21	22	17
Operating Profit (e = a+b-c-d)	351	381	374	404
Other Income (f)	34	15	32	15
Finance Cost (g)	39	45	37	45
Profit Before Tax (h= e+f-g)	346	351	369	374
Tax Expense(i)	104	111	107	114
Profit After Tax(j=h-i)	242	240	262	260
Basic EPS (in Rupees)	12	14	13	15

During the financial year ended June 2010, the company focused on expanding its spectrum of services in the areas of Enterprise Business Solutions, IT Infrastructure Practices, Application Services, Strategic Outsourcing to strengthen the System Integration Business.

Pursuant to the approval of the shareholders, the Company raised ₹ 727 crores through Qualified Institutions Placements and Preferential issue to certain promoters to expand existing businesses, develop infrastructure for future growth, meet working capital requirements and make acquisitions.

Gross Business Income

Consolidated Revenue for the year is ₹ 12159 crores as against ₹ 12378 crores in the previous year.

Services revenue grew by 11% from ₹ 648 crores to ₹ 722 crores in the current year.

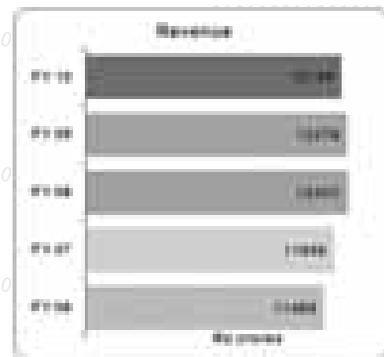
Gross Margins

Gross margins for the current year grew from 8.8% to 9.1%. In absolute value, gross margins are ₹ 1104 crores as against ₹ 1089 crores in the previous year.

Exchange Fluctuation

During FY 2010, rupee was very volatile, opening the year with ₹ 47.9/\$ to a low of ₹ 44.2/\$ before ending the year at ₹ 46.4/\$.

Exchange difference on account of difference in rate on payments and collections made during the year and also on restatement of debtor and vendor balances as on June 30, 2010 was ₹ 12 crores gain as against a negative of ₹ 26 crores for the last financial year.



FINANCIAL COMMENTS ON CONSOLIDATED OPERATIONS FOR THE YEAR ENDED JUNE 30, 2010

Operating expenses

a) Personnel Costs

The Company, during the year, augmented man power resources especially in newer areas of Services and Systems Integration. As a result, personnel costs increased from ₹ 338 crores in FY 2009 to ₹ 391 crores in FY 2010. The Company strengthened its permanent employee base from 5921 to 6731 in the year and also increased the flexi force.

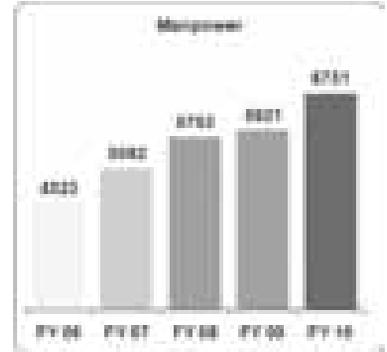
Employee costs as a percentage of sales increased from 2.7% to 3.2% in current year.

b) Administration, Selling, Distribution and Other Expenses

Administration, Selling & other operating expenses (including provisions) increased from ₹ 345 crores in FY 2009 to ₹ 366 crores in FY 2010. Cost as a % to sales is at 3.0% in FY 2010 as against 2.8% in FY 2009. Advertisement & Sales promotion expenses increased from ₹ 57 crores to ₹ 77 crores, mainly due to various branding initiatives.

Other Income

Other income in FY 2010 is ₹ 34 crores as against ₹ 15 crores in FY 2009. The increase is primarily due to returns on higher surplus funds.



Finance Costs

Finance costs in FY 2010 are ₹ 39 crores, down from ₹ 45 crores in FY 2009. Finance costs mainly represent interest on borrowings for working capital, and interest on import credit facilities.

Profit Before Tax (PBT)

Profit before tax in FY 2010 is ₹ 346 crores as against ₹ 351 crores in the previous year.

Tax Expense

The provision for current and deferred tax for the year is ₹ 104 crores.

Profit After Tax

Profit after Tax for FY 2010 is ₹ 242 crores as against ₹ 240 crores in FY 2009. Basic EPS for FY 2010 is ₹ 11.92. EPS for the current year is based on enhanced share capital after Qualified Institutions Placements and Preferential issue.



FINANCIAL CONDITIONS

Net Worth / Shareholders Fund

Net Worth grew to ₹ 1893 crores as at June 30, 2010 from ₹ 1122 crores as at the close of the previous year.



During the year, the Company allotted

- 1,64,38,848 equity shares of ₹ 2/- each to certain promoters at a price of ₹ 152.9 per share amounting to ₹ 251.3 crores.
- 46,20,667 warrants to certain promoters on receipt of 25% of subscription money of ₹ 152.9 per share amounting to ₹ 17.7 crores.
- 3,05,55,713 equity shares of ₹ 2/- each at a price of ₹ 154.69 per equity share through Qualified Institutions Placement amounting to ₹ 472.7 crores.

FINANCIAL COMMENTS ON CONSOLIDATED OPERATIONS FOR THE YEAR ENDED JUNE 30, 2010

Consequently, the paid up capital as at June 30, 2010 stands at ₹ 43.7 crores, comprising 21.8 crores equity shares of ₹ 2/- each.

Reserves & Surplus are at ₹ 1831 crores at year-end after appropriating ₹ 199 crores for dividend and dividend distribution tax.

Borrowings

Loan Funds are at ₹ 521 crores as on June 30, 2010. The Debt/ (Debt + equity) ratio stands at 22%.

Fixed Assets

Net block increased from ₹ 185 crores as at June 30, 2009 to ₹ 287 crores as at June 30, 2010. The capital expenditure during the year is mainly on acquisition of Land in Greater Noida, SAP upgrade and other additions for Infrastructure.

Inventories

Inventories as at June 30, 2010 are ₹ 840 crores as against ₹ 889 crores as on June 30, 2009.

Inventory turnover on sales in financial year ended 2010 is 14 times.

Debtors

Debtors as at June 30, 2010 amount to ₹ 1967 crores. Debtors as number of days of sales in FY 2010 are at 59 days as against 44 days in FY 2009.

Liquid Assets (Investments and Cash Bank)

Investments in Mutual Funds and Term Deposits with Banks increased to ₹ 856 crores as at June 30, 2010 from ₹ 269 crores as at June 30, 2009.

Cash in Hand & Balances with Bank in collection/ disbursement accounts are ₹ 298 crores as at June 30, 2010 as against ₹ 201 crores as at June 30, 2009.

Other Current Assets

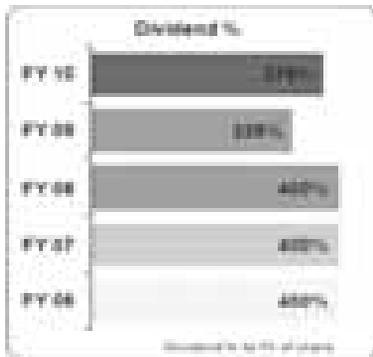
Other current assets increased to ₹ 507 crores as at June 30, 2010 from ₹ 306 crores as at June 30, 2009. The increase is primarily in accrued revenue to be billed and deferred lease assets.

Current Liabilities & Provisions

Current liabilities and provisions as at June 30, 2010 amount to ₹ 2356 crores as against ₹ 2014 crores as at June 30, 2009. The increase is primarily in vendor liability and customer advances to be billed.

Dividend

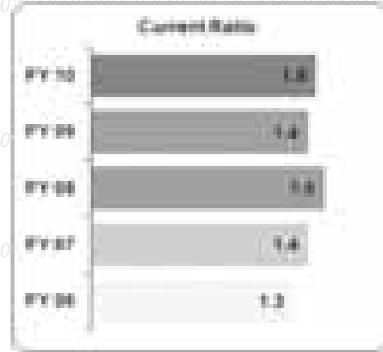
The Board recommends a final dividend of ₹ 2/- per share (100% per fully paid up equity share) subject to shareholder approval at the ensuing annual general meeting.



The total dividend proposed and paid for FY 2010 (including interim dividend of ₹ 5.50 per share) is ₹ 7.50 per share (375% per fully paid up equity share), amounting to ₹ 199 crores including dividend distribution tax.

SEGMENT PERFORMANCE

The company has identified three primary segments namely Computer Systems and related products & services, Telecommunication & Office Automation and Internet & related services.



FINANCIAL COMMENTS ON CONSOLIDATED OPERATIONS FOR THE YEAR ENDED JUNE 30, 2010

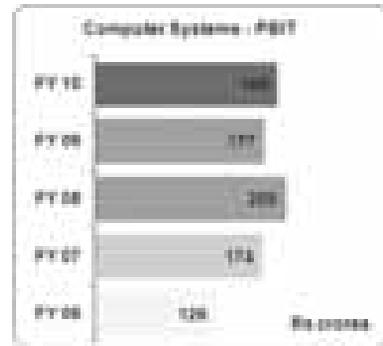
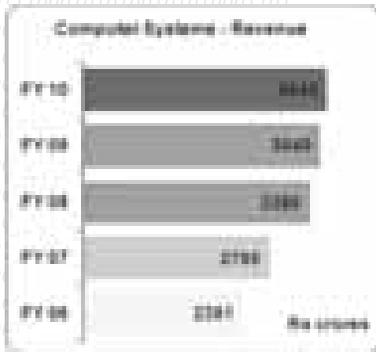
Computer Systems and Related Products & Services

The segment operations comprise of manufacturing of computer hardware systems, providing comprehensive Systems Integration, Roll out and Infrastructure management solutions in different Industry verticals, providing IT services including maintenance & facility management and ICT training.

Segment revenue grew 3% in FY 2010 to ₹ 3643 crores from ₹ 3540 crores in FY 2009. Five year CAGR is 11%.

Segment PBIT grew 7% in FY 2010 to ₹ 190 crores as against ₹ 177 crores in FY 2009. PBIT as a % to sales is 5.2%, as against 5.0% in the previous year.

Capital employed in the segment as at June 30, 2010 is ₹ 1215 crores.



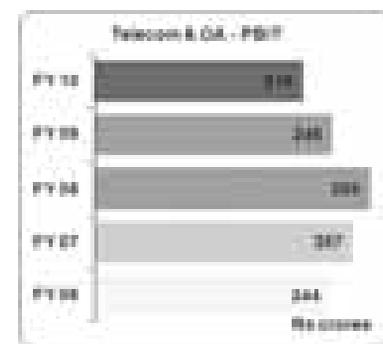
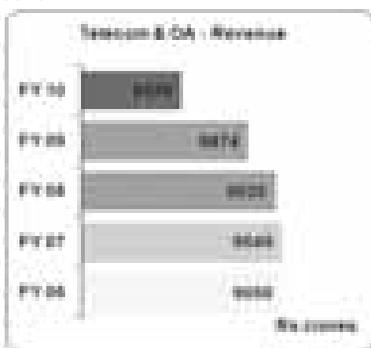
Telecommunication & Office Automation

The segment operations comprise of distribution of telecommunication and other digital lifestyle products, office automation products and related comprehensive maintenance and allied services, and Homeland security & surveillance through its subsidiary HCL Security Ltd.

Segment revenue in FY 2010 is ₹ 8529 crores as against ₹ 8874 crores in the previous year.

Segment PBIT in FY 2010 is ₹ 216 crores as against ₹ 246 crores in the previous year. PBIT as % to sales is 2.5% in FY 2010 as against 2.8% in FY 2009.

Capital employed in the segment as at June 30, 2010 is ₹ 203 crores as against ₹ 187 crores as at June 30, 2009.



Internet and Related Services

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

Segment Revenue in FY 2010 is ₹ 77 crores as against ₹ 46 crores in the previous year. Profit before Interest and Tax is ₹ (14) crores. Profit after tax is ₹ (12) crores.

Report on Corporate Social Responsibility

Social Responsibility & Community Development

This year HCL INFOSYSTEMS became one of the few companies in the world to publically commit to sustainability. Our vision for a sustainable future is based on a societal change we have set to bring about with us renewing our efforts to make a sizeable impact. In this period numerous programmes have been undertaken under the championship of employee volunteers to enrich the lives of the disadvantaged, especially under privileged children and the elderly. The initiatives taken include sponsoring child education, volunteering to teach IT, donations for elderly, blood donation camps, collection drives and green movement to save the environment. Diversity of workforce and inclusion of all classes of society has been actively promoted through participation in job fairs exclusive to people with disabilities, additional support for women employees and emphasis on recruitment from smaller towns and far-flung areas of the country.

HCL INFOSYSTEMS Mindia

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

HCL INFOSYSTEMS Concert Series

HCL INFOSYSTEMS Concert series is yet another initiative taken up by HCL INFOSYSTEMS in association with The Indian Habitat centre, Delhi and the Music Academy, Chennai. Through this initiative, HCL INFOSYSTEMS provides a renowned platform to upcoming talents in the Indian performing art forms. HCL INFOSYSTEMS 'Expression of the Mind' is the salutation to the 'Gurus' of the Indian classical dance and music. This way HCL INFOSYSTEMS strives to showcase the excellence in Indian arts and culture to discerning audiences and the series promises to present hundreds of concerts featuring a variety of artists over several years of its continuation.

So far, close to 400 concerts have been successfully organized under HCL INFOSYSTEMS concert series over the past 11 years.

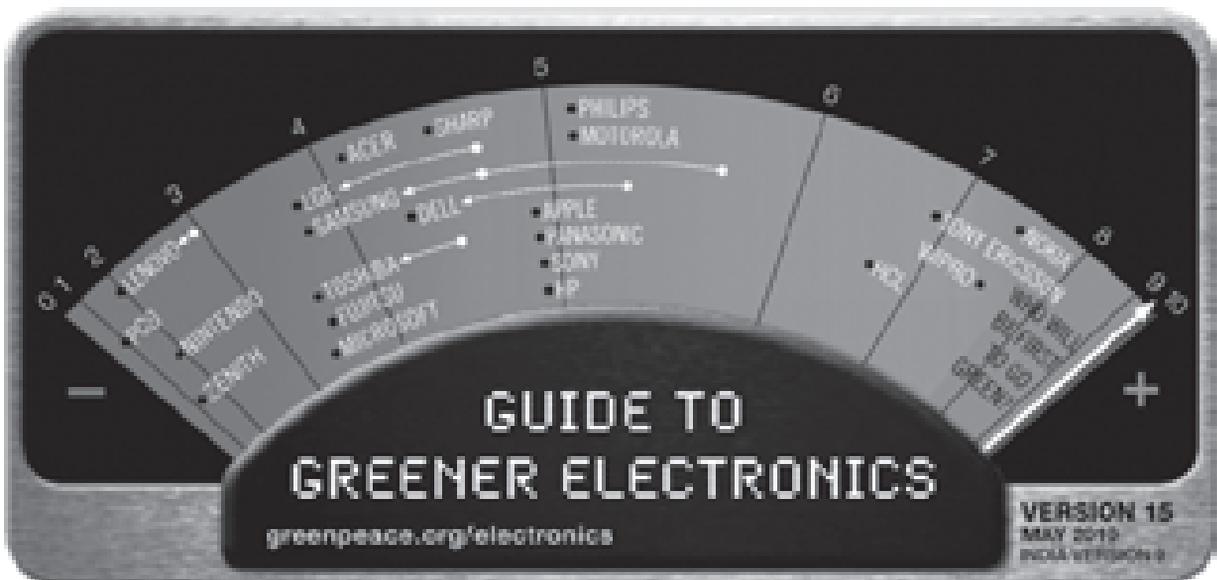
Environmental Sustainability Report 2009-10

According to the latest Greenpeace' Greener-Electronics-Guide release (May 2010), HCL INFOSYSTEMS is now among the **GLOBAL-TOP-5** companies on Green-front. In fact, HCL INFOSYSTEMS is ranked 3rd in the Greenpeace release.

As compared to May 2009, we have gained 2.6 points (highest gain by a single company), resulting in a whopping 63.4% growth in our GreenPeace ratings Year-on-Year.

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

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



In the following pages, we will provide a category-wise overview of all our major initiatives, activities and achievements in all of these.

HCL INFOSYSTEMS Environment Policy: HCL INFOSYSTEMS is committed to conducting its business in a manner that delivers Environmental, Health and Safety performance.

Our Goals:

1. To provide products and services that are safe and environmentally sound throughout their lifecycles
2. To conduct our operations in an environmentally responsible manner
3. To create healthy and safe practices in work environment

To accomplish this, we will:

- a. Meet or exceed applicable legal requirements;
- b. Proactively reduce occupational injury and illness risks, and promote employee health and well-being;
- c. Aggressively pursue pollution prevention, energy conservation and waste reduction in our operations;
- d. Design and manufacture our products to be safe to use and to minimize their environmental impact;
- e. Share information with our customers on environmentally responsible end-of-life management services for HCL INFOSYSTEMS products;
- f. Ask our suppliers to conduct their operations in a socially and environmentally responsible manner;
- g. Use an Environmental Management System approach to establish goals, implement programs, monitor technology and environmental management practices, evaluate progress, and continually improve environmental performance;
- h. Foster a culture of environmental responsibility among employees and management;
- i. Harness energy conservation in our operations and products and reduce carbon footprint;
- j. Proactively address chemicals phase-out through a chemical policy and initiate a program for end-of the life product management as its individual responsibility;

We achieve this high level of performance by integrating these objectives into our business planning, decision-making, performance tracking and review processes to ensure we achieve our goals and continually improve upon them.

We believe our company must work with employees, suppliers, partners, customers, and governmental, non-governmental and community organizations to protect and enhance health, safety and the environment.

1. CHEMICAL COMPLIANCE:

Highlight: On 9th January 2010, HCL INFOSYSTEMS unveiled first 'made in India' PVC & BFR Free Laptops- HCL ME series 40 laptops- in the Indian market, a future-ready product that conforms to the still-to-be-implemented RoHS 2.0 compliance in EU. We got an unprecedented PR around the product, and the laptop was covered extensively by the print-media.

HCL INFOSYSTEMS Chemical Policy based on Precautionary Principle:

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

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

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

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

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

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

- a. Maintaining a Banned and Restricted Substance List,
- b. Choosing designs and materials that avoid the use of substances of concern,

- c. Committing suppliers not to use these substances contractually, and
- d. Substitution of viable alternate substances.

To demonstrate our commitment, HCL INFOSYSTEMS has targeted the following substances for phase out:

- a. Phthalates - Tentative timeline for its phase out by HCL INFOSYSTEMS is 2012
- b. Beryllium and its compound- Tentative timeline for its phase out by HCL INFOSYSTEMS is 2012
- c. Antimony and its Compounds- Tentative timeline for its phase out by HCL INFOSYSTEMS is 2012.

Acceptable alternatives would be identified for the above that will not compromise product performance and will lower product health and environmental impacts. We will have appropriate management procedures to deliver this policy and review a phase out plan yearly or when required and evaluate available technical, environmental and scalable solutions. HCL INFOSYSTEMS is committed to continually improve the environmental quality of our products.

HCL INFOSYSTEMS's methodology for Identifying Harmful Chemicals in Future:

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

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

Every quarter, this team classifies the information thus gathered in the following categories:

1. Chemicals which have been empirically proven to be Toxic.
2. Chemicals which are not empirically evident to be Toxic.

Every quarter, the chemicals that figure in the category 1 above are identified as Toxic Chemicals, and are included in the Class A list.

Simultaneously, Changes if any are communicated to all our suppliers as per requirement.

The chemicals that figure in Category 2 are constantly followed for any further clarity on them.

Class A: This list includes all the chemicals, substances, elements, their alloys and compounds which are totally banned from all our products due to their hazardous properties.

Class B: This list includes the restriction in use of certain chemical substances, their alloys and compounds as per the limits specified and the timeline for its phase out.

For details please visit http://www.HCLinfosystems.in/index-HCL_Infosystems-eco-safe.html

Product packaging material restriction

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

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

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

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

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

With effect from 01 Jan 2008 we have achieved total RoHS compliance for Desktops, Laptops, workstations, and Servers.

HCL INFOSYSTEMS's initiatives on phasing out PVC & BFR in product manufacturing:

On 9th January 2010, HCL INFOSYSTEMS unveiled first 'made in India' PVC & BFR Free Laptops- HCL INFOSYSTEMS

ME series 40 laptops- in the Indian market (except for the Power-adapter).

The PVC & BFR-free HCL INFOSYSTEMS ME Series 40 meets the RoHS 2.0 standards, laid down by the European environmental-safety standards, and is future-ready for the environmentally-conscious global consumer. The notebook is also blessed with the unique HCL INFOSYSTEMS Balanced Power Theme which enables auto shutdown during idle period. The notebook becomes greener with Advanced Thermal Engineering which minimizes the heat-generation capacity. These features increase the battery back-up of the notebook, thus making a step towards conserving energy.

We are happy to point-out that we have achieved the PVC & BFR free status in our product much ahead of our committed date of 31st December 2010.

Further, ME series 40 has received a warm welcome from the Corporate sector. Within a few days of launching the product, we have received more-than-expected orders for our ME series 40 notebook.

At present 50% of our overall range of laptops is PVC and BFR free. HCL INFOSYSTEMS is working towards the road map of making entire product range PVC and BFR free.

2. E-WASTE:

As you are aware, the e-waste draft rules have already been drafted by MoEF, and we are proud to say that we have been playing a very proactive role in the process, right from the conception to the final draft.

Through MAIT, we were involved at Management level in this Endeavour.

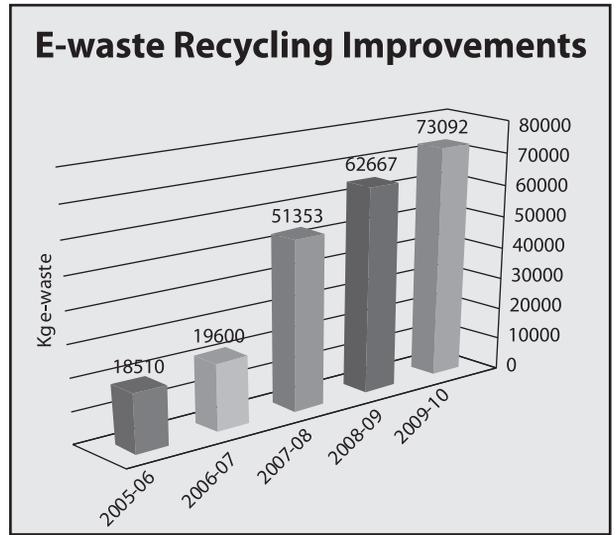
Even in the absence of a regulatory framework in the country and the lack of EPR laws, HCL INFOSYSTEMS has been providing the customers a free e-waste take-back and recycling service from past 2 years under the HCL INFOSYSTEMS 'Green-Bag' Campaign.

Last year, we extended the HCL INFOSYSTEMS 'Green-Bag' Campaign to retails' customers also, thru our HCL INFOSYSTEMS-Touch network.

Amount of waste electrical and electronic equipment (WEEE) collected and recycled:

In Financial-year 2009-10, we collected and recycled 73092 Kg of e-waste, 17% more than that of the previous year. Since 2005-06, we have been seeing a continuous improvement in e-waste collection and recycling.

The graph below shows our journey in the direction of e-waste collection and recycling since 2005-06:



Also, during the year we have increased the number of locations covered under the Ecosafe-Indicators from 37 last year to 43 this year, an increase of 20%.

3. ENERGY

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

1. Energy Efficient Products
2. Energy Efficient Operations

HCL INFOSYSTEMS Support for mandatory Reduction of GHG Emissions:

HCL INFOSYSTEMS fully supports the Kyoto protocol and demands for reduction in global GHG emissions. HCL INFOSYSTEMS is fully committed to reduce its own GHG emission, strongly advocates for strong Energy Efficiency regulations for future industrial growth in India and is willing to work with government and industry stakeholders on this issue.

GHG emission Disclosure of HCL INFOSYSTEMS Operations:

HCL INFOSYSTEMS reports GHG emissions under scope 1 and scope 2 of GHG protocol. From next year, we will also include scope 3 emissions in our GHG reporting.

HCL INFOSYSTEMS has accounted the GHG emissions for its 210 sites operating in India. As per the review of M/s Deloitte in accordance with the International Standard on Assurance Engagement (the ISAE 3000) issued by the International federation of accountants, estimated GHG emissions of the 210 sites amount to 12.33 Kilo Tonnes CO₂e (Carbon-di-oxide equivalent) for the period July 2008-June 2009.

We are now in the process of implementing the Scope-3 GHG emissions (which includes GHG emissions arising from employee-commutation and employee-business travel). This is a first of its kind assessment being done by an ICT company in India.

Commitment to reduce GHG emissions:

HCL INFOSYSTEMS set a target of 20 % reduction in its GHG emission by 2014 from the base year of financial year 2007-08.

Road-Map for Committed GHG reduction:

We have a well planned road map for achieving this challenging target. Six projects have been started in this direction, which have started with dedicated people from Admin, marketing, commercial and procurement departments:

1. **Green Buildings:** All new buildings will be Green Buildings with LEED certification
2. **Use of Renewable Energy:** We will double the use of solar energy from 0.13% to 0.26% of our overall energy consumption
3. **Installation of energy saver ACs:** Estimated reduction of 5% electricity consumption for each unit
4. **Replacement:** tube lights will be replaced with more efficient LED lights
5. **Replacement:** CRTs will be replaced with TFTs
6. **Replacement:** normal power-supply will be replaced with energy star power-supply for all computers in HCL INFOSYSTEMS Offices

Energy efficiency of new models

HCL INFOSYSTEMS follows 2 steps for improving the energy efficiency of its green PC models:

- a. Choosing the right hardware for a green PC (e.g. using motherboards with Dynamic Energy Saver (DES)

technology), and using more efficient power supplies (ES 4.0 and ES 5.0)

- b. Setting the right tuning of the software to support green computing

These methods have resulted in energy conservation of 20 to 33 % for our green PC models (depending on the model) and 75 % for the monitors.

The entire range of HCL INFOSYSTEMS products has ACPI mode for power savings, as well as UL certification for safety.

ENERGY STAR 5.0: Our Products-team was aware about the Energy Star 5.0 standards from last year, and we had been communicating with our suppliers/vendors for the same in a pro-active manner. Consequently, today we have a total of 871 Desktop models which are ES 5.0 certified, a 400% increase from last year (204 models were ES 5.0 certified last year). In all of these models, ES 5.0 has been incorporated as a standard Fitment.

Also, on Laptop front, 72 models have been certified as ES 5.0 compliant and 4 models of Netbook category have been registered as ES 5.0 compliant.

All these models have been registered and listed on Energy Star Website.

Today, we are in a condition to provide:

1. 100% of our Desktop-product range,
2. 100% of our Netbook-product range,
3. 50% of our laptop product range

with energy Star 5.0 compliant options to our Enterprise customers.

Intel Node Manager Policy and HCL INFOSYSTEMS IGL Servers:

HCL INFOSYSTEMS IGL 2700 UR server based on latest Nehalem Architecture is now enabled with Intel Power Management Policy and ISMS 3.5, which reduces the total power consumption of the server system by setting a threshold value for the power consumed in watts.

This feature helps restrict the total power consumption during less or no loads, preferably on weekends and during night-time. The Administrator can add policies according to the workloads and requirements which help in achieving low power states.

Directors' Report

To the Members,

Your Directors have pleasure in presenting their Twenty Fourth Annual Report together with the Audited Accounts for the financial year ended 30th June, 2010.

Financial Highlights

(₹ in Crores)

Particulars	Consolidated		Parent Company	
	2009-10	2008-09	2009-10	2008-09
Net Sales and other income	12114.44	12289.54	12011.91	12244.33
Profit before Interest, Depreciation and Tax	411.18	417.22	427.82	435.79
Finance Charges	39.21	44.66	37.44	44.66
Depreciation	25.51	21.25	21.73	17.27
Profit before Tax	346.46	351.31	368.65	373.86
Provision for Taxation : Current	111.95	122.17	111.96	122.77
Fringe Benefit	-	1.55	-	1.45
Deferred	(7.87)	(12.36)	(4.86)	(10.80)
Net Profit after Tax	242.38	239.95	261.55	260.44
Profit available for appropriation	1033.33	951.18	1062.89	961.57
Appropriations				
Debenture Redemption Reserve	4.00	4.00	4.00	4.00
Interim Dividend	127.08	85.59	127.08	85.59
Proposed Dividend	43.65	25.68	43.65	25.68
Tax on Dividend (including Interim Dividend)	28.68	18.91	28.68	18.91
Transfer to General Reserve	26.16	26.05	26.16	26.05
Balance of Profit carried forward to next year	803.76	790.95	833.32	801.34

Performance

The consolidated net revenue of the Company was ₹ 12114.44 crores as against ₹ 12289.54 crores in the previous year. The consolidated profit before tax was ₹ 346.46 crores as against ₹ 351.31 crores in the previous year.

Your Directors are pleased to recommend final Dividend of ₹ 2 per share (100%) on the fully paid-up equity shares of ₹ 2/- each for the financial year ended on 30th June, 2010. During the first nine months, three interim (quarterly) dividends aggregating to ₹ 5.50 per share (275%) were declared, taking the total dividend for the year 2009-10 to ₹ 7.50 per share of ₹ 2/- (375%).

Operations

A review of operations of the businesses of your Company for the year ended 30th June, 2010 is provided in the Management Discussion and Analysis Report forming part of the Annual Report.

Acquisitions

RMA Software Park Private Limited

During the year under review, the Company has acquired the entire equity share capital of RMA Software Park Private Limited (RMAS).

Saptha Business Solutions Private Limited (SAPTHA)

During the year under review, the Company has purchased the SAP Delivery Practices and ERP Solutions business of SAPTHA, a Bangalore based Company along with its certain assets.

HCL Infosystems MEA FZCO, Dubai (Formerly known as NTS FZCO)

The Company has on 4th July, 2010 acquired a majority equity stake (60%) in HCL Infosystems MEA FZCO (formerly known as NTS FZCO), a Dubai based IT Infrastructure solutions provider.

This acquisition is through HCL Insys Pte Limited, Singapore, the wholly owned subsidiary. HCL Infosystems MEA FZCO

caters to the needs of enterprise customers in Dubai, Abu Dhabi and Qatar.

Raising of funds

During the year under review, the Company allotted 2,10,59,515 warrants priced at ₹ 152.90 per warrant convertible into equal number of equity shares of ₹ 2/- each at a price of ₹ 152.90 per share including a premium of ₹ 150.90 per share to certain promoters on Preferential basis on receipt of 25% subscription money amounting to ₹ 80.50 crores. Out of which, 1,64,38,848 warrants have been subsequently converted into equal number of equity shares of ₹ 2/- each on receipt of balance 75% subscription money amounting to ₹ 188.51 crores.

During the year under review, the Company has also allotted 3,05,55,713 equity shares of ₹ 2/- each at a price of ₹ 154.69 per equity share including a premium of ₹ 152.69 per equity share amounting to ₹ 472.67 crores to Qualified Institutional Buyers on QIP basis.

During the year under review, 44,710 equity shares of ₹ 2/- each were allotted under Employee Stock Option Scheme 2000 and 7,200 equity shares of ₹ 2/- each were allotted under Employee Stock Based Compensation Plan 2005.

Awards & Recognition

The year that went by witnessed numerous recognitions for your Company as HCL Infosystems bagged several awards and accolades. This year in a customer satisfaction survey conducted by IDC Dataquest, your Company was ranked No.1 for the second consecutive year.

Your Company this year was also honoured with the 'Dun & Bradstreet Rolta Corporate Award for the year 2009' in computer hardware and peripherals category. Your Company was also awarded with ELCINA-Dun & Bradstreet Award for 'Outstanding achievement in Quality for the year 2009'. Your Company was also recognised as 'The Electronics Company of the Year 2009' by EFY. Your Company this year also emerged amongst top five green electronic companies in the world by Greenpeace's 'Guide to Greener Electronics'.

Your Company was ranked number one in the Best Employer Study 2009 conducted by IDC - Dataquest. 'HCL ME', was ranked amongst top 10 brands by a Business Standard survey 'Brand Durby 2009'.

This year HCL Manufacturing facilities were awarded GOLD certificate of Merit by The Economic Times India Manufacturing Excellence Awards (IMEA 2009) in partnership with 'Frost & Sullivan'. Also the manufacturing facilities were certified for Quality management system ISO 9001: 2008, environment management system ISO 14001: 2004 and received certification of 18001:2007 (OSHAS) during the period.

Employee Stock Option Plan

Employee Stock Option Scheme 2000

Pursuant to the approval of the shareholders at the Extra-Ordinary General Meeting held on 25th February, 2000 for grant of options to the employees of the Company and its subsidiaries (the ESOP 2000), the Board of Directors had

approved the grant of 30,18,000 options including the options that had lapsed out of each grant. Each option confers on the employee a right for five equity shares of ₹ 2/- each.

Employee Stock Based Compensation Plan 2005

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

Credit Ratings

The credit rating by ICRA continued at 'A1+' rating indicating highest safety to the Company's Commercial Paper program, which was enhanced from ₹ 325 Crores to ₹ 500 Crores.

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

Fixed Deposits

There were no fixed deposits outstanding either at the beginning or at the end of the year.

Listing

The equity shares of the Company are listed at The Bombay Stock Exchange Limited, Mumbai and National Stock Exchange of India Limited, Mumbai. The Company's Non-Convertible Debentures (NCDs) amounting to ₹ 80 Crores are listed on National Stock Exchange of India Limited, Mumbai.

Directors

In accordance with the Articles of Association of the Company, Mr. J.V. Ramamurthy, Director, is retiring by rotation and being eligible, has offered himself for re-appointment. Mr. R.P. Khosla and Mr. T.S. Purushothaman, the other Directors retiring by rotation do not seek re-appointment as Directors. The Board places on record its appreciation for the services rendered by them during their tenure with the Company.

Mr. J.V. Ramamurthy has been reappointed as the Whole-time Director of the Company for a further period of five years with effect from 11th August, 2010, subject to the approval of the shareholders of the Company in the Annual General Meeting.

Corporate Governance Report and Management Discussion and Analysis Statement

A report on Corporate Governance is attached to this Report along with the Management Discussion and Analysis statement.

Insider Trading Regulations

As per the requirements under the SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, the 'Code of Conduct for prevention of Insider Trading' and the

'Code of corporate disclosures practices for prevention of Insider Trading' are in force.

Directors' Responsibility Statement

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

- a. in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;
- b. appropriate accounting policies have been selected and applied consistently, and that the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 30th June, 2010 and of the Profit of the Company for the said period;
- c. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the annual accounts have been prepared on a going concern basis.

Auditors & Auditors' Report

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

Personnel

Industrial Relations during the period under review continued to be peaceful and harmonious. No man-day was lost due to any Industrial Dispute. Your Company was ranked number one in the Best Employer Study 2009 conducted by IDC - Dataquest.

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

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

The additional information required in accordance with sub-

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

Particulars of subsidiaries

During the year under review, on acquisition by the Company of the entire equity share capital of RMA Software Park Private Limited (RMAS), RMAS has become the wholly owned subsidiary of the Company with effect from 7th July, 2009.

During the year under review, a wholly-owned subsidiary was incorporated in Singapore in the name and style of HCL Insys Pte Limited on 17th December, 2009. HCL Insys Pte Limited is engaged in the business of IT and related activities including manufacturing and trading of laptops, desktops and other related IT products.

On acquisition of majority equity stake (60%) by the Company in HCL Infosystems MEA FZCO, Dubai (Formerly known as NTS FZCO) through HCL Insys Pte Limited, Singapore, HCL Infosystems MEA FZCO has become a step down subsidiary of the Company with effect from 4th July, 2010.

A statement pursuant to section 212(3) of the Companies Act, 1956 relating to subsidiary companies is attached to the accounts. The Company has obtained permission from Ministry of Corporate Affairs, Government of India vide its letter number 47/108/2010-CL-III, dated 19th March, 2010 for not annexing the accounts of the wholly owned subsidiaries, namely HCL Infinet Limited, HCL Security Limited, HCL Infocom Limited, RMA Software Park Private Limited and HCL Insys Pte Limited. The summary of financials of the subsidiaries has been included in the Annual Report. The annual accounts of the subsidiaries of the Company are available on any working day at the Registered Office of the Company to the shareholders of the Company requiring such information. These are also available on the website of the Company at www.hclinfosystems.in.

Acknowledgement

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

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

On behalf of the Board of Directors

Sd/-

AJAI CHOWDHRY

27th August, 2010 **Chairman and Chief Executive Officer**

Annexure To Directors' Report

INFORMATION RELATING TO CONSERVATION OF ENERGY, R&D, TECHNOLOGY ABSORPTION AND INNOVATION, AND FOREIGN EXCHANGE EARNINGS/ OUTGO FORMING PART OF THE DIRECTORS' REPORT IN TERMS OF SECTION 217(1)(e) OF THE COMPANIES ACT, 1956.

A. Conservation of Energy

Energy conservation has been a key area of work to reduce power consumption in products and employing measures in manufacturing of products to minimise energy consumption.

HCL's ecoSafe Policy clearly recognises the importance of products that are energy efficient and help customers cut costs of ownership and attain broader goals of protecting the environment.

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

1. Launched CULV (Consumer ULV) category product with lower power consumption Chipset & CPU.
2. Launched Energy Star 5.0 certified Notebooks, Netbooks and Desktops. These products use power supply which has minimum 85% efficiency.
3. Launched Infiniti Global Line range of servers which uses power supply having minimum 80% efficiency.
4. Complied for TCO'05 certification for a range of LCD monitors.
5. Lanuched LED backlit LCD monitors which consume lower power.
6. Replaced ordinary roof sheets with transparent sheets at the manufacturing plants (transferring only light and not heat) in shop floor and shipment area to ensure zero usage of artificial lights in daytime.
7. Converted CRT monitors to TFT monitors for all the executives in the manufacturing plant.
8. Replaced all high rating bulbs with CFL resulting in saving of 10,275 units during the year.
9. Rescheduled machine testing resulting in saving of 32,400 litres of diesel during the year.

10. Rain water harvesting facility at the manufacturing plant with a capacity of 3,000 kilo litres.
11. Daily monitoring of power consumption to detect abnormal increase.
12. Daily monitoring of water consumption to detect abnormalities.
13. Regular maintenance of equipment on a monthly basis to ensure that it does not consume higher power than normal.
14. Practicing switching off power consuming equipments when not required including UPS resulting in saving of 110,000 units per annum.
15. Adopted energy efficient metal halide, CFL lamps and electronic ballast for all lights which reduce power consumption.
16. Use of sprinklers and installed float valves in overhead tanks for conservation of water.
17. Optimal usage of UPS based on equipments needing 24X7 backup.

B. Research and Development

1. Product Innovation & Engineering

Your Company has been at the forefront of innovation ever since its inception. The year saw the Company innovating in different areas to develop ICT solutions and products for various verticals. The Company created over 30 product and solution IPs at the R&D centre. IPs created were developed for an array of solutions covering eGovernance, BFSI, Retail, Railways, Power, Media & Entertainment and Telecom verticals.

In the Homeland Security Space HCL Security, the subsidiary introduced the new state of the art command and control centre. 'Horizon' is an innovative State-of-the-Art Command and Control Centre Framework designed to integrate multiple security solutions in a single module giving the security-enforcement agencies an enhanced decision making platform.

Your Company introduced 'HCL DigiSchool', a state-of-the-art solution designed for Indian schools that offers modern multimedia classroom with world class content. The key features of this solution are digital multimedia asset library covering all major aspects in

K-12 category and Learning Management System that help in effective lesson planning and content management.

During the year under review, your Company also introduced a new exciting range of 'HCL ME' notebooks. Your Company also introduced one of the world's first laptops with in-built 'One Touch' service & support, that offers service and self recovery features like 'One Touch support' and 'One Touch Recovery' incorporated into the product. Your Company's new range of 'ME' laptops comes with innovative features like SPLIT ME where one can share one's data without worrying about the size of the file and LOCK ME that prevents data theft from the system. This feature ensures that the data cannot be copied on to external storage devices, USB memory sticks, CD optical disk drives, hard disk drive without getting authorisation from the user, SECURE ME a tool which can be used to lock any application installed on the PC e.g. Internet Browser, Adobe, Power point etc., another feature ENCRYPT ME allows the user to encrypt their data and avoids unauthorised access of the data, providing assurance against data theft. Apart from this, the new range of laptops also comes with features like face recognition and finger print recognition. Apart from these innovations the notebook segment saw the launch of 'HCL ME' Laptop 43/53 series' with Ultra Low voltage CPU in thin & light category and release of Intel Calpella platform based notebook along with Intel world wide which is based Intel core i3/i5/i7 CPUs. In the netbook segment, your Company released 3G enabled netbook with seamless connectivity to 3G network giving a faster internet access to the user.

In Desktop Personal computer & Nettop segment, your Company released Energy Star 5.0 certified PC. Your Company also introduced BSNL ADSL inbuilt Broadband PC catering to Indian rural market needs. Your Company also introduced Wimax ready Nettop product for rural and urban market and developed HCL BPO Call Center PC, where a single PC can be shared by two call center employees who may work for two different clients maintaining data security. Your Company also released Nvidia based 3D gaming PC with stunning 3D gaming experience. Your Company also released its first light, thin 18.5" LED backlight energy efficient LCD monitor. Your Company introduced a new desktop model Neutron PC with Optical Disk Drive (ODD) & Trim Top.

In Server product range, your Company launched range of servers supporting Intel Xeon 5500 series CPU. The Company also developed and introduced new range of Infiniti Global Line server to support the new Microsoft Server Operating System "Windows 2008 R2". Servers supporting SAS 6GB technology and Intel Xeon 5600 series "Westmere" CPU were also released.

2. Benefit derived as a result of R & D

With constant innovations 'HCL ME' was able to bring path breaking value adds for its customers. Your Company integrated 'One Touch support' and 'One Touch Recovery' into the product. 'HCL ME' also introduced innovative features that further enhanced its value proposition for ME branded Laptops. For these innovations 'HCL ME', was ranked amongst top 10 brands by a Business Standard survey 'Brand Durby 2009'. Your Company got DOLBY LABS certification for HCL laptops to deliver a rich audio experience and released Intel IAMT 6.0 based PC, it is next generation remotely manageable PC for large enterprises delivering reduced total cost of ownership.

Your Company re-launched its Beanstalk brand of home computers particularly Multi touch LCD screen All in one Beanstalk Ultima PC, which gives a rich multimedia experience with multitouch gesture to home users. Your Company this year was also recognised as 'The Electronics Company of the Year 2009' by EFY.

Your Company also introduced a new range of environment friendly computing products, with the launch of India's first PVC and BFR free HCL ME Series 40 Notebook. The commitment and innovative methods for demonstrating its leadership in developing environment friendly technology were recognised globally as your Company was ranked among top 5 Global electronic companies by Greenpeace.

3. Expenditure on R & D

		(₹/Crores)
Capital	:	0.03
Revenue	:	4.66
Total	:	4.69

C. Technology Absorption, Adaptation and Innovation

Continuing the tradition of bringing the latest technology to Indian market, your Company launched Windows 7 supported & certified products across Desktop, Notebook & Netbook product category. This launch was done concurrent to the launch of Windows 7 Operating system by Microsoft. Apart from these the notebook segment saw the launch of 'HCL ME Laptop 43/53 series' with Ultra Low voltage CPU in thin & light category and release of Intel Calpella platform based on Intel core i3/i5/i7 CPUs.

As a part of strengthening its managed services infrastructure, the Company inaugurated HCL Enterprise Resource Centre (ERC) in Puducherry to deliver state of the art Managed Service. The HCL ERC facilitates Remote Infrastructure Management (RIM) that uses various remote support & management tools to virtually allow ERC to control & manage customer's entire IT operations remotely.

Committed to introduce innovative products, your Company this year launched a host of products and solutions ranging from sleek netbooks to latest in server technology. Your Company launched products based on latest Intel Architectures such as Nehalem, Callpela and Atom Pinetrail for its servers, desktops, notebook and netbook range respectively. Your Company introduced new laptops, the range included HCL ME Laptop 44, targeted towards first time laptop users, HCL ME Laptop 54 based on the latest Intel Calpela platform and HCL ME Laptop 63, the advance and sleek looking 'Thin n light' notebook. In the netbook segment your Company introduced HCL ME Netbook 07 with the latest Intel Pinetrail atom processor.

Leading from the front your Company introduced a new range of path breaking environment friendly computing products, with the launch of India's first PVC and BFR free HCL ME Series 40 Notebook. The eco-friendly ME notebook has been designed and manufactured with materials completely free of harmful chemicals like Polyvinyl Chloride (PVC), a hazardous toxin, absence of which makes recycling of electronic products safer & environment friendly.

Apart from this, your Company also unveiled notebook range with BFR-free feature on the occasion of Earth Hour 2010. The eco-friendly ME notebook has been designed and manufactured with BFR components used in

concentrations of less than 0.1%, thus making the product 100% recyclable and environment friendly.

In desktops, your Company introduced HCL AMD Desktop with DDR3 memory support based on Nvidia chipset - IOK 5075 for the entry level and AMD 785G Chipset - IOK 6050 for enhanced performance. Desktop series based on AMD Athlon II processors in X3(Triple Core) & X4(Quad Core) category was also launched.

D. Foreign Exchange earnings and outgo

Your Company during the year strengthened its global presence with the addition of emerging markets like Middle East, Africa and South East Asia. Your Company also completed the buyout of a majority stake in Dubai-based NTS Group which will help your Company in implementing its transformation strategy to accelerate growth in targeted international markets and offer a complete set of products, service and solutions. Your Company this year also successfully delivered PAN Africa project that connects all 53 countries in the African continent.

During the period under review, the Company's earnings in foreign currency were ₹ 103.19 crores (Previous Year ₹ 95.45 crores). The expenditure in foreign currency including imports during the year amounted to ₹ 2303.63 crores (Previous year ₹ 2219.91 crores).

INFORMATION REGARDING EMPLOYEE STOCK OPTION SCHEME

The details of the options granted under the HCL Infosystems Limited, Employee Stock Option Scheme 2000 (Scheme 2000) and Employee Stock Based Compensation Plan 2005 (Scheme 2005) as on 30th June, 2010 are given below:-

Employee Stock Option Scheme 2000

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

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

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

Options Details :

Date of Grant	Grant Price (₹)	Options Vested till 30/06/2010	Options Exercised till 30/06/2010	Options Lapsed/ Forfeited during Y. E. 30/06/2010	Options in force as on 30/06/2010
10/08/2000	289.00	Fully vested	1363708	-	-
28/01/2004	538.15	Fully vested	844001	30801	175400
25/08/2004	603.95	Fully vested	57892	3575	46978
18/01/2005	809.85	Fully vested	39977	4000	168082
15/02/2005	809.30	Fully vested	2400	1600	-
15/03/2005	834.40	Fully vested	3794	1774	24298
15/04/2005	789.85	Fully vested	960	1024	4760
14/05/2005	770.15	Fully vested	970	3730	4540
15/06/2005	756.15	Fully vested	3565	-	675
15/07/2005	978.75	Fully vested	1318	-	11722
13/08/2005	1144.00	Fully vested	-	-	17630
15/09/2005	1271.25	Fully vested	-	-	9140
15/03/2007	648.75	90600	7300	4000	79100
23/01/2008	898.25	44519	-	11700	37748
18/08/2009	627.25	-	-	-	-

The vesting schedule is as follows:-

30%-12 months after the grant date

30%- 24 months after the grant date

40%- 42 months after the grant date

Employee Stock Based Compensation Plan 2005

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

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

INFORMATION REGARDING EMPLOYEE STOCK OPTION SCHEME

Variance of terms of options : No variation made.

Options Details :

Date of Grant	Grant Price (₹) 30/06/2010	Options Vested till 30/06/2010	Options Exercised till Y. E. 30/06/2010	Options Lapsed/ Forfeited during 30/06/2010	Options in force as on 30/06/2010
13/08/2005	1144.00	1886016	9074	105123	1507514
19/10/2005	1157.50	47812	-	4690	34072
15/11/2005	1267.75	17614	-	150	13560
15/12/2005	1348.25	17530	-	1360	10760
14/01/2006	1300.00	20720	-	7680	8104
15/02/2006	1308.00	5008	-	1010	3272
16/03/2006	1031.00	24826	-	5820	14040
17/04/2006	868.75	11780	-	-	5520
15/05/2006	842.50	18640	-	1450	11930
15/06/2006	620.50	17474	430	4000	11520
17/07/2006	673.75	20128	80	4550	10488
15/03/2007	648.75	240680	7860	19760	221920
23/01/2008	898.25	80550	-	32325	73680

The vesting schedule is as follows:-
 20%-12 months after the grant date
 20%- 24 months after the grant date
 20%- 36 months after the grant date
 20%- 48 months after the grant date
 20%- 60 months after the grant date

Other Details

Total number of shares arising as a result of exercise of options :

Scheme 2000

1,16,29,425 equity shares of ₹ 2/- each.

Scheme 2005

87,221 equity shares of ₹ 2/- each

Money realized by exercise of options :

₹ 93,09,84,874.35

₹ 1,58,00,774.80

Employee-wise details of options granted to -

i) **Senior Management :**

Name	No. of options	Name	No. of options
Mr. T.S. Purushothaman (ceased to be Whole-time Director w.e.f. 20th July 2005)	40,000	Mr. J.V. Ramamurthy	7,500
Mr. J.V. Ramamurthy	45,500	Mr. Sandeep Kanwar	7,500
Mr. Sandeep Kanwar	42,000	Mr. Rajendra Kumar	7,500
Mr. Rajendra Kumar	41,000	Mr. Hari Baskaran	7,500
Mr. Hari Baskaran	31,000	Mr. George Paul	7,500
Mr. George Paul	30,000	Mr. Rajeev Asija	7,500
Mr. Rajeev Asija	30,000	Mr. Suman Ghose Hazra	7,500
Mr. Suman Ghose Hazra	18,500	Mr. Sushil Kumar Jain	2,500
Mr. Rothin Bhattacharya	20,000		

ii) **Employees holding 5% or more of the total number of options granted during the year :**

Mr. Rothin Bhattacharya

NIL

iii) **Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant :**

NIL

NIL

INFORMATION REGARDING EMPLOYEE STOCK OPTION SCHEME

Weighted average exercise price of options granted (₹) :	444.53	1067.66
Weighted average fair value of options granted (₹) :	124.64	144.43

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

	Employee Stock Option Scheme 2000	Employee Stock Based Compensation Plan 2005
Volatility :	45% to 68%	47% to 62%
Risk free rate :	4.57% to 7.99%	6.49% to 7.98%
Exercise Price :	₹ 538.15 to ₹ 1271.25	₹ 620.50 to ₹ 1348.25
Time to Maturity (years) :	2.20 to 5.50	2.50 to 7.00
Dividend Yield :	9% to 28%	10% to 28%
Life of options :	8.5 Years	10 Years
Fair Value of options as at the grant date :	₹ 35.10 to ₹ 203.14	₹ 24.75 to ₹ 292.97

Notes:

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

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

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

The impact on the profit of the Company for the year ended 30th June, 2010 and the basic and diluted earnings per share had the Company followed the fair value method of accounting for stock options is set out below:

	2010	2009
	₹/Crores	₹/Crores
The impact of this difference on profit and on EPS of the Company		
Profit/(Loss) after tax as per Profit and Loss Account (a)	261.55	260.44
Add: Employee Stock Compensation Expense as per Intrinsic Value Method	-	-
Less: Employee Stock Compensation Expense as per Fair Value Method (Net of amount attributable to employees of subsidiaries ₹ 0.35 Crores)	1.91	4.62
Profit/(Loss) after tax recomputed for recognition of employee stock compensation expense under fair value method (b)	259.64	255.82
Earning Per Share based on earnings as per (a) above: (Refer note 20)		
- Basic	12.86	15.21
- Diluted	12.84	15.21
Earning Per Share had fair value method been employed for accounting of employee stock options:		
- Basic	12.76	14.94
- Diluted	12.75	14.94

Auditors' Certificate

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

1. We have examined whether the accompanying Employee Stock Option Scheme 2000 (hereinafter referred to as the "2000 Plan") and Employee Stock based Compensation Plan 2005 (hereinafter referred to as the "2005 Plan") of HCL Infosystems Limited (hereinafter referred to as the "Company"), which we have initialed for identification purposes only, has been implemented by the Company in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended (hereinafter referred to as the "Guidelines") and in accordance with the special resolution passed by the shareholders of the Company in Extra Ordinary General Meeting on February 25, 2000 approving the 2000 Plan and under Section 192A of the Companies Act, 1956 approving the 2005 Plan on June 13, 2005 (hereinafter referred to as the "Shareholders' Resolution") respectively, with reference to the books of accounts, records and other relevant documents maintained by the Company and produced for our examination.
2. Our examination was carried out in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes issued by the Institute of Chartered Accountants of India.
3. Based on our examination, as above, and according to the information and explanations given to us, we report that the Company has implemented the Plan in accordance with the Guidelines and the Shareholders' Resolution.
4. This certificate has been prepared at the request of the Company pursuant to Clause 14.1 of the Guidelines solely to enable the Board of Directors of the Company to place it before the shareholders at the ensuing Annual General Meeting of the Company. It should not be used for any other purpose or by any person other than the addressees of this certificate. Price Waterhouse neither accepts nor assumes any duty of care or liability for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing.

For Price Waterhouse
Firm Registration No. 301112E
Chartered Accountants

Abhishek Rara
Partner
Membership No. F 77779

Place : Noida
Date : August 27, 2010

Report On Corporate Governance

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE :

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

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

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

2. BOARD OF DIRECTORS :

(i) The Board of Directors of the Company comprises of Ten Directors with an Executive Chairman. Of the Ten Directors, Eight are Non-executive Directors and Five are Independent Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

(ii) None of the Directors on the Board is a member of more than 10 Committees or Chairman of more than 5 Committees as specified in Clause 49 across all the Companies in which he is a Director. Necessary disclosures regarding Committee position in other public companies as at 30th June, 2010 have been made by the Directors.

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

Names	Category	No. of Board Meetings during 2009-10		Whether attended last AGM held on 23rd October, 2009	No. of Directorships in other public companies		No. of Committee positions held in other public companies	
		Held	Attended		Chairman	Member	Chairman	Member
Mr. Ajai Chowdhry (Chairman & CEO)	Promoter & Executive Director	7	7	Yes	4	1	-	2
Mr. J. V. Ramamurthy (Whole Time Director & COO)	Executive Director	7	7	No	-	4	-	-
Mr. R. P. Khosla*	Independent & Non-Executive Director	7	6	Yes	-	1	-	-
Mr. S. Bhattacharya	Independent & Non-Executive Director	7	7	Yes	-	5	4	2
Mr. D. S. Puri	Promoter & Non-Executive Director	7	5	No	-	-	-	-
Mr. E. A. Kshirsagar	Non-Executive Director	7	3	No	-	6	4	3
Ms. Anita Ramachandran	Independent & Non-Executive Director	7	3	Yes	-	4	1	2
Mr. T. S. Purushothaman*	Independent & Non-Executive Director	7	2	Yes	-	-	-	-
Mr. V. N. Koura	Independent & Non-Executive Director	7	5	No	-	3	-	1
Mr. Nikhil Sinha	Non-Executive Director	6	3	No	-	-	-	-

* Mr. R. P. Khosla and Mr. T. S. Purushothaman, Directors, who are retiring by rotation in the ensuing Annual General Meeting, have not sought re-appointment as Director.

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

1st July, 2009; 14th August, 2009; 8th September, 2009; 29th October 2009; 25th January, 2010; 24th March, 2010 and 29th & 30th April, 2010.

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

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

- Annual operating plans, budgets and all updates.
- Discussion on Economic Conditions & Business Outlook.
- Discussion of Business Operations.
- Review of operations.
- Capital budgets and all updates.
- Raising of funds on Preferential basis and Qualified Institutions Placement (QIP) basis.
- Review of M & A Charter of the Company.
- Acquisition of properties, business and assets of other entity.
- Incorporation of overseas subsidiary and investment therein.
- Investment in overseas Company.
- Quarterly Results of the Company and its operating divisions or business segments.
- Minutes of meetings of Audit Committee and other committee of Board.
- Minutes of meetings of Board of Directors of Subsidiary Companies.
- Show Cause, Demand, Prosecution notices and penalty notices if any, which are materially important.
- Foreign exchange exposures and steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Review of operations of subsidiary companies.
- Review of related party transactions including transactions under section 297 of the Companies Act, 1956.
- Approval of remuneration paid to Executive and Non-executive Directors.
- Review of statutory compliances.
- Noting risk management procedures.
- Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
- Approval/Noting of contribution for charitable purposes.
- Noting of Auditor's report on Green House Gas emission of the Company.

3. ACCOUNTS AND AUDIT COMMITTEE :

- (i) The Accounts and Audit Committee of the Company was constituted in August, 1998 in line with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 292A of the Companies Act, 1956.
- (ii) The primary objective of the Committee is to monitor and effectively supervise the Company's financial reporting process with a view to provide accurate, timely and proper disclosures and ensure the integrity and quality of financial reporting and internal controls.
- (iii) The composition, powers, roles and the terms of reference of the Committee are in terms of the requirement of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. All the Committee members have reasonable knowledge of finance and accounting and two members possess financial and accounting expertise.
- (iv) The Composition of the Accounts and Audit Committee and details of meetings attended by its members are given below:

Name	Category	No. of Meetings	
		Held	Attended
Mr. R. P. Khosla (Chairman)	Independent, Non-executive	4	4
Mr. S. Bhattacharya (Member)	Independent, Non-executive	4	4
Ms. Anita Ramachandran (Member)	Independent, Non-executive	4	3
Mr. E. A. Kshirsagar (Member)	Non-executive	4	3

- (v) The Audit Committee met 4 times during the financial year 2009-10 on the following dates: 7th September 2009; 29th October 2009; 25th January 2010 and 29th April 2010.
- (vi) The previous Annual General Meeting of the Company was held on 23rd October, 2009 and it was attended by the Chairman of the Committee.
- (vii) The Company Secretary of the Company acts as Secretary to the Committee.

4. EMPLOYEES COMPENSATION AND EMPLOYEES SATISFACTION COMMITTEE :

- (i) The Employees Compensation & Employees Satisfaction Committee was constituted in August 1998 to recommend/review remuneration of Executive Directors and other employees based on their performance and defined assessment criteria and other matters relating to employees.
- (ii) The composition of the Employees Compensation & Employees Satisfaction Committee and the details of meetings attended by its members are given below:

Name	Category	No. of Meetings	
		Held	Attended
Ms. Anita Ramachandran (Chairperson)	Independent, Non-executive	4	3
Mr. S. Bhattacharya (Member)	Independent, Non-executive	4	4
Mr. Ajai Chowdhry (Member)	Executive	4	4
Mr. R. P. Khosla (Member)	Independent, Non-executive	4	4

- (iii) The Committee met 4 times during the financial year 2009-10 on the following dates: 7th September 2009; 29th October 2009; 25th January 2010 and 29th April 2010.

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

Within the ceiling of 1% of the net profits of the Company computed under the applicable provisions of the Companies Act, 1956 and after obtaining the approval of the shareholders, the Non-executive Directors (other than Promoter Director) are paid a commission, the amount whereof is determined by the Board. The basis of determining the specific amount of commission payable to these directors is related to their attendance at meetings, contribution at meetings as perceived by the Chairman and extent of consultations with them outside the meetings. These Directors are also paid sitting fees at the rate of ₹ 20,000 for attending each meeting of the Board.

- (v) Details of remuneration paid / payable to all the Directors for the period from 1/7/2009 to 30/6/2010:

(₹/Lacs)

Name	Salary & Allowances	Perquisites	Performance Linked Bonus	Commission	Sitting Fees
Executive Directors					
Mr. Ajai Chowdhry	143.45	36.92	160.00	-	-
Mr. J.V. Ramamurthy	75.06	8.32	50.00	-	-
Non-executive Directors					
Mr. R.P. Khosla	-	-	-	4.39	1.20
Mr. Subroto Bhattacharya	-	-	-	5.40	1.40
Mr. D.S. Puri	-	-	-	-	-
Mr. E.A. Kshirsagar	-	-	-	3.00	0.60
Ms. Anita Ramachandran	-	-	-	3.08	0.60
Mr. T.S. Purushothaman	-	-	-	1.99	0.40
Mr. V.N. Koura	-	-	-	1.99	1.00
Mr. Nikhil Sinha	-	-	-	3.30	0.60

During the year Mr. Ajai Chowdhry and Mr. J. V. Ramamurthy were paid Performance Linked Bonus of ₹ 190 lacs and ₹ 60 lacs respectively pertaining to the year 2008-09.

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

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

- Mr. T. S. Purushothaman was granted 40000 options under Employee Stock Option Plan 2000 which have been fully exercised.
- Mr. J. V. Ramamurthy was granted 45500 options under Employee Stock Option Plan 2000. As on 30th June, 2010, 41500 options have been vested and out of these, 28700 options have been exercised. He was also granted 7500 options under Employee Stock Based Compensation Plan 2005. As on 30th June, 2010, 6000 options have been vested and no option has been exercised.

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

(vii) Period of contract of Executive Director:

- (a) Mr. Ajai Chowdhry, Chairman & C.E.O: 5 Years from 1st April, 2009
 - The contract may be terminated by either party giving the other party three months notice or the Company paying three months salary in lieu thereof.
 - There is no separate provision for payment of Severance Fees.
- (b) Mr. J.V. Ramamurthy, Whole Time Director: 5 Years from 11th August, 2010 (subject to the approval of shareholders at the ensuing Annual General Meeting)
 - The contract may be terminated by either party giving the other party three months notice or the Company paying three months salary in lieu thereof.
 - There is no separate provision for payment of Severance Fees.

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

(ix) As on 30th June, 2010, Mr. T.S. Purushothaman, Non-executive Director was holding 5455 equity shares of the Company. No other Non-executive Director was holding any shares of the Company as on that date.

5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE :

- (i) The Board has constituted Shareholders'/Investors' Grievance Committee to oversee and review all matters connected with the transfer of Shares of the Company and redressal of Shareholders'/Investors' complaints.
- (ii) The composition of the Shareholders'/Investors' Grievance Committee and the details of meetings attended by its members are given below:

Name	Category	No of Meetings	
		Held	Attended
Mr. R. P. Khosla (Chairman)	Independent, Non-executive	4	4
Mr. S. Bhattacharya (Member)	Independent, Non-executive	4	4
Mr. E. A. Kshirsagar (Member)	Non-executive	4	3

(iii) The Committee met 4 times during the financial year 2009-10 on the following dates: 8th September 2009; 29th October 2009; 25th January 2010 and 29th April 2010.

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

Mr. Sushil Kumar Jain
 Company Secretary
 HCL Infosystems Limited
 E- 4,5,6, Sector 11, Noida
 Tel: 0120-4203107
 Fax: 0120-2525196

(v) During the year the Company received 5 Complaints from SEBI/Stock Exchanges/MCA. All complaints were redressed to the satisfaction of the shareholder. No complaints were pending either at beginning or at the end of the year. There were no shares pending for transfer as on 30th June, 2010.

6. NOMINATION COMMITTEE :

- (i) During the year under review, the Board had constituted a Nomination Committee to, among other matters, advise the Company on appointment, screening and review of top management positions, building a leadership pipeline and identifying successors for key positions.
- (ii) The composition of the Nomination Committee and the details of meetings attended by its members are given below:

Name	Category	No of Meetings	
		Held	Attended
Ms. Anita Ramachandran (Chairperson)	Independent, Non-executive	1	1
Mr. E. A. Kshirsagar (Member)	Non-executive	1	1
Mr. Nikhil Sinha (Member)	Non-executive	1	1

- (iii) The Committee met once during the financial year 2009-10 : on 29th April 2010.

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

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

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

The declaration signed by the Chairman & CEO is given below:

"I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management affirmation that they have complied with the Code of Conduct for Directors and Senior Management in respect of the financial year 2009-10."

Sd/-
Ajai Chowdhry
Chairman & CEO

8. UNLISTED SUBSIDIARY COMPANIES :

The Company has five unlisted wholly owned subsidiaries as on 30th June 2010 namely HCL Infnit Limited, incorporated on 15th September, 1975; RMA Software Park Private Limited (RMAS) incorporated on 7th February, 2005; HCL Security Limited (HSL) incorporated on 19th March, 2008; HCL Infocom Limited (HIL), incorporated on 17th December, 2008 and HCL Insys Pte. Limited, Singapore incorporated on 17th December, 2009.

The Company has acquired 60% equity capital in HCL Infosystems MEA FZCO, Dubai (formally NTS FZCO, Dubai) through HCL Insys Pte. Limited, Singapore, the subsidiary, on 4th July, 2010. On above acquisition, HCL Infosystems MEA FZCO, Dubai, has become a step down subsidiary of the Company.

Mr. S. Bhattacharya, the Independent Director and Mr. Ajai Chowdhry and Mr. J. V. Ramamurthy, the Whole-time Directors of the Company are also Directors of HCL Infnit Limited.

Mr. Ajai Chowdhry and Mr. J. V. Ramamurthy, the Whole-time Directors of the Company are also Directors of RMAS, HSL and HIL. Mr. J. V. Ramamurthy is also Director in HCL Infosystems MEA FZCO, Dubai. The Minutes of the Board Meetings of the subsidiary companies are regularly placed before the Board.

9. GENERAL BODY MEETINGS :

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

Financial Year	Date	Time	Location
2008-09	23/10/2009	10.00 A.M	FICCI Auditorium, 1, Tansen Marg, New Delhi-110001
2007-08	24/10/2008	10.00 A.M	FICCI Auditorium, 1, Tansen Marg, New Delhi-110001
2006-07	23/10/2007	10.00 A.M	FICCI Auditorium, 1, Tansen Marg, New Delhi-110001

- (ii) No special resolutions were passed at last three AGM.
- (iii) During the year none of the resolutions have been passed through postal ballot.
- (iv) During the year, an Extra-ordinary General Meeting was held on 23rd September, 2009 and following resolutions have been passed thereat:

Special resolution(s):

- Raising of funds by way of issuance of Equity Shares in the course of domestic and/or international offerings including through QIP/FCCBs/OCBs/GDRs/ADRs etc.
- Raising of funds by issuing convertible warrants to certain promoters of the Company on Preferential basis.

Ordinary resolution:

- Renewal of shareholder's approval for payment of commission to Non-executive Directors of the Company, for a further period of 5 years.

10. CEO / CFO CERTIFICATION :

The Certificate as stipulated in clause 49(V) of the Listing Agreement with the Stock Exchanges was placed before the Board along with the financial statements for the year ended 30th June, 2010 and the Board reviewed the same.

11. DISCLOSURES :

- (i) All related party transactions including those with wholly owned subsidiaries have been reviewed by the Audit Committee and Board of Directors and were found to be in normal course of business and on arm's length basis. The details of related party transactions have been disclosed in note 27 of schedule 21 of the financial statements for the financial year ended 30th June, 2010.
- (ii) The Company has complied with the requirements of the Stock Exchanges/SEBI/any Statutory Authority on all matters related to capital markets during the last three years. There are no penalties or strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authorities relating to the above.
- (iii) A qualified Practicing Company Secretary carried out a Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The secretarial audit report confirms that the issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.
- (iv) The Company has voluntarily appointed a Practicing Company Secretary, to conduct Secretarial Audit of the Company for the financial year ended 30th June, 2010, who has submitted his report confirming the compliance with all the applicable provisions of the various corporate laws, rules, regulations, notifications, guidelines etc. and the Listing Agreement.
- (v) The Company has developed a well-defined Risk Management Framework to track and evaluate all business risks and process gaps. The top management of the Company takes periodic review of the business processes and environment risk analysis reports by the respective business heads. It covers identification, analysing, planning, monitoring, controlling and prevention of risks across the Company; covering all the Business Divisions and Support Functions.
- (vi) The Company has fulfilled the following non-mandatory requirements as prescribed in Annexure 1D to Clause 49 of the Listing Agreement with the Stock Exchanges:
 - (a) The Company has set up an Employees Compensation & Employees Satisfaction Committee. Please see para 4 for further details.
 - (b) The statutory financial statements of the Company are unqualified.

12. MEANS OF COMMUNICATION :

- (i) **Quarterly/Half Yearly/Annual Results :** The Quarterly, Half Yearly and Annual Results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board.
- (ii) **News Releases :** The Quarterly, Half Yearly and Annual Results of the Company are published in the prescribed performance within 48 hours of the conclusion of the meeting of the Board in which they are considered, at least in one English

newspaper circulating in the whole or substantially the whole of India and in one Vernacular newspaper of the State where the Registered Office of the Company is situated.

The quarterly financial results during the financial year 2009-10 were published as detailed below:

Quarter (FY 2009-10)	Date of Board Meeting	Date of Publication	Name of the Newspaper
1	29th October, 2009	30th October, 2009	Business Standard & Veer Arjun
2	25th January, 2010	26th January, 2010	Financial Express & Jansatta
3	29th & 30th April, 2010	1st May, 2010	Business Standard & Veer Arjun

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

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

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

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

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

13. GENERAL SHAREHOLDERS' INFORMATION :

(i) Annual General Meeting:

Date : Wednesday, 27th October, 2010

Time : 10:30 A.M.

Venue : FICCI Auditorium, 1, Tansen Marg, New Delhi-110 001

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

(iii) Financial Calendar (Tentative Calendar for the financial year 2010-11) :

Adoption of Results for the quarter ending 30th September, 2010 : 26th & 27th October, 2010

Adoption of Results for the quarter ending 31st December, 2010 : 27th & 28th January, 2011

Adoption of Results for the quarter ending 31st March, 2011 : 28th & 29th April, 2011

Adoption of Results for the quarter ending 30th June, 2011 : 29th August, 2011

(iv) Date of Book Closure : 8th November to 9th November, 2010 (both days inclusive)

(v) Dividend payment date : The Final Dividend if declared shall be paid on or before 25th November, 2010

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

(vii) Stock Codes/Symbol :

National Stock Exchange of India Limited : HCL-INSYS

The Bombay Stock Exchange Limited : Physical Form - 179

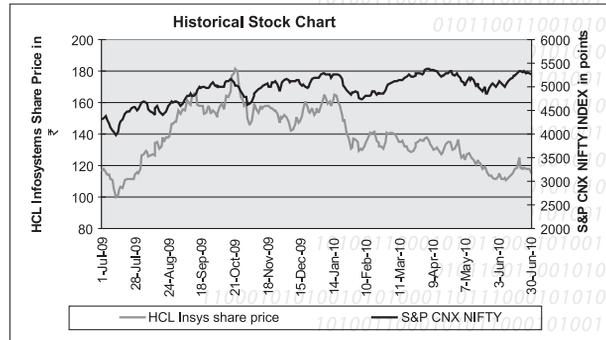
: Electronic Form - 500179

(viii) 12.75% Rated, Secured, Redeemable, Non-convertible Debentures (NCDs) issued by the Company in 2008 are listed on National Stock Exchange of India Limited.

(ix) Market price data:

Month	Company's Share Price	
	High (₹)	Low (₹)
July, 2009	120.10	97.25
August, 2009	154.00	122.50
September, 2009	172.80	146.70
October, 2009	188.75	146.50
November, 2009	162.30	141.00
December, 2009	164.90	140.25
January, 2010	168.90	128.20
February, 2010	145.00	127.50
March, 2010	142.50	126.05
April, 2010	139.70	126.00
May, 2010	143.80	111.30
June, 2010	131.00	109.00

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



(x) Registrar and Transfer Agents (RTA):

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

(xi) Share Transfer System:

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

(xii) Shareholders' Referencer:

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

(xiii) Dividend History for Last 5 years:

Financial Year	Dividend Rate including Interim Dividend (Per equity share of ₹ 2/-)	
	₹/share	(%)
2009-10*	7.5	375
2008-09	6.5	325
2007-08	8.0	400
2006-07	8.0	400
2005-06	8.0	400

* includes proposed dividend of ₹ 2/- per share (100%)

(xiv) Distribution of Shareholding as on 30th June, 2010:

No. of Equity Shares	Shareholders		Total Shares	
	Number	(%)	Number	(%)
Upto 500	32809	84.90	4296786	1.97
501-1000	3020	7.82	2406359	1.10
1001-2000	1496	3.87	2197499	1.01
2001-3000	521	1.35	1308555	0.60
3001-4000	175	0.45	624050	0.29
4001-5000	143	0.37	660594	0.30
5001-10000	232	0.60	1703009	0.78
10000 and above	248	0.64	205061650	93.95
TOTAL	38644	100.00	218258502	100.00

(xv) Shareholding pattern as on 30th June, 2010:

Category	No. of shares	Percentage (%)
Promoters / Promoters Group	109656321	50.24
Mutual Funds / UTI	14428817	6.61
Financial Institutions / Banks	3940171	1.81
Insurance Companies	810255	0.37
Foreign Institutional Investors	72569119	33.25
Bodies Corporate	2178379	1.00
Indian Public	14193146	6.50
NRI / OCBs	482294	0.22
TOTAL	218258502	100.00

(xvi) Dematerialization of shares:

The shares of the Company are compulsorily traded in dematerialized form and are available for trading on both the depositories in India i.e. NSDL & CDSL. As on 30th June, 2010, 98.40% equity shares of the Company are held in dematerialized form.

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

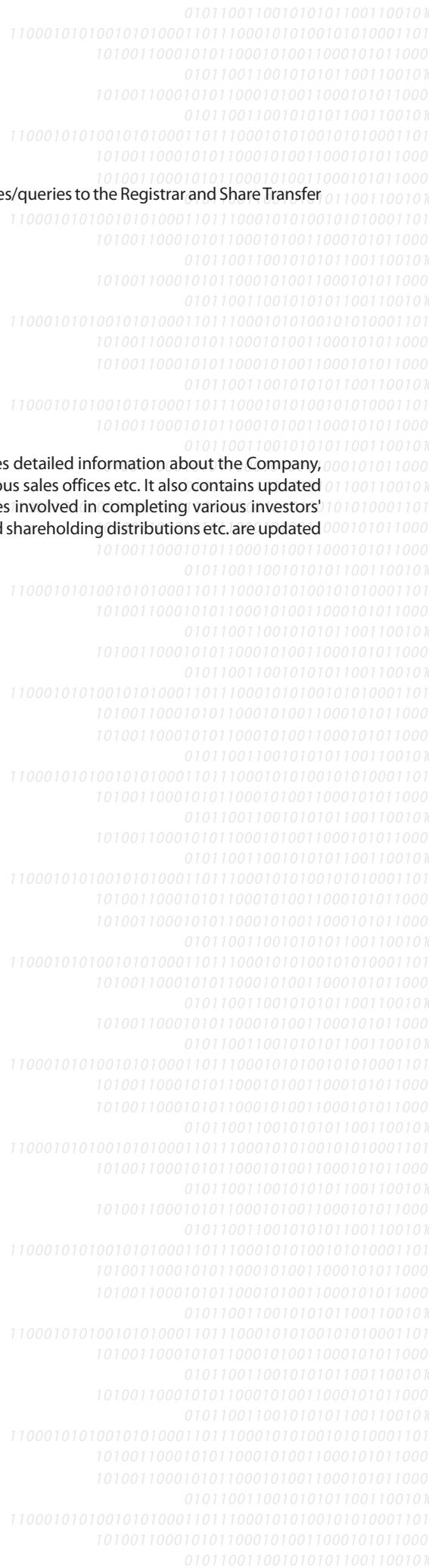
Under the Depository system, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE 236A01020.

(xvii) The Company has not issued any GDRs/ADRs.

(xviii) The Company has issued 2,10,59,515 warrants priced at ₹ 152.90 per warrant convertible into equal number of equity shares at a price of ₹ 152.90 per share including a premium of ₹ 150.90 per share to certain promoters on Preferential basis. Out of which 1,64,38,848 warrants have been converted into equal number of equity share of ₹ 2/- each leaving 46,20,667 warrants outstanding as on 30th June, 2010.

(xix) Plant locations:

- R.S. Nos: 34/4 to 34/7 and part of 34/1, Sedarapet, Puducherry - 605 111.
- R.S. Nos: 107/5, 6 & 7, Main Road, Sedarapet Puducherry - 605 111.
- Plot No. 77, 78, South Phase, Ambattur Industrial Estate, Chennai - 600 058.
- Plot No. 1, Melayanambakkam Road, Athipet, Ambattur Chennai - 600 058.
- Plot No. SPL. A2, Thattanchavadi, Industrial Area, Puducherry - 605 009.
- Plot Nos. 1, 2, 27 & 28, Sector 5, SIDCUL, Rudrapur, Distt. - Udham Singh Nagar, Uttarakhand - 263 145.
- F - 214, G - 215, EPIP, Sitapura Industrial Area, Jaipur, Rajasthan - 302 022.



(xx) Address for Correspondence:

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

The Company Secretary
HCL Infosystems Limited
E - 4, 5, 6, Sector - XI,
NOIDA (U.P.) - 201 301.
Tel. No.: 0120-4203107,
Fax: 0120-2525196
Email: cosec@hcl.in

(xxi) Company Website:

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

Auditors' Certificate regarding compliance of conditions of Corporate Governance

To the Members of HCL Infosystems Limited

We have examined the compliance of conditions of Corporate Governance by HCL Infosystems Limited, for the year ended June 30, 2010, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchange(s) in India.

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

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

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

For Price Waterhouse
Firm Registration Number - 301112E
Chartered Accountants

Abhishek Rara
Partner
Membership No.77779

Place : Noida
Date : August 27, 2010

Auditors' Report

To
The Members of HCL Infosystems Limited

1. We have audited the attached Balance Sheet of HCL Infosystems Limited (the "Company") as at June 30, 2010, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on June 30, 2010 and taken on record by the Board of Directors, none of the directors is disqualified as on June 30, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at June 30, 2010;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Abhishek Rara
Partner
Membership Number: F-77779

Place : Noida
Date : August 27, 2010

Annexure To Auditors' Report

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of HCL Infosystems Limited on the financial statements for the year ended June 30, 2010]

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. (a) The inventory (excluding stocks with third parties) has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, 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, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, except dues in respect of income-tax where there have been some delays during the year, the Company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax, sales-tax and excise duty as at June 30, 2010 which have not been deposited on account of a dispute, are as follows:

Name of the statute (Nature of dues)	Amount (₹/ Crores)	Amount deposited under protest (₹/Crores)	Period to which the amount relates	Forum where the dispute is pending
U.P. Trade Tax Act, 1948 (Sales Tax including Interest)	21.86	3.96	2002 - 2008	Joint Commissioner (Appeals) of Commercial Tax / Commercial Tax Tribunal / High Court / Additional Commissioner (Appeals) of Commercial Tax
U.P. Value Added Tax Act, 2008 (Commercial Tax including Penalty)	0.28	0.27	2008 - 2010	Joint Commissioner (Appeals) of Commercial Tax
Delhi Sales Tax Act, 1975 (Sales Tax)	0.26	0.01	1999 - 2005	Assistant Commissioner of Sales Tax / Joint Commissioner (Appeals) of Sales Tax / Deputy Commissioner (Appeals) of Sales Tax
Delhi Value Added Tax Act, 2004 (Trade Tax)	1.72	-	2005 - 2007	Additional Commissioner of Sales Tax / Deputy Commissioner (Appeals) of Sales Tax
Tamil Nadu General Sales Tax Act, 1959 (Sales Tax)	0.68	0.27	1998 - 2005	Tribunal Commercial Tax/ Commercial Tax Officer/ Assistant Appellate Commissioner
West Bengal Sales Tax Act, 1994 (Sales Tax)	0.08	-	2000 - 2007	Joint Commissioner (Appeals) of Sales Tax
Assam General Sales Tax Act, 1993 (Sales Tax)	0.06	0.01	2001 - 2004	Superintendent, Sales Tax
Rajasthan Sales Tax Act, 1994 (Sales Tax)	0.04	0.01	1998 - 2006	Deputy Commissioner (Appeals) of Sales Tax
Rajasthan Value Added Tax Act, 2003 (Commercial Tax)	0.18	-	2006 - 2008	Deputy Commissioner (Appeals) of Commercial Tax
Kerala General Sales Tax Act, 1963 (Sales Tax)	1.06	0.20	2001 - 2010	Check post authorities / Tribunals of Sales Tax / Deputy Commissioner (Appeals) of Sales Tax
Maharashtra Sales Tax Act, 1969 (Sales Tax)	0.01	0.01	2003 - 2004	Deputy Commissioner (Appeals) of Sales Tax
Himachal Pradesh Value Added Tax Act, 2005 (Sales Tax including Penalty)	0.08	0.08	2006 - 2007	Assistant Commissioner of Sales Tax
Karnataka Value Added Tax Act, 2003 (Sales Tax)	0.47	-	2006 - 2007	Assessing Officer
Andhra Pradesh Value Added Tax Act, 2005 (Sales Tax)	0.25	0.12	2005 - 2008	Commissioner Appeals
Punjab General Sales Tax Act, 1948 (Sales Tax including Penalty)	0.06	-	2004 - 2005	High Court
Punjab Value Added Tax Act, 2005 (Sales Tax including Penalty)	0.44	0.50	2007 - 2009	Assistant Commissioner
Jammu & Kashmir Value Added Tax Act, 2005 (Sales Tax Including Penalty)	2.75	0.08	2007 - 2009	Deputy Commissioner Appeals

Name of the statute (Nature of dues)	Amount (₹/ Crores)	Amount deposited under protest (₹/Crores)	Period to which the amount relates	Forum where the dispute is pending
Uttarakhand Value Added Tax Act, 2005 (Sales Tax Including Penalty)	0.70	1.12	2007 - 2009	Joint Commissioner Commercial Tax
Central Excise Act, 1944 (Excise Duty Including Penalty)	10.91	0.85	1980 - 2010	CESTAT / Commissioner (Appeals)
Income Tax Act, 1961 (Income Tax)	2.94	0.16	1989 - 2007	Commissioner (Appeals) / High Court

For detailed listing refer Note 26 on Schedule 21.

10. The Company has no accumulated losses as at June 30, 2010 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.
16. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The Company has made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. In our opinion and according to the information and explanations given to us, the price at which such shares have been issued is not prejudicial to the interest of the Company.
19. The Company has created security or charge in respect of debentures issued and outstanding at the year-end.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, except for an instance of fraud on the Company reported to us during the year, that involved fraud by an employee (whose services have since been terminated) relating to sales, aggregating Rs 0.97 crores to unidentified parties, due to certain weaknesses in the internal control systems (which are since being strengthened), we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Abhishek Rara
Partner
Membership Number: F-77779

Place : Noida
Date : August 27, 2010

Balance Sheet as at June 30, 2010

	Schedule (Note No.)	As at 30.06.2010 ₹/Crores		As at 30.06.2009 ₹/Crores	
Sources of Funds:					
Shareholders' Funds:					
Capital	1		43.65		34.24
Share Warrant Application Money	21 (24)		17.67		-
Reserves and Surplus	2		1860.94		1098.12
Loan Funds:					
Secured Loans	3		152.02		101.85
Unsecured Loans	4		357.91		125.00
			2432.19		1359.21
Application of Funds:					
Fixed Assets:					
Fixed Assets	5				
Gross Block			274.88		234.10
Less: Depreciation/Amortisation			103.66		83.47
Net Block			171.22		150.63
Capital Work-In-Progress (Including Capital Advances)			25.69		9.50
Investments	6		196.91		160.13
Deferred Tax Assets (Net)	21 (5)		8.94		276.10
Current Assets, Loans and Advances:					4.08
Inventories	7		835.40		888.26
Sundry Debtors	8		1956.92		1498.26
Cash and Bank Balances	9		292.61		202.99
Other Current Assets	10		249.29		102.35
Loans and Advances	11		282.71		191.90
			3616.93		2883.76
Less: Current Liabilities and Provisions	12				
Current Liabilities			2167.73		1882.97
Provisions			134.05		81.89
			2301.78		1964.86
Net Current Assets			1315.15		918.90
			2432.19		1359.21
Significant Accounting Policies	20				
Notes to Accounts	21				

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

For Price Waterhouse
Firm Registration Number-301112E
Chartered Accountants

ABHISHEK RARA
Partner
Membership Number F-77779

Place : Noida
Dated : August 27, 2010

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

For and on behalf of the Board of Directors

AJAI CHOWDHRY
Chief Executive Officer &
Chairman & Whole Time Director

SANDEEP KANWAR
Chief Financial Officer

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

SUSHIL KUMAR JAIN
Company Secretary

Profit & Loss Account

for the year ended June 30, 2010

	Schedule (Note No.)	Year ended 30.06.2010 ₹/Crores		Year ended 30.06.2009 ₹/Crores	
Income					
Business Income	13	12061.78		12336.81	
Less: Excise Duty		108.77	11953.01	126.08	12210.73
Other Income	14		58.90		33.60
			12011.91		12244.33
Expenditure					
Cost of Goods and Services Sold	15		10869.63		11128.50
Personnel	16		368.41		325.98
Administration, Selling, Distribution and Others	17		333.40		344.73
Repairs	18		12.65		9.33
Finance Charges	19		37.44		44.66
Depreciation and Amortisation	5	21.73		17.31	
Less: Transfer from Revaluation Reserve		-	21.73	0.04	17.27
			11643.26		11870.47
Profit before Tax			368.65		373.86
Tax expense/(credit)	21 (5)				
- Current [Wealth tax ₹ 0.01 Crores (2009 - ₹ 0.02 Crores)]		111.96		122.77	
- Fringe Benefit		-		1.45	
- Deferred		(4.86)	107.10	(10.80)	113.42
Profit after Tax			261.55		260.44
Add: Balance in Profit and Loss Account brought forward			801.34		702.81
Adjustments due to scheme of arrangement					
- as on April 1, 2007 and for the period April 1, 2007 to June 30, 2007 (Loss- ₹ 0.01 Crores)			-		-
- as on July 1, 2008			-		0.55
Adjustments as per scheme of arrangement	21 (23)		-		(2.23)
Profit available for appropriation			1062.89		961.57
Less: Appropriations:					
Debenture Redemption Reserve	2		4.00		4.00
Proposed Dividend			43.65		25.68
Corporate Dividend Tax on Proposed Dividend			7.25		4.36
Interim Dividend					
[including ₹ Nil (2009 - ₹ Nil) paid for previous year]			127.08		85.59
Corporate Dividend Tax on Interim Dividend			21.43		14.55
Transfer to General Reserve			26.16		26.05
Balance Carried to the Balance Sheet			833.32		801.34
			1062.89		961.57
Earning per equity share (in ₹)					
Basic (of ₹ 2/- each)	21 (20)		12.86		15.21
Diluted (of ₹ 2/- each)	21 (20)		12.84		15.21
Significant Accounting Policies	20				
Notes to Accounts	21				

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

The schedules referred to above form an integral part of the Profit and Loss Account

For Price Waterhouse

Firm Registration Number-301112E

Chartered Accountants

ABHISHEK RARA

Partner

Membership Number F-77779

Place : Noida

Dated : August 27, 2010

For and on behalf of the Board of Directors

AJAI CHOWDHRY

Chief Executive Officer &
Chairman & Whole Time Director

SANDEEP KANWAR

Chief Financial Officer

J.V. RAMAMURTHY

Chief Operating Officer
& Whole Time Director

SUSHIL KUMAR JAIN

Company Secretary

Cash Flow Statement for the year ended June 30, 2010

	Year ended 30.06.2010 ₹/Crores		Year ended 30.06.2009 ₹/Crores	
1. Cash Flow from Operating Activities:				
Net profit before tax		368.65		373.86
Adjustments for:				
Depreciation and Amortisation	21.73		17.27	
Interest Expense	37.44		44.66	
Interest Income	(4.38)		(7.15)	
Dividend Income	(15.36)		(4.38)	
Loss on Sale of Fixed Assets	0.04		0.30	
Fixed Assets Written Off	0.05		0.12	
(Profit)/Loss on disposal of Current Investments	(10.55)		(0.93)	
Provision for Doubtful Debts and Bad Debts Written Off	23.61		27.10	
Provision for Doubtful Loans and Advances	0.39		5.49	
Provision for Other Current Assets	0.38		0.38	
Provisions/Liabilities no longer required Written Back	(3.91)		0.42	
Provision for Gratuity and Other Employee Benefits	3.14		4.17	
Diminution in the value of (Others) Current Investments	0.20		0.04	
Unrealised Foreign Exchange (Gain)/Loss	(5.93)		7.75	
Provision for Warranty Liability	(1.97)	44.88	1.33	96.57
Operating profit before working capital changes		413.53		470.43
Adjustments for changes in working capital:				
- (Increase)/Decrease in Sundry Debtors	(484.08)		(285.17)	
- (Increase)/Decrease in Other Current Assets, Loans and Advances	(216.49)		(126.36)	
- (Increase)/Decrease in Inventories	52.86		10.11	
- Increase/(Decrease) in Current Liabilities	300.98	(346.73)	248.05	(153.37)
Cash generated from operations		66.80		317.06
- Taxes (Paid)/Received (Net of Tax Deducted at Source)		(42.21)		(65.05)
Net cash from operating activities (A)		24.60		252.01
2. Cash flow from Investing activities:				
Adjustments for changes in :				
Purchase of Fixed Assets	(44.39)		(24.07)	
Capital Work-In-Progress	(16.18)		5.81	
Proceeds from Sale of Fixed Assets	0.09		1.52	
Proceeds from Sale of Current Investments	7,485.55		1,980.11	
Lease Rental Recoverable	(66.37)		15.54	
Purchase of Current Investments	(8,068.88)		(2,034.38)	
Interest Received	5.45		7.34	
Dividend Received on Current Investment	15.36		4.38	
Purchase of Investment in Subsidiary	(41.41)	(730.78)	(14.33)	(58.08)
Net cash from/(used in) investing activities (B)		(730.78)		(58.08)

Cash Flow Statement

for the year ended June 30, 2010

	Year ended 30.06.2010 ₹/Crores		Year ended 30.06.2009 ₹/Crores	
3. Cash Flow from Financing Activities:				
Share Capital issued	9.41		0.01	
Share Warrants issued	17.67		-	
Share Premium Received (Net)	700.68		0.26	
Secured Loans			0	
- Short term received/(paid)	55.20		(1.52)	
- Long term received	-		103.59	
- Long term paid	(5.02)		(1.74)	
Unsecured Loans			-	
- Short term received/(paid)	168.73		(147.47)	
- Long term received	64.18		-	
- Long term paid	-		(81.45)	
Interest Paid	(36.55)		(40.85)	
Dividend Paid	(152.70)		(119.55)	
Corporate Dividend Tax Paid	(25.79)	795.81	(20.36)	(309.08)
Net cash from/(used in) financing activities (C)		795.81		(309.08)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		89.62		(115.15)
Opening Balance of Cash and Cash Equivalents		202.99		317.36
Cash and Cash Equivalents Acquired of erstwhile NTPL as on June 30, 2008		-		0.78
Closing Balance of Cash and Cash Equivalents [Includes exchange rate fluctuation of ₹ 0.25 Crores (2009 - ₹ 1.04 Crores)]		292.61		202.99
Cash and cash equivalents comprise		292.61		202.99
Cash, Cheques and Drafts (in hand)		79.91		52.04
Balance with Scheduled Banks in Current Accounts		206.48		138.94
Balance with Scheduled Banks in Deposits Accounts		1.69		4.00
Balance with Non-Scheduled Banks in Current Accounts		4.53		8.01

Notes:

- 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.
- Cash and cash equivalents include the following balances with scheduled banks which are not available for use by the Company:

	Year ended 2010 ₹/Crores	Year ended 2009 ₹/Crores
Deposit Accounts	1.40	3.35
Unclaimed Dividend	3.29	3.22
Margin Money for Bank Guarantee	1.06	0.32

3 Schedule 1 to 21 form integral part of Cash Flow Statement

4 Figures in brackets indicate cash outgo.

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

For Price Waterhouse

Firm Registration Number-301112E

Chartered Accountants

ABHISHEK RARA

Partner

Membership Number F-77779

Place : Noida

Dated : August 27, 2010

For and on behalf of the Board of Directors

AJAI CHOWDHRY

Chief Executive Officer & Chairman & Whole Time Director

SANDEEP KANWAR

Chief Financial Officer

J.V. RAMAMURTHY

Chief Operating Officer & Whole Time Director

SUSHIL KUMAR JAIN

Company Secretary

Schedules to the Balance Sheet as at June 30, 2010

	As at 30.06.2010 ₹/Crores		As at 30.06.2009 ₹/Crores	
1- Capital				
[Schedule-21, Notes 18 and 24]				
Authorised:				
55,00,00,000 (2009 - 55,00,00,000) Equity shares of ₹ 2/- each		110.00		110.00
5,00,000 (2009 - 5,00,000) Preference Shares of ₹ 100/- each		5.00		5.00
		115.00		115.00
Issued, Subscribed and Paid up:				
21,82,58,502 (2009 - 17,12,12,031) Equity shares of ₹ 2/- each, fully paid up		43.65		34.24
Add: Shares Forfeited		0.00		0.00
[Represents ₹ 1,000 (2009 - ₹ 1,000)]		43.65		34.24

Notes:

- Paid up share capital includes:
 - 5,04,47,295 (2009 - 5,04,47,295) Equity Shares of ₹ 2/- each issued pursuant to contract without payment being received in cash.
 - 5,31,82,765 (2009 - 5,31,82,765) Equity Shares of ₹ 2/- each Bonus shares issued from Securities Premium Account.
 - 1,16,29,425 (2009 - 1,15,84,715) Equity Shares of ₹ 2/- each issued pursuant to the exercise of options granted under Employee Stock Option Scheme 2000.
 - 87,221 (2009 - 80,021) Equity Shares of ₹ 2/- each issued pursuant to the exercise of options granted under Employee Stock Based Compensation Plan 2005.
- Of the above subscribed shares 9,08,79,984 (2009 - 7,58,79,734) Equity Shares of ₹ 2/- each are held by HCL Corporation Limited.

2- Reserves and Surplus

[Schedule-21, Notes 18 and 24]

	As at 01.07.2009 ₹/Crores	Additions/ Adjustments ₹/Crores	Deductions/ Adjustments ₹/Crores	As at 30.06.2010 ₹/Crores
Capital Reserve	0.00	-	-	0.00
[Represents ₹ 37,135 (2009 - ₹ 37,135)]	(0.00)	(-)	(-)	(0.00)
Securities Premium Account	125.62	715.19	14.51	826.30
	(124.91)	(0.80)	(0.09)	(125.62)
General Reserve	167.16	26.16	-	193.32
	(141.11)	(26.05)	(-)	(167.16)
Revaluation Reserve (Adj.)	-	-	-	-
	(3.20)	(2.54)	(5.74)	(-)
Debenture Redemption Reserve	4.00	4.00	-	8.00
	(-)	(4.00)	(-)	(4.00)
Profit and Loss Account	801.34	31.98	-	833.32
	(702.81)	(100.76)	(2.23)	(801.34)
	1098.12	777.33	14.51	1860.94
	(972.03)	(134.15)	(8.06)	(1098.12)

Notes:

- Addition to the Securities Premium Account is in respect of allotment of equity shares of ₹ 2/- each to employees of the Company and its subsidiaries under the Employee Stock Option Scheme 2000 and Employee Stock Based Compensation Plan 2005 is ₹ 0.57 Crores (2009 - ₹ 0.36 Crores).
- Deduction from the Securities Premium Account of ₹ Nil (2009 - ₹ 0.09 Crores) is in respect of the amount paid towards Fringe benefit tax on exercise of options granted under Employee Stock Option Scheme 2000 and Employee Stock Based Compensation Plan 2005.
- Previous year's figures are given in brackets.

Schedules to the Balance Sheet as at June 30, 2010

	As at 30.06.2010 ₹/Crores		As at 30.06.2009 ₹/Crores	
3- Secured Loans				
Short Term:				
- From Banks		30.00		-
- Cash Credits		24.99		-
Long Term:				
- Debentures		80.00		80.00
- Others		17.03		21.85
- Interest accrued and due				
		152.02		101.85

Notes:

- The Company issued 800 Rated Taxable Secured Redeemable Non- Convertible Debentures of face value of ₹ 10 lakhs each, aggregating to ₹ 80.00 Crores, at a coupon rate 12.75% per annum payable annually on private placement basis to Life Insurance Corporation of India on December 19, 2008. These Debentures are redeemable at par at the end of 5th year from the date of allotment, with a call option exercisable by the issuer, only at the end of 3 years from the date of allotment. Debentures are secured by way of first mortgage and charge on identified immovable and movable assets of the Company.
- Cash Credits along with non-fund based facilities from Banks are secured by way of hypothecation of stock-in-trade, book debts as first charge and by way of second charge on all the immovable and movable assets of the Company. The charge ranks pari-passu amongst Bankers.
- Term loan from others is secured by way of first charge on identified IT and Telcommunication assets.
- Amount payable within one year ₹ 5.03 Crores (2009 - ₹ 4.82 Crores).
- Short term loan from Banks is secured by way of subservient charge on the current assets of the Company.

4- Unsecured Loans [Schedule-21, Note 19 (b)]				
Short Term:				
From Banks				
- Commercial Paper		-		20.00
- Foreign Bank		15.00		-
From Others				
- Commercial Paper		265.00		105.00
Long Term:				
- Finance Lease Obligations		73.51		-
- From Banks - Others (Interest - Free)		4.40		-
		357.91		125.00

Note:

- Amount payable within one year is ₹ 13.73 Crores (2009 - ₹ Nil).

Schedules to the Balance Sheet as at June 30, 2010

5- Fixed Assets

[Schedule-21, Notes 1, 2 and 19 (a)]

Particulars	Gross Block			As at 30.06.2010	Depreciation/Amortisation			Net Block		
	As at 01.07.2009	Additions/ during the year	Deductions/ Retired during the year		As at 01.07.2009	Additions/ during the year	Deductions/ Retired during the year	As at 30.06.2010	As at 30.06.2010	As at 30.06.2009
Tangible:										
Land - Leasehold	12.95	-	-	12.95	0.77	0.15	-	0.92	12.03	12.18
Land - Freehold	25.67	0.04	-	25.71	-	-	-	-	25.71	25.67
Buildings	83.16	5.31	-	88.47	15.41	2.04	-	17.45	71.02	67.75
Plant & Machinery and Air Conditioners	42.83	7.81	0.38	50.26	24.30	5.97	-	29.89	20.37	18.53
Furniture, Fixtures and Office Equipment	64.78	18.26	1.34	81.70	40.07	10.79	0.38	49.70	32.00	24.71
Vehicles	1.47	0.25	-	1.72	0.96	0.15	1.16	1.11	0.61	0.51
Intangible:										
Goodwill	-	1.25	-	1.25	-	0.26	-	0.26	0.99	-
Software	3.24	4.58	-	7.82	1.96	1.54	-	3.50	4.32	1.28
Exclusive Marketing Rights	-	5.00	-	5.00	-	0.83	-	0.83	4.17	-
TOTAL	234.10	42.50	1.72	274.88	83.47	21.73	1.54	103.66	171.22	150.63
Previous Year	216.68	32.27	14.85	234.10	78.11	18.27	12.91	83.47		
Capital Work-In-Progress									25.69	9.50
[Including capital advances of ₹ 0.91 Crores (2009 - ₹ 0.86 Crores)]									196.91	160.13

Notes:

- Land-Freehold and Building at Ambattur amounting to ₹ 0.57 Crores (2009 - ₹ 0.57 Crores) are pending registration in the name of the Company.
- Software comprise cost of acquiring licences and implementation charges.

6- Investments

[Schedule-21, Notes 15 and 25]

	As at 30.06.2010 Units	As at 30.06.2009 Units	Face Value ₹/SGD	As at 30.06.2010 ₹/Crores	As at 30.06.2009 ₹/Crores
Unquoted (Trade): Long Term in Subsidiary Companies					
HCL Security Limited-Equity Shares	4,050,000	4,050,000	10	4.05	4.05
HCL Ininet Limited-Equity Shares (Formerly known as Microcomp Limited)	2,701,810	2,701,810	100	11.68	11.68
HCL Infocom Limited	330,000	330,000	10	0.33	0.33
HCL Insys Pte. Limited	199,991	-	SGD 1	0.66	-
RMA Software Park Private Limited	10,000	-	10	40.74	-
Sub - Total (a)				57.46	16.06
Unquoted (Others): Current Dividend Options					
Birla Sunlife Savings Fund	40,065,127	-	10	40.10	-
Fortis Money Plus	65,126,484	-	10	65.15	-
HDFC Cash Management Fund	27,985,848	33,970,011	10	28.04	34.03
HDFC Cash Management Fund - Treasury Advantage Plan	60,000,788	-	10	60.14	-
HSBC Ultra Short Term Bond Fund - Institutional Plus	-	17,901,873	10	-	18.00

Schedules

to the Balance Sheet as at June 30, 2010

	As at 30.06.2010 Units	As at 30.06.2009 Units	Face Value ₹/SGD	As at 30.06.2010 ₹/Crores	As at 30.06.2009 ₹/Crores
ICICI Prudential Flexible Income Plan	4,768,984	2,569,145	100	50.29	27.08
ICICI Prudential Interval Fund II	50,000,000	-	10	50.00	-
IDFC Floating Rate Fund - Long Term Plan	-	17,986,279	10	-	18.02
IDFC Money Manager Fund - Institutional Plus	-	23,984,230	10	-	24.02
IDFC Money Manager Fund -Treasury Plan	103,491,246	-	10	103.77	-
Kotak Flexi Debt - Daily Dividend	-	14,948,452	10	-	15.02
Kotak Flexi Debt - Quarterly Dividend	-	19,762,322	10	-	20.13
Kotak Floater Long Term	24,807,740	-	10	25.00	-
Kotak Fixed Monthly Plan - Series-7	15,222,433	-	10	15.22	-
Kotak Fixed Monthly Plan - Series-8	57,034,499	-	10	57.04	-
Principal Cash Management Fund	-	38,790,521	10	-	39.00
Principal Floating Rate Fund FMP	-	-	-	-	-
Institutional Option - Weekly Dividend	40,052,645	-	10	40.06	-
Reliance Liquid Plus	-	200,214	1,000	-	20.06
Reliance Money Manager Fund Institutional Option - Weekly Dividend	-	179,924	10	-	18.02
Reliance Quarterly Interval Fund - Series I	51,453,932	-	10	51.47	-
Reliance Quarterly Interval Fund - Series III	50,018,633	-	10	50.03	-
Religare Ultra Short Term Fund - Super Institutional Plan - Weekly Dividend	72,043,599	-	10	72.18	-
SBI-SHF Ultra Short Term Fund	24,854,212	-	10	25.06	-
Tata Floater Fund	46,676,947	26,444,252	10	47.06	26.66
Templeton India Ultra Short Bond Fund	42,661,829	-	10	43.08	-
UTI Treasury Advantage Fund Institutional Weekly	299,112	-	1,000	30.04	-
Sub - Total (b)				853.73	260.04
Grand Total (a+b)				911.19	276.10

Note: Net asset value of Unquoted (Others) Current Investments in Mutual Funds as on June 30, 2010 is ₹ 854.44 Crores (2009 - ₹ 260.07 Crores).

	As at 30.06.2010 ₹/Crores	As at 30.06.2009 ₹/Crores
7- Inventories [Schedule-21, Note 8 (c)]		
Raw Materials and Components [Including in Transit ₹ 16.73 Crores (2009 - ₹ 13.15 Crores)]	166.80	89.25
Stores and Spares	77.08	66.64
Finished Goods [Including in Transit ₹ 105.34 Crores (2009 - ₹ 149.30 Crores)]	591.52	731.21
Work-In-Progress	-	1.16
	835.40	888.26

Schedules to the Balance Sheet as at June 30, 2010

	As at 30.06.2010 ₹/Crores		As at 30.06.2009 ₹/Crores	
8- Sundry Debtors - Unsecured				
Debts outstanding for a period exceeding six months:				
- Considered Good	690.99		529.54	
- Considered Doubtful	27.14		19.95	
	718.13		549.49	
Other debts				
- Considered Good	1265.93		968.72	
	1984.06		1518.21	
Less: Provision for Doubtful Debts	27.14	1956.92	19.95	1498.26
		1956.92		1498.26
9- Cash and Bank Balances				
Cash balance on hand		0.26		0.29
Cheques in hand		79.65		51.75
Balances with Scheduled Banks:				
- On Current Account	202.14		135.42	
Less :- Money held in Trust	0.01	202.13	0.02	135.40
- On Dividend Account		3.29		3.22
- On Margin Account		1.06		0.32
- On Fixed Deposits				
[Includes Escrow Account ₹ 1.40 Crores (2009 - ₹ 3.35 Crores)]	2.01		4.32	
Less :- Money held in Trust	0.32	1.69	0.32	4.00
Balances with Non-Scheduled Banks:				
- On Current Account				
Standard Chartered Bank, Singapore-USD [Maximum amount outstanding during the year ₹ 10.74 Crores (2009 - ₹ 11.15 Crores)]	4.52		7.99	
Standard Chartered Bank, Singapore-SGD [Maximum amount outstanding during the year ₹ 0.02 Crores (2009 - ₹ 0.04 Crores)]	0.01	4.53	0.02	8.01
		292.61		202.99
10- Other Current Assets - Unsecured [Schedule-21, Notes 3 (c), 19 (a) and 19 (b)]				
Considered Good				
Deposits		41.59		32.22
Lease Rental Recoverable		86.46		20.09
Unbilled Revenue		121.24		50.04
Deposits Considered Doubtful	0.38		0.38	
Less: Provision for Doubtful Deposits	0.38	-	0.38	-
		249.29		102.35

Schedules

to the Balance Sheet as at June 30, 2010

	As at 30.06.2010 ₹/Crores		As at 30.06.2009 ₹/Crores	
11- Loans and Advances - Unsecured [Schedule-21, Note 17]				
Considered Good				
- Amounts recoverable in cash or in kind or for value to be received		188.04		159.19
- Advances and Loans to Subsidiaries		39.83		2.76
- Balances with Customs, Port Trust, Excise and Sales Tax Authorities		54.84		29.95
Advance Recoverable in cash or in kind				
Considered Doubtful	0.39		5.49	
Less: Provision for Doubtful Loans and Advances	0.39	-	5.49	-
		282.71		191.90
12- Current Liabilities and Provisions [Schedule-21, Notes 4, 5, 6, 22 and 31]				
Current Liabilities:				
Acceptances		454.80		438.16
Sundry Creditors:				
- Due to Subsidiaries	13.89		2.21	
- Due to Micro and Small Enterprises	0.97		1.76	
- Other than Micro and Small Enterprises	1382.19	1397.05	1169.59	1173.56
Sundry Deposits		3.00		4.15
Interest accrued but not due:				
- On Secured Loans		5.50		5.51
- On Unsecured Loans		0.56		-
Investor Education and Protection Fund:				
- Unclaimed Dividend *		3.29		3.22
Advances from Customers		83.47		31.91
Deferred Revenue		140.26		155.87
Other Liabilities		79.80		70.59
		2167.73		1882.97
Provisions:				
Proposed Dividend		43.65		25.68
Corporate Dividend Tax on Proposed Dividend		7.25		4.36
For Income Tax		49.48		23.28
[Net of Advance Income Tax of ₹ 606.11 Crores (2009 - ₹ 507.45 Crores)]				
For Warranty Liability		6.25		4.28
For Gratuity and Other Employee Benefits		27.42		24.29
		134.05		81.89
		2301.78		1964.86

* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at June 30, 2010. These shall be credited and paid to the fund as and when due.

Schedules to the Balance Sheet as at June 30, 2010

	Year ended 30.06.2010 ₹/Crores		Year ended 30.06.2009 ₹/Crores	
13- Business Income [Schedule-21, Note 8 (c)]				
Sales and Related Income		11411.63		11729.62
Services		650.15		607.19
		12061.78		12336.81
14- Other Income [Schedule-21, Notes 19 (a), 29 and 30]				
Interest:				
- On Income Tax Refund	0.16		-	
- On Lease Rental	3.04		4.63	
- On Fixed Deposits (Gross)	0.15		0.76	
[Tax deducted at source ₹ 0.03 Crores (2009 - ₹ 0.07 Crores)]				
- On Other Loans and Advances	0.01		0.01	
- Others	1.02	4.38	1.75	7.15
Dividend from (Others) Current Investments		15.36		4.38
Insurance Claims		0.10		0.27
Provisions/Liabilities no longer required written back		11.68		15.59
Profit on disposal of (Others) Current Investments		10.55		0.93
Profit on Foreign Exchange Fluctuation		11.87		-
Miscellaneous Income		4.96		5.28
		58.90		33.60
15- Cost of Goods and Services Sold [Schedule-21, Notes 8 (b), 8(c), 9 and 10]				
Raw Materials and Components Consumed		1828.66		1860.66
Purchase of Traded Goods		8468.94		8927.75
Purchase of Services		262.11		223.66
Stores and Spares Consumed		51.95		28.46
Power and Fuel		1.78		1.72
Labour and Processing Charges		10.75		10.93
Royalty		104.59		93.22
		10728.78		11146.40
Closing Stock				
- Finished Goods (Including in Transit)		591.52		731.21
[Including excise duty of ₹ 5.00 Crores (2009 - ₹ 3.97 Crores)]				
- Work-In-Progress		-		1.16
		591.52		732.37
Opening Stock				
- Finished Goods (Including in Transit)		731.21		712.79
[Including excise duty of ₹ 3.97 Crores (2009 - ₹ 3.15 Crores)]				
- Work-In-Progress		1.16		1.68
		732.37		714.47
(Increase)/Decrease in Stocks of Finished Goods and Work-In-Progress		140.85		(17.90)
		10869.63		11128.50

Schedules

to the Balance Sheet as at June 30, 2010

	As at 30.06.2010 ₹/Crores		As at 30.06.2009 ₹/Crores	
16- Personnel				
[Schedule-21, Note 22]				
Salaries, Wages, Allowances, Bonus and Gratuity		343.26		305.66
Contribution to Provident and Other Funds		13.85		11.93
Staff Welfare Expenses		11.30		8.39
		368.41		325.98
17- Administration, Selling, Distribution and Others				
[Schedule-21, Notes 19 (c), 29 and 30]				
Rent		22.34		22.85
Rates and Taxes		10.72		11.90
Printing and Stationery		4.33		3.92
Communication		9.76		10.57
Travelling and Conveyance		35.45		30.45
Packing, Freight and Forwarding		45.96		51.68
Legal and Professional		29.34		23.04
Training and Conference		4.96		4.32
Office Electricity and Water		7.48		7.48
Insurance		7.10		7.64
Advertisement, Publicity and Entertainment		77.16		57.06
Hire Charges		2.04		1.55
Commission on Sales		15.17		22.14
Bank Charges		13.60		10.52
Provision for Doubtful Debts		23.61		19.47
Provision for Doubtful Loans and Advances		0.39		5.49
Provision for Doubtful Other Current Assets		0.38		0.38
Loss on Sale of Fixed Assets		0.04		0.30
Fixed Assets Written Off		0.05		0.12
Loss on Foreign Exchange Fluctuation		-		26.39
Diminution in the value of (Others) Current Investments		0.20		0.04
Miscellaneous		23.86		27.91
		333.94		345.22
Less: Operating Cost Recovered from Subsidiaries		0.54		0.49
		333.40		344.73
18- Repairs				
Plant and Machinery		0.65		0.60
Buildings		2.69		0.91
Others		9.31		7.82
		12.65		9.33
19- Finance Charges				
Interest on:				
- Debentures		10.20		5.42
- Other Fixed Loans		14.97		22.80
- On Others		12.27	37.44	16.44
		37.44		44.66

Schedules to the Balance Sheet & Profit and Loss Account

SCHEDULE 20 - SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

The financial statements of the Company have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the accounting principles generally accepted in India and comply with the mandatory Accounting Standards notified under section 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.

2. FIXED ASSETS

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

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

Intangible Assets are stated at cost net of amortisation.

3. DEPRECIATION

(a) Depreciation has been calculated as under:

- (i) Depreciation on fixed assets is provided on a prorata basis using the straight-line method based on economic useful life determined by way of periodical technical evaluation.

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

Plant & Machinery	4-6	years
Buildings		
- Factory	25-28	years
- Others	50-58	years
- Capitalised prior to 1.5.1986	As per Section 205(2)(b) of the Companies Act, 1956	
Furniture and Fixture	4-6	years
Air Conditioners	3-6	years
Vehicles	4-6	years
Office Equipment	3-6	years
Computers	3-5	years

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

- (b) Leasehold land is amortised over a period of lease. Leasehold improvements are amortised on straight line basis over the period of three years or lease period whichever is lower.
- (c) Intangible assets other than Goodwill are amortised over their estimated useful life i.e. over a period of 1-5 years.
- (d) Goodwill arising on acquisition is amortised over a period of 3 years.
- (e) Individual assets costing ₹ 5,000 or less are depreciated/ amortised fully in the year of acquisition.

4. 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 profit and loss account.

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

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5. INVENTORIES

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

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

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

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

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

6. FOREIGN CURRENCY TRANSACTIONS

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

b) At the balance sheet date, all assets and liabilities denominated in foreign currency, are reported at the exchange rates prevailing at the balance sheet date and the resultant gain or loss is recognised in the profit and loss account.

c) Pursuant to notification under section 211(3C) of the Companies Act, 1956 issued by Ministry of Corporate Affairs on March 31, 2009 amending Accounting Standard - 11 (AS - 11) 'The Effects of Changes in Foreign Exchange Rates (revised 2003); exchange differences arising on translation of long term foreign currency monetary items having a term of 12 months or more are recognised as stated below:

(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, 2011.

d) In case of forward foreign exchange contracts where an underlying asset or liability exists at the balance sheet date, the difference between the forward rate and the exchange rate at the inception of the contract is recognised as income or expense over the life of the contract.

e) In case of forward foreign exchange contracts taken for highly probable/forecast transactions, the net loss, if any, calculated on 'Mark to Market' principle as at the balance sheet date is recorded.

f) Profit or loss arising on cancellation or renewal of a forward contract is recognised as income or expense in the year in which such cancellation or renewal is made.

7. EMPLOYEE BENEFITS

Defined Benefit:

Liability for gratuity and leave encashment is provided as determined on actuarial valuation made at the end of the year which is computed using projected unit credit method. Gains/losses arising out of actuarial valuation are recognised immediately in the profit and loss account as income/expense.

Defined Contribution:

Company's contributions towards recognised Provident Fund and Superannuation Fund are accounted for on accrual basis.

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The Company has an obligation to make good the shortfall, if any, between the return from the investment of the provident fund trust and the notified interest rate.

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

8. REVENUE RECOGNITION

- (a) Sales, after adjusting trade discount, are inclusive of excise duty and the related revenue is recognised (after providing for expenses to be incurred connected to such sale) on transfer of all significant risks and rewards of ownership to the customer and when no significant uncertainty exists regarding realisation of the consideration.
- (b) Composite contracts, outcome of which can be reliably estimated, where no significant uncertainty exists regarding realisation of the consideration, revenue is recognised in accordance with the percentage completion method, under which revenue is recognised on the basis of cost incurred as a proportion of total cost expected to be incurred. The foreseeable losses on the completion of contract, if any, are provided for immediately.
- (c) Service income includes income:
 - i) From maintenance of products and facilities under maintenance agreements and extended warranty, which is recognised upon creation of contractual obligations rateably over the period of contract, where no significant uncertainty exists regarding realisation of the consideration.
 - ii) From software services:
 - (a) The revenue from time and material contracts is recognised based on the time spent as per the terms of contracts.
 - (b) In case of fixed priced contracts revenue is recognised on percentage of completion basis. Foreseeable losses, if any, on the completion of contract are recognised immediately.

9. GOVERNMENT GRANTS

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

10. ROYALTY

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

11. 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 profit and loss account 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

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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.

12. INCOME TAXES

The current charge for income taxes is calculated in accordance with the relevant tax regulations.

Deferred tax assets and liabilities are recognised for timing differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the tax rates that have been enacted or substantially enacted at the balance sheet date. Deferred tax asset is recognised and carried forward when it is reasonably certain that sufficient taxable profits will be available in future against which deferred tax assets can be realised except in case of carry forward tax losses or unabsorbed depreciation where deferred tax asset is recognised only when it is virtually certain that sufficient taxable profit will be available in future against which deferred tax assets can be realised.

13. PROVISIONS AND CONTINGENCIES

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.

14. 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.

15. EMPLOYEE STOCK OPTION SCHEME

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

16. 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 profit and loss account.

17. SEGMENT ACCOUNTING

The segment accounting policy is in accordance with the policies consistently used in the preparation of financial statements.

The basis of reporting is as follows:

Schedules to the Balance Sheet & Profit and Loss Account

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

Allocated expenses include support function costs which are allocated to the segments in proportion of the services rendered by them to each of the business segments. Depreciation on fixed assets is allocated to the segments on the basis of their proportionate usage.
- b) Unallocated expenses/income are enterprise expenses/income, which are not attributable or allocable to any of the business segment.
- c) Assets and liabilities which arise as a result of operating activities of the segment are recognised in that segment. Fixed assets which are exclusively used by the segment or allocated on a reasonable basis are also included.
- d) Unallocated assets and liabilities are those which are not attributable or allocable to any of the segments and includes liquid assets like investments, bank deposits and investments in assets given on finance lease.
- e) Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price which is at par with the prevailing market price.

18. IMPAIRMENT OF ASSETS

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

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SCHEDULE 21 - NOTES TO ACCOUNTS

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

Land	June 30, 1992	4.44
Land	November 1, 2006	16.78
Leasehold	March 27, 2006 and August 13, 2007	2.53
Buildings	June 30, 1992	6.44
Buildings	November 1, 2006	0.25
Plant and Machinery	June 30, 1992	(1.01)
Total		29.43
Less: Goodwill		5.70
Transferred to Revaluation Reserve		23.73
Less:		
-Expenditure incurred on acquisition of business in 1992		0.86
-Loss on sale of Land		0.15
-Depreciation and Amortisation		0.33
-Adjusted on amalgamation of Subsidiaries		22.39
Balance as at June 30, 2010		-

2. Estimated value of contracts on capital account, excluding capital advances, remaining to be executed and not provided for amount to ₹ 7.24 Crores (2009 - ₹ 1.46 Crores).

3. Contingent Liabilities:

- a) Claims against the Company not acknowledged as debts:

	2010 ₹/Crores	2009 ₹/Crores
Sales Tax*	30.98	21.19
Excise*	10.91	10.86
Income Tax*	2.94	2.94
Industrial Disputes, Civil Suits and Consumer Disputes	8.89	8.40

* Includes sum of ₹ 7.65 Crores (2009 - ₹ 5.21 Crores) deposited by the Company against the above.

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

- b) (i) Corporate Guarantee of ₹ 32.77 Crores (2009 - ₹ Nil) was given to a Bank for working capital facilities sanctioned to a 100% subsidiary, HCL Insys Pte. Limited, Singapore against which the total amount utilised as at June 30, 2010 is ₹ 0.25 Crores (2009 - ₹ Nil).

(ii) Corporate Guarantee of ₹ 15.00 Crores (2009 - ₹ 5.00 Crores) has been given to a Bank for working capital facilities sanctioned to a 100% subsidiary, HCL Security Limited against which the total amount utilised as at June 30, 2010 is ₹ 12.85 Crores (2009 - ₹ 0.99 Crores).

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- (iii) Corporate Guarantee of ₹ 6.50 Crores (2009 - ₹ 6.50 Crores) was given to a Bank for working capital facilities and ₹ 6.07 Crores (2009 - ₹ 6.07 Crores) was given to a non-banking finance company for operating lease sanctioned to a 100% subsidiary, HCL Infnit Limited (Formerly Microcomp Limited) against which the total amount utilised as at June 30, 2010 is ₹ 3.89 Crores (2009 - ₹ 4.25 Crores) and ₹ 6.07 Crores (2009 - ₹ 6.07 Crores) respectively.
- c) The Company has transferred Financial Assets (Lease Rental Recoverable) to a bank under a financing arrangement for which the balance outstanding with the bank as on June 30, 2010 is ₹ 10.87 Crores (2009 - ₹ 21.12 Crores). The transfer of these Financial Assets is with recourse to the Company.

4. The Company has the following warranty provision in the books of accounts:

	2010 ₹/Crores	2009 ₹/Crores
Opening Balance as on July 1	4.28	5.61
Additions during the year	15.55	12.90
Utilised/Reversed during the year	13.58	14.23
Closing Balance as on June 30	6.25	4.28

The warranty provision has been recognised for expected warranty claims for the first year of warranty on products sold during the year. Due to the very nature of such costs, it is not possible to estimate the timing of cash outflows due to uncertainties relating to the outflows of economic benefits.

5. **Taxation:**

- a) Provision for taxation has been computed by applying the Income Tax Act, 1961 to the profit for the financial year ended June 30, 2010, although the actual tax liability of the Company has to be computed each year by reference to the taxable profit for each fiscal year ended March 31.
- b) Deferred Tax:

Major Components of Deferred Tax arising on account of temporary timing difference along with their movement as at June 30, 2010 are:

	As at 30.06.09	Movement during the year	As at 30.06.10
Assets			
Allowances for Doubtful Debts/Advances/Other Current Assets	8.11	0.01	8.12
Expense accruals (Bonus, Gratuity, Leave Encashment and Provision for Warranty)	12.11	0.87	12.98
Depreciation	0.70	1.51	2.21
Total (A)	20.92	2.39	23.31
Liabilities			
Lease rental recoverable	4.65	(4.09)	0.56
Cenvat balances with excise authorities	4.19	1.75	5.94
Taxes deposited under protest for excise duty, custom duty and sales tax	4.99	1.29	6.28
Other timing differences	3.01	(1.42)	1.59
Total (B)	16.84	(2.47)	14.37
Net Deferred Tax Assets/(Liability) (A)-(B)	4.08	4.86	8.94
Previous Year	(6.85)	10.93	4.08

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to the Balance Sheet & Profit and Loss Account

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

	2010 ₹/Crores	2009 ₹/Crores
a. (i) Principal amount remaining unpaid to any supplier as at the end of the year.	0.97	1.76
(ii) Interest due on the above amount.	0.03	0.06
b. (i) Amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (Act).	0.06	-
(ii) Amount of payments made to the suppliers beyond the appointed day during the year.	3.02	6.75
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.	0.03	0.06
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.	-	-

7. Expenditure on Research and Development:

	2010 ₹/Crores	2009 ₹/Crores
Capital	0.03	0.01
Revenue (Depreciation, Personnel, Travel and Other Administration expenses)	4.66	4.63
Total	4.69	4.64

8. Capacities, Production, Stocks and Sales:

- Sales, Purchases, Opening and Closing stocks have been given in terms of value and/or, where ascertainable, in numbers.
- Bought out Computers and certain peripherals have been included in stock/sales of systems.

a) Particulars of goods manufactured:

Class of Product	Installed Capacity	Actual Production
Computers/Micro processor based systems Nos.	1230000 (1230000)	657964 (643330)
Data Graphic/Display Monitor/Terminals, Hubs, etc. Nos.	846600 (846600)	428258 (476263)

Note: Installed capacity being a technical matter has been certified by the management.

b) Information in respect of purchase of traded goods:

	Nos.	Value ₹/Crores
Computers	1100 (3099)	3.05 (10.28)
Photocopiers/Electronic Equipments	23485 (23430)	166.74 (174.77)
Printers/Scanners/UPS/CVT	173999 (178396)	185.31 (181.98)
Cellular Phones	27183972 (30715588)	6920.34 (7510.91)
EPABX Systems	574 (545)	47.44 (57.73)
Others*		1146.05 (992.08)
Total		8468.94 (8927.75)

* 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.

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8. c) Stocks and Sales:

Class of Products	Unit	Sales/Adjustments		Opening Stock		Closing Stock	
		Qty	Value [#] ₹/Crores	Qty	Value ₹/Crores	Qty	Value ₹/Crores
Computers/Micro processor based systems	Nos.	672385 (636938)	1460.41 (1493.68)	47014 (37523)	97.23 (96.31)	33693 (47014)	58.06 (97.23)
Photocopiers/Electronic Equipments	Nos.	25070 (23444)	202.20 (234.59)	4910 (4924)	31.93 (38.73)	3325 (4910)	32.82 (31.93)
Printers/Scanners/UPS/ CVT	Nos.	174912 (175432)	205.09 (217.75)	13459 (10495)	11.88 (9.09)	12546 (13459)	14.14 (11.88)
Cellular Phones	Nos.	27844336 (30774057)	7277.01 (7781.11)	1510148 (1568617)	384.56 (387.91)	849784 (1510148)	250.11 (384.56)
EPABX Systems	Nos.	654 (553)	71.34 (71.05)	171 (179)	10.97 (12.07)	91 (171)	18.88 (10.97)
Others*			2195.58 (1931.44)		194.64 (168.68)		217.51 (194.64)
Total			11411.63 (11729.62)		731.21 (712.79)		591.52 (731.21)

Except trade discount, no other discount has been adjusted.

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

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

- d) The Ministry of Company Affairs, Government of India vide its Order No. F.No.46/50/2010-CL-III dated March 11, 2010 issued under section 211(4) of the Companies Act, 1956 has exempted the Company from disclosure of quantitative details in the profit and loss account, for those class of goods which form less than 10% of the total value of turnover, purchase, traded, sales, consumption of raw material, etc. as the case may be, for the financial year ended June 30, 2010, under Para 3(ii)(d) of Part-II, Schedule-VI to the Companies Act, 1956 as amended vide Notification No. GSR494(E), dated October 30, 1973.

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

	2010		2009	
	₹/Crores	% of Consumption	₹/Crores	% of Consumption
Imported	1411.98	77%	1376.40	74%
Indigenous	416.68	23%	484.26	26%
Total	1828.66	100%	1860.66	100%

10. Details of raw materials and components consumed (in value):

	2010 ₹/Crores	2009 ₹/Crores
Mother Boards and Assemblies	440.40	414.79
Hard Disk Drives	176.52	172.70
Processors	266.28	246.53
Monitors	217.17	242.38
CRT Key Tops PCBs and Cabinets	11.05	11.84
Networking Products	488.97	618.89
Others	228.27	153.53
Total	1828.66	1860.66

Note: Separate quantitative numbers of raw material and components (including for resale) are not readily ascertainable.

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11. Value of Imports calculated on CIF basis:

	2010 ₹/Crores	2009 ₹/Crores
a) Raw materials and components	1686.01	1634.09
b) Stores and spares	46.24	36.01
c) Capital goods	0.02	0.20
d) Traded items	462.37	450.56
Total	2194.64	2120.86

12. Expenditure in Foreign Currency: (On cash basis)

	2010 ₹/Crores	2009 ₹/Crores
a) Travel	0.71	0.38
b) Royalty (net of tax deducted at source)	100.78	87.61
c) Interest	4.74	9.56
d) Technical Fee	0.65	0.43
e) Others (includes consultancy, certification charges, license)	2.11	1.07
Total	108.99	99.05

13. Earnings in Foreign Currency:

	2010 ₹/Crores	2009 ₹/Crores
a) Commission	1.53	0.65
b) FOB value of exports (including deemed exports)	57.88	68.75
c) Others (including reimbursement of expenses)	43.78	26.05
Total	103.19	95.45

14. Remuneration to Auditor:

	2010 ₹/Crores	2009 ₹/Crores
a) As Auditor*	1.30	1.20
b) In Other Capacity:		
Tax Audit*	0.20	0.20
Other Audit Services/Certifications*	0.48	0.05
Out-of-Pocket Expenses	0.06	0.07
Total	2.04	1.52

* Excluding service tax

15. Details of Investments purchased, reinvested and sold during the financial year ended June 30, 2010 are as follows:

Name of the Fund	Face Value ₹/unit	No. of Units*	Cost ₹/Crores
Growth Options			
Birla Sunlife Cash Plus	10	40801637	60.00
Birla Sunlife Savings Fund	10	40126513	70.01
Fortis Money Plus - Institutional	10	28805999	40.01
Fortis Overnight - Institutional Plus	10	39968824	40.00
HDFC Cash management Fund - Treasury Advantage Plan	10	43676644	88.01
HDFC Liquid Fund Premium Plan	10	43396448	80.00
ICICI Prudential Flexible Income Plan Premium	100	8512501	145.01
ICICI Prudential Liquid Plan Institutional Plus Plan	100	4979681	113.00
IDFC Cash Fund - Super Inst Plan C	10	44947132	50.00

Schedules to the Balance Sheet & Profit and Loss Account

Name of the Fund	Face Value ₹/unit	No. of Units*	Cost ₹/Crores
IDFC FMP Qs 55 - Plan A	10	50749750	50.75
IDFC Money Manager Fund - Treasury Plan	10	69132837	75.01
Kotak Floater Long Term	10	68098279	99.01
Kotak Liquid	10	28574220	53.00
Kotak Quarterly Interval Plan Series - 7	10	13686354	15.04
Kotak Quarterly Interval Plan Series - 8	10	51590752	56.19
Principal Cash Management Fund - Liquid Option	10	44036345	63.00
Principal Floating Rate Fund FMP	10	43313668	63.01
Reliance Liquid Fund - Treasury Plan	10	26830766	60.00
Reliance Money Manager Fund	1000	480377	60.01
Reliance Quarterly Interval Fund - Series III	10	41158126	50.79
Religare Liquid Fund	10	46078799	58.00
Religare Ultra Short Term Fund	10	46017470	58.01
SBI-SHF Ultra Short Term Fund	10	16735701	20.00
Tata Floater Fund	10	58626427	80.01
Tata Liquid Super High Investment Fund	10	130537	22.00
Templeton India Ultra Short Bond Fund	10	15330500	18.00
UTI Liquid Cash Plan Institutional	1000	298127	45.00
UTI Treasury Advantage Fund	1000	445470	55.01
Total - A			1687.88
Dividend Options			
Birla Sunlife Cash Plus	10	177671778	178.02
Fortis Overnight Fund	10	80991550	81.00
HDFC Liquid Fund - Premium Plan	10	245542675	301.03
HSBC Cash Fund - Institutional Plus	10	108862309	111.03
ICICI Prudential Liquid Plan - Institutional Plus	100	101185277	327.05
IDFC Cash Fund	10	304958402	305.03
Kotak Liquid	10	70336426	86.01
Principal Cash Management Fund - Liquid Option	10	50001451	50.00
Reliance Liquid Fund	10	32710025	50.01
Religare Liquid Fund	10	217876618	218.02
SBI-Magnum Insta Cash Fund	10	23882397	40.00
Tata Liquid Fund	10	1131210	139.01
Templeton India - TMA	10	1678834	170.11
UTI Liquid Cash Plan	1000	999455	102.05
Total - B			2158.37
Grand Total (A)+(B)			3846.25

* Includes transactions on account of renewals and reinvestments.

Schedules to the Balance Sheet & Profit and Loss Account

15 (a) Details of Investments purchased, reinvested and sold during the financial year ended June 30, 2009 are as follows:

Name of the Fund	Face Value ₹/unit	No. of Units*	Cost ₹/Crores
HSBC Ultra Short Term Bond Fund - Growth	10	17188186	21.01
HSBC Cash Fund -Institutional Plus - Growth	10	7992502	11.00
HDFC Cash Management Fund - Treasury Advantage Plan-Wholesale - Growth	10	10401491	20.00
HDFC Liquid Fund- Premium Plan- Growth	10	5674242	10.00
IDFC Money Manager Fund - Institutional Plan - Growth	10	22006789	30.00
ICICI Prudential Flexible Income Plan - Growth	10	26332353	43.01
Kotak Flexi Debt - Growth	10	13935340	15.00
Tata Floater Fund - Growth	10	19114116	25.01
Principal Cash Management Liquid Option-Institutional Premium Plan - Growth	10	23288700	32.01
Reliance Money Manager Fund - Growth	1000	83645	10.00
DWS Insta Cash Plus Fund -Institutional Plan - Dividend	10	9000000	9.00
HSBC Cash Fund -Institutional Plan - Dividend	10	139135619	142.00
HDFC Liquid Fund- Premium Plan - Dividend	10	117175137	131.01
IDFC Money Manager Fund -Treasury Plan - Dividend	10	33334326	63.10
IDFC Cash Fund - Dividend	10	10117767	112.01
ICICI Prudential Liquid Plan - Dividend	10	30412002	160.02
Templeton India Treasury Management Account - Dividend	1000	558766	57.06
UTI Liquid Cash Plan - Dividend	1000	510386	52.22

* Includes transactions on account of renewals and reinvestments.

16. Managerial Remuneration:

(i) Computation of net profit under Section 349 of the Companies Act, 1956:

	2010 ₹/Crores	2009 ₹/Crores
Profit before Tax	368.65	373.86
Add:		
Managerial Remuneration paid/payable	5.42	4.61
Depreciation and Amortisation	21.73	17.27
Loss on sales and amortisation of Fixed Assets (Net)	0.04	0.30
Fixed Assets Written Off	0.05	0.12
Provision for Doubtful Debts, Loans and Advances and Other Current Assets	24.38	25.34
	51.62	47.64
	420.27	421.50
Less:		
Depreciation under Section 350 of the Companies Act, 1956	21.73	17.27
Profit on disposal of Current Investments (Net)	10.55	0.93
	32.28	18.20
Net Profit under Section 349	387.99	403.30
Calculation of Commission under Section 309 of the Companies Act, 1956 @ 1%	3.88	4.03
Restricted to	0.23	0.28
(ii) Paid/payable to the Wholetime Directors		
a) Salaries, Allowances and Bonus*	4.45	3.77
Contribution to Provident and Superannuation Funds**	0.23	0.20
Perquisites	0.45	0.30
	5.13	4.27
b) Directors' Sitting Fees	0.06	0.06
Commission to Non Wholetime Directors	0.23	0.28
Managerial remuneration under Section 198 of the Companies Act, 1956	5.42	4.61

* Includes profit linked bonus on actual payment basis.

** Does not include employee stock compensation expense accounted as per intrinsic value method as these benefits are determined actuarially for the Company as a whole and separate figures applicable to individual employees are not readily available.

Schedules to the Balance Sheet & Profit and Loss Account

17. The unaccrued forward exchange cover as on June 30, 2010 of ₹ 2.62 Crores (2009 - ₹ 2.91 Crores) has been included under amounts recoverable in cash or in kind or for value to be received.
18. **Employee Stock Option Plan (ESOP):**

The Company has established Employee Stock Option Scheme 2000 and Employee Stock Based Compensation Plan 2005, for a total grant of 31,90,200 and 33,35,487 options respectively to the employees of the Company and its subsidiaries. These options vest on a graded basis over a period of 42 and 60 months respectively from the date of grant and are to be exercised with in a maximum period of 5 years from the date of vesting. The Board of Directors/Committee approves the grant of options, including the grant of options that lapse out of each grant. Each option of ₹ 10/- confers on the employee a right to five equity shares of ₹ 2/- each. Exercise price is market price as specified in the Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 issued by the Securities and Exchange Board of India ("SEBI").

Details of Grants made under Employee Stock Option Scheme 2000

Date of grant	Exercise price of the option for five equity shares of ₹ 2/- each	Options outstanding at the beginning of the year	Options granted during the year	Options forfeited during the year	Options exercised during the year	Options expired during the year	Options outstanding at the end of the year	Options exercisable at the end of the year
10-Aug-00	289.00	-	-	-	-	-	-	-
		(18025)	(-)	(-)	(12195)	(5830)	(-)	(-)
28-Jan-04	538.15	214163	-	-	7962	30801	175400	175400
		(225619)	(-)	(-)	(280)	(11176)	(214163)	(214163)
25-Aug-04	603.95	50933	-	-	380	3575	46978	46978
		(59072)	(-)	(-)	(-)	(8139)	(50933)	(50933)
18-Jan-05	809.85	172082	-	-	-	4000	168082	168082
		(185309)	(-)	(-)	(-)	(13227)	(172082)	(172082)
15-Feb-05	809.30	1600	-	-	-	1600	-	-
		(1600)	(-)	(-)	(-)	(-)	(1600)	(1600)
15-Mar-05	834.40	26072	-	-	-	1774	24298	24298
		(30170)	(-)	(-)	(-)	(4098)	(26072)	(26072)
15-Apr-05	789.85	5784	-	-	-	1024	4760	4760
		(5784)	(-)	(-)	(-)	(-)	(5784)	(5784)
14-May-05	770.15	8270	-	-	-	3730	4540	4540
		(8270)	(-)	(-)	(-)	(-)	(8270)	(8270)
15-Jun-05	756.15	675	-	-	-	-	675	675
		(2435)	(-)	(-)	(-)	(1760)	(675)	(675)
15-Jul-05	978.75	11722	-	-	-	-	11722	11722
		(11978)	(-)	(-)	(-)	(256)	(11722)	(11722)
13-Aug-05	1144.00	17630	-	-	-	-	17630	17630
		(24990)	(-)	(2560)	(-)	(4800)	(17630)	(17630)
15-Sep-05	1271.25	9140	-	-	-	-	9140	9140
		(13620)	(-)	(1792)	(-)	(2688)	(9140)	(9140)
15-Mar-07	648.75	141300	-	1600	600	2400	136700	79100
		(144300)	(-)	(2100)	(-)	(900)	(141300)	(82100)
23-Jan-08	898.25	72825	-	6706	-	4994	61125	37748
		(88200)	(-)	(13598)	(-)	(1777)	(72825)	(22316)
18-Aug-09	627.25	-	20000	-	-	-	20000	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)
Total		732196	20000	8306	8942	53898	681050	580073
		(819372)	(-)	(20050)	(12475)	(54651)	(732196)	(622487)

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

Schedules

to the Balance Sheet & Profit and Loss Account

Details of Grants made under Employee Stock Based Compensation Plan 2005

Date of grant	Exercise price of the option for five equity shares of ₹ 2/- each	Options outstanding at the beginning of the year	Options granted during the year	Options forfeited during the year	Options exercised during the year	Options expired during the year	Options outstanding at the end of the year	Options exercisable at the end of the year
13-Aug-05	1144.00	1982125 (2207129)	- (-)	23764 (107644)	- (-)	81359 (117360)	1877002 (1982125)	1507514 (1197061)
19-Oct-05	1157.50	46780 (60950)	- (-)	1316 (7420)	- (-)	3374 (6750)	42090 (46780)	34072 (28368)
15-Nov-05	1267.75	16950 (21200)	- (-)	150 (2310)	- (-)	- (1940)	16800 (16950)	13560 (10170)
15-Dec-05	1348.25	14650 (21100)	- (-)	640 (3480)	- (-)	720 (2970)	13290 (14650)	10760 (8790)
14-Jan-06	1300.00	17810 (24550)	- (-)	2892 (3540)	- (-)	4788 (3200)	10130 (17810)	8104 (10866)
15-Feb-06	1308.00	5050 (5874)	- (-)	434 (360)	- (-)	576 (464)	4040 (5050)	3272 (3030)
16-Mar-06	1031.00	23100 (37740)	- (-)	1610 (8664)	- (-)	4210 (5976)	17280 (23100)	14040 (14740)
17-Apr-06	868.75	6900 (10820)	- (-)	- (2160)	- (-)	- (1760)	6900 (6900)	5520 (4140)
15-May-06	842.50	15700 (19330)	- (-)	1090 (1830)	- (-)	360 (1800)	14250 (15700)	11930 (9420)
15-Jun-06	620.50	17950 (24480)	- (-)	2080 (4270)	- (-)	1920 (2260)	13950 (17950)	11520 (10710)
17-Jul-06	673.75	21790 (27470)	- (-)	1900 (3480)	- (-)	2650 (2200)	17240 (21790)	10488 (8812)
15-Mar-07	648.75	387960 (402820)	- (-)	13080 (10640)	1440 (-)	6680 (4220)	366760 (387960)	221920 (155220)
23-Jan-08	898.25	210990 (256050)	- (-)	26235 (44280)	- (-)	6090 (780)	178665 (210990)	73680 (42630)
Total		2767755 (3119513)	- (-)	75191 (200078)	1440 (-)	112727 (151680)	2578397 (2767755)	1926380 (1503957)

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

Schedules to the Balance Sheet & Profit and Loss Account

Assumptions

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

	Employee Stock Option Scheme 2000	Employee Stock Based Compensation Plan 2005
Volatility	45% to 68%	47% to 62%
Risk free rate	4.57% to 7.99%	6.49% to 7.98%
Exercise Price	₹ 538.15 to ₹ 1,271.25	₹ 620.50 to ₹ 1,348.25
Time to Maturity (years)	2.20 to 5.50	2.50 to 7.00
Dividend Yield	9% to 28%	10% to 28%
Life of options	8.5 Years	10 Years
Fair Value of options as at the grant date	₹ 35.10 to ₹ 203.14	₹ 24.75 to ₹ 262.97

Notes:

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

The impact on the profit of the Company for the year ended June 30, 2010 and the basic and diluted earnings per share had the Company followed the fair value method of accounting for stock options is set out below:

Proforma Disclosures

	2010 ₹/Crores	2009 ₹/Crores
Profit after tax as per Profit and Loss Account (a)	261.55	260.44
Add: Employee Stock Compensation Expense as per Intrinsic Value Method	-	-
Less: Employee Stock Compensation Expense as per Fair Value Method [Net of amount attributable to employees of subsidiary ₹ 0.35 Crores (2009 - ₹ 0.16 Crores)]	1.91	4.62
Profit after tax recomputed for recognition of employee stock compensation expense under fair value method (b)*	259.64	255.82
Earning Per Share based on earnings as per (a) above: (Refer Note 20)		
- Basic	₹ 12.86	₹ 15.21
- Diluted	₹ 12.84	₹ 15.21
Earning Per Share had fair value method been employed for accounting of employee stock options:		
- Basic	₹ 12.76	₹ 14.94
- Diluted	₹ 12.75	₹ 14.94

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

Schedules

to the Balance Sheet & Profit and Loss Account

19. Leases:

a) Finance Leases:

As Lessor:

(i) The Company has given on finance lease certain assets/inventories which comprise of computers 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, 2010 and its present value as at that date are as follows:

	Total minimum lease receivable ₹/Crores	Interest included in minimum lease receivable ₹/Crores	Present value of minimum lease receivable ₹/Crores
Not later than one year	9.73 (16.91)	1.78 (2.57)	7.95 (14.34)
Later than one year and not later than five years	4.17 (6.90)	0.92 (1.15)	3.25 (5.75)
Total	13.90 (23.81)	2.70 (3.72)	11.20 (20.09)

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

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

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

(ii) Details of minimum lease payments and minimum sub-lease receivables as at June 30, 2010 and its present value as at that date are as follows:

	Payable on sale and leaseback			Receivable on Sub-lease		
	Total minimum lease payable ₹/Crores	Interest included in minimum lease payable ₹/Crores	Present value of minimum lease payable ₹/Crores	Total minimum lease receivable ₹/Crores	Interest included in minimum lease receivable ₹/Crores	Present value of minimum lease receivable ₹/Crores
Not later than one year	18.89 (-)	6.23 (-)	12.66 (-)	19.11 (-)	6.45 (-)	12.66 (-)
Later than one year and not later than five years	72.22 (-)	11.37 (-)	60.85 (-)	75.26 (-)	12.66 (-)	62.60 (-)
Total	91.11 (-)	17.60 (-)	73.51 (-)	94.37 (-)	19.11 (-)	75.26 (-)

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

Schedules to the Balance Sheet & Profit and Loss Account

c) Cancelable Operating Leases

As Lessee:

- (i) The Company has taken various residential/commercial premises under cancelable operating leases. These leases are normally renewable on expiry.
- (ii) The rental expense in respect of operating leases is ₹ 22.34 Crores (2009 - ₹ 22.85 Crores).
- (iii) 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:

	2010 ₹/Crores	2009 ₹/Crores
Gross Block	17.58	15.28
Accumulated Depreciation	7.41	5.21
Net Block	10.17	10.07
Depreciation Expense	2.20	1.84

d) Non-Cancelable Operating Leases

As Lessee:

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

	2010 ₹/Crores	2009 ₹/Crores
Not later than one year	1.91	1.62
Later than one year and not later than five years	1.82	2.98
Total	3.73	4.60

- (b) Minimum lease payments in respect of assets taken on lease recognised as an expense in the profit and loss account for the year ended June 30, 2010 are ₹ 1.93 Crores (2009 - ₹ 1.92 Crores).

20. Earnings per share (EPS)

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

Calculation of EPS:

Particulars	2010	2009
Profit after tax (₹/Crores)	261.55	260.44
Weighted average number of shares considered as outstanding in computation of Basic EPS	203,412,268	171,180,498
Add: Dilutive impact of stock options		
- Exercised	3,737	11,554
- Lapsed	15,319	4,521
- Issued for no consideration	217,649	-
Weighted average number of shares outstanding in computation of Diluted EPS	203,648,973	171,196,573
Basic EPS (of ₹ 2/- each)	₹ 12.86	₹ 15.21
Diluted EPS (of ₹ 2/- each)	₹ 12.84	₹ 15.21

Schedules

to the Balance Sheet & Profit and Loss Account

21. Segment Reporting

The Company recognises the following segments as its primary segments.

- The operations of Computer Systems and Other Related Products and Services consists of manufacturing of computer hardware systems, providing comprehensive Systems Integration, Roll out and Infrastructure management solutions in different Industry verticals, providing IT services including maintenance & facility management and ICT training.
- The businesses of Telecommunication and Office Automation comprise of distribution of telecommunication and other digital lifestyle products, office automation products and related comprehensive maintenance and allied services.

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

Segment wise performance for the year ended June 30, 2010

₹/ Crores

Primary Segments	Computer Systems and Other Related Products and Services	Telecommunication and Office Automation	Inter-segment Elimination	Total
(i) Revenue				
External Revenue	3569.25 (3486.58)	8492.53 (8850.23)		12061.78 (12336.81)
Intersegment Revenue	52.15 (53.44)	23.83 (21.98)	-75.98 (-75.42)	
Total Gross Revenue	3621.40 (3540.02)	8516.36 (8872.21)	-75.98 (-75.42)	12061.78 (12336.81)
Less: Excise Duty	108.77 (126.08)	-	-	108.77 (126.08)
Total Net Revenue	3512.63 (3413.94)	8516.36 (8872.21)	-75.98 (-75.42)	11953.01 12210.73
(ii) Results	188.54 (177.27)	225.63 (250.81)		414.17 (428.08)
Less: Unallocable Expenditure				40.54 (24.43)
Operating Profit				373.63 (403.65)
Add: Other Income (Excluding Operational Income)				32.46 (14.87)
Less: Finance Charges				37.44 (44.66)
Profit Before Tax				368.65 (373.86)
Less: Tax Expense				
- Current Tax				111.96 (122.77)
- Deferred Tax				(4.86) (-10.80)
- Fringe Benefit Tax				- (1.45)
Profit After Tax				261.55 (260.44)
(iii) Segment Assets	2601.50 (2109.32)	1004.36 (857.49)		3605.86 (2966.81)
Unallocated Corporate Assets				
a) Liquid Assets				855.74 (264.04)

Schedules to the Balance Sheet & Profit and Loss Account

Primary Segments	Computer Systems and Other Related Products and Services	Telecommunication and Office Automation	Inter-segment Elimination	Total
b) Others				263.46 (89.14)
c) Deferred Tax Asset				8.94 (4.08)
Total Assets				4734.00 (324.07)
(iv) Segment Liabilities	1388.95 (1233.72)	800.59 (669.46)		2189.54 (1903.18)
Unallocated Corporate Liabilities				
a) Current Liabilities				112.28 (61.68)
b) Loan Funds				509.93 (226.85)
Total Liabilities				2811.75 (2191.71)
(v) Capital Expenditure	32.85 (17.63)	5.81 (4.56)		38.66 (22.19)
(vi) Depreciation	16.12 (12.31)	4.22 (4.06)		20.34 (16.37)
(vii) Other Non Cash Expenses	24.75 (45.45)	3.14 (16.60)		27.89 (62.05)

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

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

(a) Defined Contribution Plans

- (i) Provident Fund
- (ii) Superannuation Fund

During the year, the Company has recognised the following amounts in the profit and loss account:

	2010 ₹/Crores	2009 ₹/Crores
Employers Contribution to Provident Fund*	4.58	3.89
Employers Contribution to Superannuation Fund*	1.23	1.14

(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 profit and loss account:

	2010 ₹/Crores	2009 ₹/Crores
Employers contribution to Employee State Insurance*	2.78	2.45
Employers contribution to Employee's Pension Scheme 1995*	5.26	4.45

* Included in Contribution to Provident and Other Funds under Personnel Cost (Refer Schedule-16).

Schedules to the Balance Sheet & Profit and Loss Account

(c) Defined Benefit

(i) Gratuity

(ii) Leave Encashment/Compensated Absence

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

	Employees Gratuity Fund		Leave Encashment/Compensated Absence	
	2010	2009	2010	2009
Discount rate (per annum)	7.80% to 8.00%	7.00%	7.80% to 8.00%	7.00%
Rate of increase in compensation levels	5.00% to 7.00%	7.00%	5.00% to 7.00%	7.00%
Rate of return on plan assets	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Expected average remaining working lives of employees (years)	22.30 to 25.39	25.47	22.30 to 25.39	25.47

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

	2010		2009	
	Gratuity	Leave Encashment/Compensated Absence	Gratuity	Leave Encashment/Compensated Absence
Reconciliation of opening and closing balances of the present value of the defined benefit obligation:				
Present value of obligation at the beginning of the year	14.90	9.39	12.20	7.92
Current service cost	1.67	1.85	1.75	1.92
Past service cost	1.38	-	-	-
Interest cost	1.15	0.64	0.85	0.54
Actuarial (gain)/loss	(1.32)	(0.06)	0.79	(0.71)
Benefits (paid)	(0.80)	(1.38)	(0.69)	(0.28)
Present value of obligation at the end of the year	16.98	10.44	14.90	9.39

	2010		2009	
	Gratuity	Leave Encashment/Compensated Absence	Gratuity	Leave Encashment/Compensated Absence
Cost recognised for the year (included under Salaries, Wages, Allowances, Bonus and Gratuity)				
Current service cost	1.67	1.85	1.75	1.92
Past service Cost	1.38	-	-	-
Interest cost	1.15	0.64	0.85	0.54
Actuarial (gain)/loss	(1.32)	(0.06)	0.79	(0.71)
Net cost recognised for the year*	2.88	2.43	3.39	1.75

* Included in Salaries, Wages, Allowances, Bonus and Gratuity under Personnel Cost (Refer Schedule -16).

Schedules to the Balance Sheet & Profit and Loss Account

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

	Gratuity			
	2010	2009	2008	2007
Present value of the obligation as at the end of the year	16.98	14.90	12.20	10.76
Fair value of plan assets at the end of the year	-	-	-	-
Assets/(Liabilities) recognised in the Balance Sheet	(16.98)	(14.90)	(12.20)	(10.76)

	Leave Encashment/Compensated Absence			
	2010	2009	2008	2007
Present value of the obligation as at the end of the year	10.44	9.39	7.92	6.76
Fair value of plan assets at the end of the year	-	-	-	-
Assets/(Liabilities) recognised in the Balance Sheet	(10.44)	(9.39)	(7.92)	(6.76)

This is fourth year of adoption of Accounting Standard AS-15 (revised), therefore four years figures have been disclosed as required by para 120 (n) of AS-15 (Revised).

23. The Scheme of Amalgamation ("Scheme") for merging the wholly owned subsidiary Natural Technologies Private Limited (NTPL) with the Company under sections 391 to 394 of the Companies Act, 1956 sanctioned by Hon'ble High Courts of Delhi and Rajasthan vide their respective orders dated August 11, 2008 and May 29, 2009 has come into effect on July 6, 2009 from the appointed date of July 1, 2008. On the scheme becoming effective NTPL stands dissolved without winding up in the previous year.

Pursuant to the Scheme:

The amalgamation of erstwhile NTPL with the Company was accounted for under the 'pooling of interest method' in the manner specified in the Scheme and complies with the Accounting Standard notified u/s 211(3C) of the Companies Act, 1956 and the following balances as at July 1, 2008 of erstwhile NTPL was adjusted with the profit and loss account forming part of reserves of the Company:

Assets		₹/Crores
Fixed assets (Including Capital Work-In-Progress ₹ 0.80 Crores)		4.09
Deferred Tax Assets		0.13
Sundry Debtors		3.34
Cash & Bank Balance		0.78
Other Current Assets		2.19
Loans & Advances		0.03
Total		10.56
Liabilities		
Current Liabilities and Provisions		3.68
Secured Loan		1.52
Unsecured Loan		1.34
Total		6.54
Net assets acquired on amalgamation (a)		4.02
Transfer of balances of Amalgamated Company		
Securities Premium Account		0.45
Profit and Loss		0.55
Revaluation Reserve		2.54
Total Reserves and Surplus (b)		3.54
Less:		
Adjustment for cancellation of Company's investment in Transferor Company (c)		8.41
Shortfall arising on Amalgamation (a) – (b) – (c) = (d)		(7.93)
Adjusted with:		
- Revaluation Reserve		5.70
- Profit and Loss Account		2.23
Total		7.93

Schedules to the Balance Sheet & Profit and Loss Account

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

- On receipt of 25% subscription money, allotted 2,10,59,515 warrants priced at ₹ 152.90 per warrant to certain promoters on a preferential basis on October 7, 2009. Subsequently, 1,64,38,848 warrants have been converted into equal number of equity shares of ₹ 2 each on October 29, 2009 on receipt of the balance 75% subscription money.
- Raised ₹ 472.67 Crores by allotment of 3,05,55,713 equity shares of ₹ 2/- each at a price of ₹ 154.69 per equity share including a premium of ₹ 152.69 through Qualified Institutions Placement on October 21, 2009.

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

Particulars	As on June 30, 2010 (₹/Crores)
Gross Proceeds	
- Preferential Issue	269.01
- Qualified Institutions Placement	472.67
Less: Share Expenses incurred adjusted with Securities Premium account	(14.51)
Net Proceeds	727.17
Utilisation towards	
- Capital expenditure including acquisition [Refer Note 25 (b)]	56.50
- Other Acquisition	1.40
Total Utilisation	57.90
Unutilised	
Currently held in Unquoted (Others)	
Current Investments	669.27
Total Unutilised	669.27

25. (a) During the year on December 17, 2009, a wholly-owned subsidiary was incorporated in Singapore with the name of HCL Insys Pte. Limited. HCL Insys Pte. Limited is engaged in the business of IT and related activities including manufacturing and trading of laptops, desktops and other related IT products.

(b) During the year, the Company has acquired the entire equity share capital of RMA Software Park Private Limited (RMAS) for a consideration of ₹ 38.84 Crores. On acquisition, RMAS has become the wholly-owned subsidiary of the Company.

(c) Subsequent to the year end, the Company through its wholly owned subsidiary, HCL Insys Pte. Limited, Singapore has on July 4, 2010 acquired a majority equity stake (60%) in HCL Infosystems MEA FZCO (Formerly known as NTS FZCO), which is a Dubai based IT Infrastructure solutions provider for a consideration of US \$ 6.45 million.

Schedules to the Balance Sheet & Profit and Loss Account

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

Sl. No.	Name of the Statute	Nature of the dues	Amount (₹/crores)	Amount Deposited (₹/crores)	Period to which the amount relates	Forum where dispute is pending
1.1	Uttar Pradesh Trade Tax Act, 1948**	Sales Tax (including interest)*	1.19	0.13	2002-2003	Commercial Tax Tribunal, Noida
1.2		Sales Tax (including Penalty)*	0.07	0.07	2002-2003	High Court, Allahabad
1.3		Sales Tax (including interest)*	0.70	0.36	2003-2004	Commercial Tax Tribunal, Noida
1.4		Sales Tax (including interest)*	2.42	0.61	2004-2005	Joint Commissioner (Appeals) of Commercial Tax, Noida
1.5		Sales Tax (including interest)*	3.45	0.80	2005-2006	Joint Commissioner (Appeals) of Commercial Tax, Noida
1.6		Sales Tax (including interest)*	2.48	0.34	2006-2007	Additional Commissioner (Appeals) of Commercial Tax, Noida
1.7		Sales Tax (including interest)*	4.49	0.95	2006-2007	Joint Commissioner (Appeals) of Commercial Tax, Noida
1.8		Sales Tax (including interest)*	6.94	0.50	2007-2008	Additional Commissioner (Appeals) of Commercial Tax, Noida
1.9		Sales Tax (including Penalty)*	0.12	0.20	2007-2008	Joint Commissioner (Appeals) of Commercial Tax, Noida
1.10	Uttar Pradesh Value Added Tax Act, 2008**	Commercial Tax (including Penalty)*	0.12	0.18	2008-2009	Joint Commissioner (Appeals) of Commercial Tax, Noida
1.11		Commercial Tax (including Penalty)*	0.16	0.09	2009-2010	Joint Commissioner (Appeals) of Commercial Tax, Noida
2.1	Delhi Sales Tax Act, 1975**	Sales Tax*	-	0.00	1999-2000	Assistant Commissioner of Sales Tax, Delhi
2.2		Sales Tax*	0.00	-	2001-2002	Assistant Commissioner of Sales Tax, Delhi
2.3		Sales Tax*	0.04	0.00	2003-2004	Joint Commissioner (Appeals) of Sales Tax, Delhi
2.4		Sales Tax*	0.17	-	2003-2004	Deputy Commissioner (Appeals) of Sales Tax, Delhi
2.5		Sales Tax*	0.05	0.01	2004-2005	Joint Commissioner (Appeals) of Sales Tax, Delhi
2.6	Delhi Value Added Tax Act, 2004**	Trade Tax*	0.17	-	2005-2006	Additional Commissioner of Sales Tax, Delhi
2.7		Trade Tax*	1.55	-	2006-2007	Deputy Commissioner (Appeals) of Sales Tax, Delhi
3.1	Tamil Nadu General Sales Tax Act, 1959**	Sales Tax*	0.04	0.10	1998-1999; 1999-2000	Tribunal Commercial Tax, Chennai
3.2		Sales Tax*	0.44	0.10	2002-2003	Assistant Appellate Commissioner, Chennai
3.3		Sales Tax*	0.07	0.07	2003-2004	Assistant Appellate Commissioner, Chennai
3.4		Sales Tax*	0.13	-	2004-2005	Commercial Tax Officer, Chennai
4.1	West Bangal Sales Tax Act, 1994**	Sales Tax*	0.00	-	2000-2001	Joint Commissioner (Appeals) of Sales Tax, Kolkata
4.2		Sales Tax*	0.02	-	2005-2006	Joint Commissioner (Appeals) of Sales Tax, Kolkata
4.3		Sales Tax*	0.06	-	2006-2007	Joint Commissioner (Appeals) of Sales Tax, Kolkata
5.1	Assam General Sales Tax Act, 1993**	Sales Tax*	0.01	-	2001-2002	Superintendent, Sales Tax, Guwahati
5.2		Sales Tax*	0.03	-	2002-2003	Superintendent, Sales Tax, Guwahati
5.3		Sales Tax*	0.02	0.01	2003-2004	Superintendent, Sales Tax, Guwahati
6.1	Rajasthan Sales Tax Act, 1994**	Sales Tax*	0.02	0.01	1998-1999; 2000-2001; 2001-2002; 2003-2004	Deputy Commissioner (Appeals) of Sales Tax, Jaipur
6.2		Sales Tax*	0.02	-	2004-2005; 2005-2006	Deputy Commissioner (Appeals) of Sales Tax, Jaipur
6.3		Commercial Tax*	0.18	-	2006-2007; 2007-2008	Deputy Commissioner (Appeals) of Commercial Tax, Jaipur
7.1	Kerala General Sales Tax Act, 1963**	Sales Tax*	0.27	0.15	2001-2002	Tribunals of Sales Tax, Kochi
7.2		Sales Tax*	0.63	-	2002-2003; 2003-2004; 2004-2005	Deputy Commissioner (Appeals) of Sales Tax, Kochi
7.3		Sales Tax (including Penalty)*	0.16	0.05	2008-2009; 2009-2010	Check post authorities, Kerala

Schedules to the Balance Sheet & Profit and Loss Account

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
8.1	Maharashtra Sales Tax Act, 1969**	Sales Tax*	0.01	0.01	2003-2004	Deputy Commissioner (Appeals) of Sales Tax, Mumbai
9.1	Himachal Pradesh Value Added Tax Act, 2005**	Sales Tax (Including Penalty)*	0.08	0.08	2006-2007	Assistant Commissioner of Sales Tax, Shimla
10.1	Karnataka Value Added Tax Act, 2003**	Sales Tax*	0.47	-	2006-2007	Assessing Officer, Bangaluru
11.1	Andhra Pradesh Value Added Tax Act, 2005**	Sales Tax*	0.25	0.02	2005-2006; 2006-2007	Commissioner Appeals, Hyderabad
11.2		Sales Tax*	0.00	0.10	2007-2008	Commissioner Appeals, Hyderabad
12.1	Punjab General Sales Tax Act, 1948**	Sales Tax (including Penalty)*	0.06	-	2004-2005	High Court Chandigarh and Punjab
12.2	Punjab Value Added Tax Act, 2005**	Sales Tax (including Penalty)*	0.44	0.45	2007-2008	Assistant Commissioner, Mohali
12.3		Sales Tax (including Penalty)*	-	0.05	2008-2009	Assistant Commissioner, Mohali
13.1	Jammu & Kashmir Value Added Tax Act, 2005**	Sales Tax (including Penalty)*	2.75	0.08	2007-2008; 2008-2009	Deputy Commissioner Appeals, Jammu
14.1	Uttarakhand Value Added Tax Act, 2005**	Sales Tax (including Penalty)*	0.70	1.12	2007-2008; 2008-2009	Joint Commissioner Commercial Tax, Dehradun
	Sub Total (a)		30.98	6.64*		
1.1	Central Excise Act, 1944	Excise Duty (Including Penalty)	0.95	-	2002-2003; 2003-2004	CESTAT, Chennai
1.2		Excise Duty (Including Penalty)	0.01	-	August 2006; November 2006; December 2006	Commissioner (Appeals), Chennai
1.3		Excise Duty (Including Penalty)	0.25	0.15	March 2006	CESTAT, Chennai
1.4		Excise Duty (Including Penalty)	1.08	0.10	March 2006	CESTAT, Chennai
1.5		Excise Duty	0.08	-	July 2006 to December 2006	Commissioner (Appeals), Chennai
1.6		Excise Duty (Including Penalty)	0.01	-	Balance as on March 1, 2006	Commissioner (Appeals), Chennai
1.7		Excise Duty (Including Penalty)	0.02	-	March 2006 to September 2006	Commissioner (Appeals), Chennai
1.8		Excise Duty (Including Penalty)	0.05	-	Balance as on March 1, 2006	Commissioner (Appeals), Chennai
1.9		Excise Duty	0.04	-	January 2007 to March 2007	Commissioner (Appeals), Chennai
1.10		Excise Duty	0.04	-	April 2007 to July 2007	Commissioner (Appeals), Chennai
1.11		Excise Duty	0.00	-	October 2006 to December 2006	Commissioner (Appeals), Chennai
1.12		Excise Duty (Including Penalty)	0.00	-	August 2007 to January 2008	Commissioner (Appeals), Chennai
1.13		Excise Duty (Including Penalty)	0.04	-	April 2008 to December 2008	Commissioner (Appeals), Chennai
1.14		Excise Duty (Including Penalty)	3.24	0.60	1980-1981; 1981-1982; 1982-1983; 1983-1984	CESTAT, Delhi
1.15		Excise Duty (Including Penalty)	1.03	-	July 2003 to September 2005	CESTAT, Chennai
1.16		Excise Duty (Including Penalty)	1.63	-	July 2003 to March 2006	CESTAT, Chennai
1.17		Excise Duty (Including Penalty)	0.03	-	2009-2010	Commissioner (Appeals), Chennai
1.18		Excise Duty (Including Penalty)	1.14	-	January 2006 to September 2006	CESTAT, Chennai
1.19		Excise Duty (Including Penalty)	0.44	-	October 2006 to June 2007	Commissioner (Appeals), Chennai
1.20		Excise Duty (Including Penalty)	0.34	-	September 2005 to September 2006	Commissioner (Appeals), Chennai
1.21		Excise Duty (Including Penalty)	0.34	-	September 2005 to September 2006	Commissioner (Appeals), Chennai
1.22		Excise Duty (Including Penalty)	0.13	-	January 2007 to June 2007	Commissioner (Appeals), Chennai
1.23		Excise Duty (Including Penalty)	0.02	-	July 2008	Commissioner (Appeals), Mumbai
	Sub Total (b)#		10.91	0.85		

Schedules to the Balance Sheet & Profit and Loss Account

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	Income Tax Act, 1961	Income Tax(Representative Assessee)	0.37	-	1989-1990	High Court, Delhi
1.2		Income Tax(Representative Assessee)	0.16	0.16	1990-1991	High Court, Delhi
1.3		Income Tax(Regular Assessment of erstwhile HCL Infinet Limited)	0.87	-	2005-2006	Commissioner (Appeals), Delhi
1.4		Income Tax(Regular Assessment of erstwhile HCL Infinet Limited)	1.54	-	2006-2007	Commissioner (Appeals), Delhi
	Sub Total (c)		2.94	0.16		
	Total (a) + (b) + (c)		44.83	7.65		

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

27. Disclosure of related parties and related party transactions:

a) Company having substantial interest:

HCL Corporation Limited due to substantial interest in the voting power

b) List of parties where control exists/existed:

Wholly owned Subsidiaries:

- HCL Infinet Limited
- HCL Infocom Limited
- HCL Security Limited
- RMA Software Park Private Limited (Refer Note 25)
- HCL Insys Pte. Limited (Refer Note 25)

c) 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
- Erstwhile HCL Peripherals Limited (Merged with HCL Corporation Limited w.e.f. March 12, 2010)
- HCL BPO Services (NI) Limited
- HCL America Inc.
- HCL EAI Services Limited

Others (where significant influence exists):

- SSN College of Engineering
- SSN Trust (Formerly known as Shri Sivasubramaniya Nadar Educational and Charitable Trust)

d) Key Management Personnel

- Mr. Ajai Chowdhry
- Mr. J.V. Ramamurthy
- Mr. Sandeep Kanwar

Schedules to the Balance Sheet & Profit and Loss Account

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	Company having substantial interest		Subsidiaries		Others		Key Management Personnel		Total	
	Jun-10	Jun-09	Jun-10	Jun-09	Jun-10	Jun-09	Jun-10	Jun-09	Jun-10	Jun-09
Sales and Related Income*	(0.81)	2.27	3.27	2.60	83.28	99.28			85.74	104.15
- HCL Technologies Limited					67.34	94.16				
- HCL Comnet Systems and Services Limited					11.37	3.09				
- HCL Infinet Limited			1.52	2.16						
Services	0.01	0.40	0.66	0.91	6.41	8.87			7.08	10.18
- HCL Technologies Limited					4.82	2.21				
- HCL BPO Services (NI) Limited					0.77	0.62				
Other Income					1.11	1.23			1.11	1.23
- HCL Technologies Limited					1.11	1.23				
Purchase of Goods			34.08	4.50					34.08	4.50
- HCL Security Limited			34.06	4.50						
Purchase of Services			2.83	2.53	2.81	8.54			5.64	11.07
- HCL Infinet Limited			2.83	2.43						
- HCL Technologies Limited					2.51	7.32				
Purchase of Investment			41.41	14.33					41.41	14.33
- HCL Security Limited				4.00						
- HCL Infinet Limited				10.00						
- RMA Software Park Private Limited			40.74	-						
Loans and Advances Given			36.71	2.76					36.71	2.76
- HCL Infinet Limited			11.00	1.02						
- HCL Security Limited			10.00	1.66						
- RMA Software Park Private Limited			15.71	-						
Assets Purchased			0.14	-	4.79	-			4.93	-
- HCL Technologies Limited					4.79	-				
Remuneration							6.26	5.20	6.26	5.20
- Mr. Ajai Chowdhry							3.70	3.21		
- Mr. J V Ramamurthy							1.43	1.06		
- Mr. Sandeep Kanwar							1.13	0.93		
Reimbursements towards expenditure										
a) Received	0.06	0.05	0.72	0.49	0.06	0.06			0.84	0.60
- HCL Infinet Limited			0.72	0.49						
b) Made	0.07	0.06	0.02	0.02	1.81	0.81			1.90	0.89
- HCL Technologies Limited					1.12	0.70				
B. Amount due to/from related parties										
Investment			57.46	16.06					57.46	16.06
Accounts Receivables	0.03	0.89	1.46	0.75	65.81	38.87			67.30	40.51
Other Recoverables			39.83	2.76	0.42	0.47			40.25	3.23
Creditors			13.89	2.21	2.24	2.08			16.13	4.29
Other Payables	-	0.03			0.41	0.56			0.41	0.59

* Net of Sales Returns.

Schedules to the Balance Sheet & Profit and Loss Account

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

Disclosure of amounts at the year end and the maximum amount of loans/advances/investments outstanding during the year ended June 30, 2010

		2010			2009
		₹/Crores			₹/Crores
A. Loans and Advances in the nature of Loans to Subsidiary					
a.	Name	RMA Software Park Private Limited	HCL Infocom Limited	HCL Security Limited	HCL Infinet Limited
b.	Balance outstanding at the year end	15.71	0.01	10.00	11.00
c.	Maximum amount outstanding during the year ended June 30, 2010	15.71	0.01	10.00	11.00
B. Loans and Advances in the nature of loans to Fellow Subsidiaries					
a.	Name				-
b.	Balance outstanding at the year end				Nil
c.	Maximum amount outstanding during the year ended June 30, 2010				Nil
C. Loans and Advances in the nature of Loans where there is no repayment schedule					
a.	Name				-
b.	Balance outstanding at the year end				Nil
c.	Maximum amount outstanding during the year ended June 30, 2010				Nil
D. Loans and Advances in the nature of loans where no interest or interest below Section 372A of Companies Act, 1956 is charged					
a.	Name	RMA Software Park Private Limited	HCL Infocom Limited	HCL Security Limited	HCL Infinet Limited
b.	Balance outstanding at the year end	15.71	0.01	10.00	11.00
c.	Maximum amount outstanding during the year ended June 30, 2010	15.71	0.01	10.00	11.00
Loans given to employees under various schemes of the Company have been considered to be out of purview of disclosure requirement.					
E. Loans and Advances in the nature of loans to firms/companies in which directors are interested					Nil
F. Disclosure of Investment in the Company's own shares					Nil
a.	Name of the Loanee				-
b.	Balance outstanding at the year end				Nil
c.	Maximum amount outstanding during the year ended June 30, 2010				Nil
d.	Investments made by the Loanee				Nil
e.	Maximum amount of Investment during the year ended June 30, 2010				Nil

29. Pursuant to notification u/s 211(3C) of the Companies Act, 1956 issued by the Ministry of Corporate Affairs on March 31, 2009, 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 useful life of the item. Accordingly, the profit before tax for the year ended June 30, 2010 is higher by ₹ 1.99 Crores (2009 - Profit before tax lower by ₹ 0.12 Crores) on account of above mentioned exchange difference, which will be amortised in future period(s) but not beyond March 31, 2011.

30. a) An amount of ₹ 0.01 Crores (2009 - ₹ 0.23 Crores), being profit on sale of fixed assets has been adjusted against the loss on sale of fixed assets.
- b) The profit/(loss) on account of foreign exchange fluctuations and on disposal of current investments are disclosed after deducting or adding related loss or profit, as the case may be, on similar transactions.
- c) Advertisement, Publicity and Entertainment expenses, wherever on sharing basis, are shown at amounts borne by the Company.

Schedules to the Balance Sheet & Profit and Loss Account

31. Derivative Instruments outstanding at the Balance Sheet date:

The Company has following outstanding forward contracts to buy foreign currency as at June 30, 2010:

Currency	Foreign Currency Value / Crores		Average Rate		Maximum Maturity Period	
	2010	2009	2010	2009	2010	2009
USD	\$4.96	\$9.57	46.41	49.61	10 Months	5 Months
JPY	-	¥2.66	-	50.31*	-	1 Month

*Average rate of JPY/INR is for 100 Yen.

The above forward contracts have been undertaken to hedge the foreign currency exposures on Import/Royalty payables as at June 30, 2010.

As on June 30, 2010, the foreign currency exposure that is not hedged by a derivative instrument or otherwise is ₹ 405.78 Crores (2009 - ₹ 188.88 Crores).

32. Amount due from companies under the same management under section 370(IB) of the Companies Act, 1956:

Debtors	2010 ₹/Crores	2009 ₹/Crores
HCL Technologies Limited	55.54	35.82
HCL Comnet Limited	4.60	0.40
HCL Comnet Systems and Services Limited	2.58	0.21
HCL BPO Services (NI) Limited	2.19	0.61
HCL Corporation Limited	0.08	0.05
HCL America Inc.	0.45	1.10
Loans and Advances and Other Recoverables		
HCL Comnet Limited	-	0.05
HCL Corporation Limited	0.42	0.42

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

34. Previous year's figures have been regrouped/recasted, where necessary, to conform to current year's presentation.

For Price Waterhouse

Firm Registration Number-301112E
Chartered Accountants

ABHISHEK RARA

Partner
Membership Number F-77779

Place : Noida
Dated : August 27, 2010

For and on behalf of the Board of Directors

AJAI CHOWDHRY

Chief Executive Officer &
Chairman & Whole Time Director

SANDEEP KANWAR

Chief Financial Officer

J.V. RAMAMURTHY

Chief Operating Officer
& Whole Time Director

SUSHIL KUMAR JAIN

Company Secretary

Balance Sheet Abstract And Company's General Business Profile

Registration Details

Corporation Identity Number (CIN)

L 7 2 2 0 0 D L 1 9 8 6 P L C 0 2 3 9 5 5

State Code

5 5

Balance Sheet Date

3 0 0 6 2 0 1 0
D D M M Y Y Y Y

Capital Raised During the Year (Amount in ₹ Thousands)

Public Issue

N I L

Bonus Issue

N I L

Rights Issue

N I L

Private Placement

9 3 9 8 9[#]

Represents Capital raised by issue of equity shares on QIP and Preferential basis

Position of Mobilisation and Deployment of funds (Amount in ₹ Thousands)

Total Liabilities

2 4 3 2 1 8 9 2

Paid-up Capital

6 1 3 1 9 3^{*}

Secured Loans

1 5 2 0 2 1 6

Total Assets

2 4 3 2 1 8 9 2

Reserves and Surplus

1 8 6 0 9 4 1 2

Unsecured Loans

3 5 7 9 0 7 1

* Includes Share Warrant Application Money ₹ 176675 Thousand

Application of Funds

Net Fixed Assets

1 9 6 9 0 8 7

Net Current Assets

1 3 1 5 1 5 1 0

Accumulated Losses

N I L

Investments

9 1 1 1 8 6 9

Misc. Expenditure

N I L

Deferred Tax Assets

8 9 4 2 6

Performance of Company

Turnover

1 2 0 1 1 9 1 6 9

Profit/ Loss before Tax

+ 3 6 8 6 5 3 4

Earning Per Share in ₹

1 2 . 8 6

Total Expenditure

1 1 6 4 3 2 6 3 5

Profit/ Loss After Tax

+ 2 6 1 5 5 4 4

Dividend Rate (%)

3 7 5

(Please tick Appropriate box

+ for Profit, - for Loss)

Generic Name of Three Principal Products/ Services of Company (as per monetary terms.)

Item Code No. (ITC Code)

8 4 7 1

Product Description

C O M P U T E R S

Item Code No. (ITC Code)

8 5 1 7

Product Description

T E L E C O M M U N I C A T I O N P R O D U C T S

Item Code No. (ITC Code)

8 4 4 3

Product Description

O F F I C E A U T O M A T I O N P R O D U C T S

Auditors' Report on the Consolidated Financial Statements

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

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

1. We have audited the attached consolidated balance sheet of HCL Infosystems Limited (the "Company") and its subsidiaries and joint venture of a subsidiary, hereinafter referred to as the "Group" (refer Note 1 on Schedule 20 to the attached consolidated financial statements) as at June 30, 2010, the related consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of two subsidiaries and one joint venture of a subsidiary included in the consolidated financial statements, which constitute total assets of ₹ 77.14 Crores and net assets of ₹ 56.93 Crores as at June 30, 2010, total revenue of ₹ 21.40 Crores, net loss of ₹ 0.65 crores and net cash flows amounting to ₹ 4.97 crores for the year then ended. These financial statements and other financial information (other than for the subsidiary and joint venture of a subsidiary as stated in Para 4 below) have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.
4. Refer to Note 19 of Notes to Accounts (Schedule 21) to the attached consolidated financial statements regarding the subsidiary and joint venture of a subsidiary whose financial statements are unaudited, the impact of which is not likely to be material.
5. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements and Accounting Standard (AS) 27 - Financial Reporting of Interests in Joint Ventures notified under sub-section 3C of Section 211 of the Companies Act, 1956.
6. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to above, and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at June 30, 2010;
 - (b) in the case of the consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
 - (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Abhishek Rara
Partner
Membership Number: F-77779

Place: Noida

Date: August 27, 2010

Consolidated Balance Sheet as at June 30, 2010

	Schedule (Note No.)	As at 30.06.2010 ₹/Crores		As at 30.06.2009 ₹/Crores	
Sources of Funds:					
Shareholders' Funds:					
Capital	1		43.65		34.24
Share Warrant Application Money	21(13)		17.67		-
Reserves and Surplus	2		1831.35		1087.66
Loan Funds:					
Secured Loans	3		162.68		101.85
Unsecured Loans	4		357.91		125.00
			2413.26		1348.75
Application of Funds:					
Fixed Assets:					
Fixed Assets	5				
Gross Block			402.62		290.16
Less: Depreciation/Amortisation			142.61		122.21
Net Block			260.01		167.95
Capital Work-In-Progress (Including Capital Advances)			27.27		17.26
			287.28		185.21
Investments	6		853.73		260.04
Deferred Tax Assets (Net)	21 (5 b)		13.51		5.64
Current Assets, Loans and Advances:					
Inventories	7		839.57		889.09
Sundry Debtors	8		1967.31		1506.31
Cash and Bank Balances	9		300.19		210.07
Other Current Assets	10		252.51		104.68
Loans and Advances	11		254.99		201.44
			3614.57		2911.59
Less: Current Liabilities and Provisions					
Current Liabilities	12		2227.26		1935.40
Provisions			128.57		78.33
			2355.83		2013.73
Net Current Assets			1258.74		897.86
			2413.26		1348.75
Consolidated Significant Accounting Policies 20					
Consolidated Notes to Accounts 21					

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

For Price Waterhouse
Firm Registration Number-301112E
Chartered Accountants

ABHISHEK RARA
Partner
Membership Number F-77779

Place : Noida
Dated : August 27, 2010

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

For and on behalf of the Board of Directors

AJAI CHOWDHRY
Chief Executive Officer &
Chairman & Whole Time Director

SANDEEP KANWAR
Chief Financial Officer

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

SUSHIL KUMAR JAIN
Company Secretary

Consolidated Profit and Loss Account

for the year ended June 30, 2010

	Schedule (Note No.)	Year ended 2010 ₹/Crores		Year ended 2009 ₹/Crores	
Income					
Business Income	13	12158.59		12378.49	
Less: Excise Duty		108.77	12049.82	126.08	12252.41
Other Income	14		64.62		37.13
			12114.44		12289.54
Expenditure					
Cost of Goods and Services Sold	15		10941.89		11160.87
Personnel	16		391.24		338.23
Administration, Selling, Distribution and Others	17		350.33		359.42
Repairs	18		15.67		11.68
Finance Charges	19		39.21		44.66
License Fees			4.13		2.12
Depreciation and Amortisation	5	25.51		21.30	
Less: Transfer from Revaluation Reserve		-	25.51	0.05	21.25
			11767.98		11938.23
Profit before Tax			346.46		351.31
Tax Expense/(credit)	21 (5 b)				
- Current [Wealth tax ₹ 0.01 Crores (2009 - ₹ 0.02 Crores)]		111.95		122.17	
- Fringe Benefit		-		1.55	
- Deferred		(7.87)	104.08	(12.36)	111.36
Profit after Tax			242.38		239.95
Add: Balance in Profit and Loss Account brought forward			790.95		713.14
Adjustments due to scheme of arrangement ²¹ (15)			-		(1.91)
Profit available for appropriation			1033.33		951.18
Less: Appropriations:					
Debenture Redemption Reserve			4.00		4.00
Proposed Dividend			43.65		25.68
Corporate Dividend Tax on Proposed Dividend			7.25		4.36
Interim Dividend			127.08		85.59
[including ₹ Nil (2009 - ₹ Nil) paid for previous year]					
Corporate Dividend Tax on Interim Dividend			21.43		14.55
Transfer to General Reserve			26.16		26.05
Balance Carried to the Balance Sheet			803.76		790.95
			1033.33		951.18
Earning per equity share (in ₹)					
Basic (of ₹ 2/- each)	21 (9)		11.92		14.02
Diluted (of ₹ 2/- each)	21 (9)		11.90		14.02
Consolidated Significant Accounting Policies ²⁰					
Consolidated Notes to Accounts	21				

This is the Consolidated Profit & Loss Account referred to in our report of even date

The schedules referred to above form an integral part of the Consolidated Profit and Loss Account

For Price Waterhouse
Firm Registration Number-301112E
Chartered Accountants

For and on behalf of the Board of Directors

ABHISHEK RARA
Partner
Membership Number F-77779

AJAI CHOWDHRY
Chief Executive Officer &
Chairman & Whole Time Director

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

Place : Noida
Dated : August 27, 2010

SANDEEP KANWAR
Chief Financial Officer

SUSHIL KUMAR JAIN
Company Secretary

Consolidated Cash Flow Statement for the year ended June 30, 2010

	Year ended 2010 ₹/Crores		Year ended 2009 ₹/Crores	
1. Cash Flow from Operating Activities:				
Net profit before tax		346.46		351.31
Adjustments for:				
Depreciation and Amortisation	25.51		21.25	
Interest Expense	39.21		44.66	
Interest Income	(6.77)		(7.47)	
Dividend Income	(15.36)		(4.61)	
Loss on Sale of Fixed Assets	0.04		0.30	
Fixed Assets Written Off	0.08		0.12	
(Profit)/Loss on disposal of Current Investments	(10.55)		(0.93)	
Provision for Doubtful Debts and Bad Debts Written Off	24.38		26.00	
Provision for Doubtful Loans and Advances	0.39		5.49	
Provision for Other Current Assets	0.38		0.38	
Provisions/Liabilities no longer required Written Back	(4.00)		1.66	
Provision for Gratuity and Other Employee Benefits	3.59		4.58	
Diminution in the value of Current Investments	0.20		0.04	
Unrealised Foreign Exchange (Gain)/Loss	(5.82)		7.70	
Provision for Warranty Liability	(2.17)	49.11	1.37	100.54
Operating profit before working capital changes:		395.57		451.85
Adjustments for changes in working capital:				
- (Increase)/Decrease in Sundry Debtors	(487.00)		(282.15)	
- (Increase)/Decrease in Other Current Assets, Loans and Advances	(179.94)		(134.80)	
- (Increase)/Decrease in Inventories	49.52		9.45	
- Increase/(Decrease) in Current Liabilities	308.57	(308.85)	269.51	(137.99)
Cash generated from operations		86.72		313.86
- Taxes (Paid) / Received (Net of Tax Deducted at Source)		(42.21)		(65.05)
Net cash from operating activities (A)		44.51		248.81
2. Cash flow from Investing activities:				
Adjustments for changes in:				
Purchase of Fixed Assets	(120.43)		(36.99)	
Capital Work-In-Progress	(10.02)		2.27	
Proceeds from Sale of Fixed Assets	0.13		1.71	
Proceeds from Sale of Current Investments	7485.54		1990.83	
Lease Rental Recoverable	(66.51)		15.54	
Purchase of Current Investments	(8068.88)		(2034.37)	
Interest Received	5.00		7.59	
Dividend Received on (Others) Current Investment	15.36	(759.81)	4.61	(48.81)
Net cash from / (used in) investing activities (B)		(759.81)		(48.81)

Consolidated Cash Flow Statement

for the year ended June 30, 2010

	Year ended 2010 ₹/Crores		Year ended 2009 ₹/Crores	
3. Cash Flow from Financing Activities:				
Share Capital issued	9.41		0.01	
Share Warrants issued	17.67		-	
Share Premium Received (Net)	700.68		0.26	
Secured Loan				
Short term received/(paid)	58.95		(1.52)	
Long term received	-		103.59	
Long term paid	1.89		(1.74)	
Unsecured Loan				
Short term received/(paid)	168.73		(147.47)	
Long term received	64.18		-	
Long term paid	-		(81.45)	
Interest Paid	(37.60)		(40.90)	
Dividend Paid	(152.70)		(119.55)	
Dividend Tax Paid	(25.79)	805.42	(20.36)	(309.13)
Net cash from / (used in) financing activities (C)		805.42		(309.13)
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)		90.12		(109.13)
Opening Balance of Cash and Cash Equivalent		210.07		319.20
Closing Balance of Cash and Cash Equivalent		300.19		210.07
[Includes exchange rate fluctuation of ₹ 0.25 Crores (2009 - ₹ 1.04 Crores)]				
Cash and cash equivalents comprise		300.19		210.07
Cash, Cheques and Drafts (in hand)		80.65		52.62
Balance with Scheduled Banks in Current Accounts		208.43		140.95
Balance with Scheduled Banks in Deposits Accounts		1.75		8.49
Balance with Non-Scheduled Banks in Current Accounts		9.36		8.01

Notes:

- The above Consolidated 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.
- Cash and cash equivalents include the following balances with scheduled banks which are not available for use by the Company:

	Year ended 2010 ₹/Crores	Year ended 2009 ₹/Crores
Deposit Accounts	1.40	3.35
Unclaimed Dividend	3.29	3.22
Margin Money for Bank Guarantee	1.06	0.32

3 Schedule 1 to 21 form integral part of the Consolidated Cash Flow Statement

4 Figures in brackets indicate cash outgo.

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

For Price Waterhouse
Firm Registration Number-301112E
Chartered Accountants

ABHISHEK RARA
Partner
Membership Number F-77779

Place : Noida
Dated : August 27, 2010

For and on behalf of the Board of Directors

AJAI CHOWDHRY
Chief Executive Officer &
Chairman & Whole Time Director

SANDEEP KANWAR
Chief Financial Officer

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

SUSHIL KUMAR JAIN
Company Secretary

Schedules to the Consolidated Balance Sheet as at June 30, 2010

	As at 30.06.2010 ₹/Crores		As at 30.06.2009 ₹/Crores	
1. Capital [Schedule-21, Notes 6 and 13]				
Authorised:				
55,00,00,000 (2009 - 55,00,00,000) Equity shares of ₹ 2/- each		110.00		110.00
5,00,000 (2009 - 5,00,000) Preference Shares of ₹ 100/- each		5.00		5.00
		115.00		115.00
Issued, Subscribed and Paid up:				
21,82,58,502 (2009 - 17,12,12,031) Equity shares of ₹ 2/- each, fully paid up		43.65		34.24
Add: Shares Forfeited		0.00		0.00
[Represents ₹ 1,000 (2009 - ₹ 1,000)]		43.65		34.24

Notes:

- Paid up share capital includes:
 - 5,04,47,295 (2009 - 5,04,47,295) Equity Shares of ₹ 2/- each issued pursuant to contract without payment being received in cash.
 - 5,31,82,765 (2009 - 5,31,82,765) Equity Shares of ₹ 2/- each Bonus shares issued from Securities Premium Account.
 - 1,16,29,425 (2009 - 1,15,84,715) Equity Shares of ₹ 2/- each issued pursuant to the exercise of options granted under Employee Stock Option Scheme 2000.
 - 87,221 (2009 - 80,021) Equity Shares of ₹ 2/- each issued pursuant to the exercise of options granted under Employee Stock Based Compensation Plan 2005.
- Of the above subscribed shares 9,08,79,984 (2009 - 7,58,79,734) Equity Shares of ₹ 2/- each are held by HCL Corporation Limited.

2. Reserves and Surplus

[Schedule-21, Notes 6 and 13]

	As at 01.07.2009 ₹/Crores	Additions/ Adjustments ₹/Crores	Deductions/ Adjustments ₹/Crores	As at 30.06.2010 ₹/Crores
Capital Reserve [Represents ₹ 472,076 (2009 - ₹ 37,135)]	0.00 (-)	0.04 (-)	- (-)	0.04 (-)
Securities Premium Account	125.62 (124.91)	715.19 (0.80)	14.51 (0.09)	826.30 (125.62)
General Reserve	167.09 (141.04)	26.16 (26.05)	- (-)	193.25 (167.09)
Debenture Redemption Reserve	4.00 (-)	4.00 (4.00)	- (-)	8.00 (4.00)
Revaluation Reserve (Adj.)	- (2.87)	- (-)	- (2.87)	- (-)
Profit and Loss Account	790.95 (713.14)	12.81 (77.81)	- (-)	803.76 (790.95)
	1087.66 (981.96)	758.20 (108.66)	14.51 (2.96)	1831.35 (1087.66)

Notes:

- Addition to the Securities Premium Account is in respect of allotment of equity shares of ₹ 2/- each to employees of the Company and its subsidiaries under the Employee Stock Option Scheme 2000 and Employee Stock Based Compensation Plan 2005 is ₹ 0.57 Crores (2009 - ₹ 0.36 Crores).
- Deduction from the Securities Premium Account of ₹ Nil (2009 - ₹ 0.09 crores) is in respect of the amount paid towards Fringe benefit tax on exercise of options granted under Employee Stock Option Scheme 2000 and Employee Stock Based Compensation Plan 2005.
- Previous year's figures are given in brackets.

Schedules to the Consolidated Balance Sheet as at June 30, 2010

	As at 30.06.2010 ₹/Crores		As at 30.06.2009 ₹/Crores	
3. Secured Loans				
Short Term:				
- From Banks		30.00		-
- Cash Credits		24.99		-
Long Term:				
- Debentures		80.00		80.00
- Others		17.03		21.85
- Deferred Credit		10.66		-
		162.68		101.85

Notes:

- The Company issued 800 Rated Taxable Secured Redeemable Non-Convertible Debentures of face value of ₹ 10 lakhs each, aggregating to ₹ 80.00 Crores, at a coupon rate 12.75% per annum payable annually on private placement basis to Life Insurance Corporation of India on December 19, 2008. These Debentures are redeemable at par at the end of 5th year from the date of allotment, with a call option exercisable by the issuer, only at the end of 3 years from the date of allotment. Debentures are secured by way of first mortgage and charge on identified immovable and movable assets of the Company.
- Cash Credits along with non-fund based facilities from Banks are secured by way of hypothecation of stock-in-trade, book debts as first charge and by way of second charge on all the immovable and movable assets of the Company. The charge ranks pari-passu amongst Bankers.
- Term loan from others is secured by way of first charge on identified IT and Telecommunication assets.
- Amount payable within one year ₹ 7.40 Crores (2009 - ₹ 4.82 Crores).
- Short term loan from bank is secured by way of subservient charge on the current assets of the Company.
- Deferred Credit is towards payments for the land taken on leasehold basis from Greater Noida Development Authority. This is secured by way of charge on that land.

4. Unsecured Loans				
[Schedule - 21, Note 7]				
Short Term:				
From Banks				
- Commercial Paper		-		20.00
- Foreign Bank		15.00		-
From Others				
- Commercial Paper		265.00		105.00
Long Term:				
- Finance Lease Obligations		73.51		-
- Others (Interest - Free)		4.40		-
		357.91		125.00

Note:

- Amount payable within one year is ₹ 13.73 Crores (2009 - ₹ Nil).

Schedules to the Consolidated Balance Sheet as at June 30, 2010

5. Fixed Assets

[Schedule-21, Notes 1, 2 and 7 (c)]

Particulars	Gross Block			As at 30.06.2010	Depreciation/Amortisation			Net Block		
	As at 01.07.2009	Additions/ during the year	Deductions/ Retired during the year		As at 01.07.2009	Additions/ during the year	Deductions/ Retired during the year	As at 30.06.2010	As at 30.06.2010	As at 30.06.2009
Tangible:										
Land - Leasehold	12.93	64.72	-	77.65	0.77	0.43	-	1.20	76.45	12.16
Land - Freehold	25.67	0.04	-	25.71	-	-	-	-	25.71	25.67
Leasehold Premises	1.82	-	-	1.82	0.12	0.03	-	0.15	1.67	1.70
Buildings	83.21	5.31	-	88.52	15.39	2.04	-	17.43	71.09	67.82
Plant & Machinery, Air Conditioners, Networking Equipments and related Capital Spares	90.12	12.94	3.55	99.51	58.95	7.81	3.50	63.26	36.25	31.17
Furniture, Fixtures and Office Equipment	67.85	20.05	1.81	86.09	42.54	11.74	1.61	52.67	33.42	25.31
Vehicles	1.47	0.25	-	1.72	0.99	0.15	-	1.14	0.58	0.48
Intangible:										
Goodwill	0.08	1.25	-	1.33	-	0.26	-	0.26	1.07	0.08
Software	4.51	8.26	-	12.77	3.07	2.09	-	5.16	7.61	1.44
Exclusive Marketing Rights	-	5.00	-	5.00	-	0.83	-	0.83	4.17	-
License Fees	2.50	-	-	2.50	0.38	0.13	-	0.51	1.99	2.12
TOTAL	290.16	117.82	5.36	402.62	122.21	25.51	5.11	142.61	260.01	167.95
Previous Year	270.87	41.33	22.04	290.16	116.36	21.63	15.78	122.21		
Capital Work-In-Progress									27.27	17.26
[Including Capital Advances of ₹ 0.91 Crores (2009 - ₹ 0.87 Crores)]									287.28	185.21

Notes:

- Land-Freehold and Building at Ambattur amounting to ₹ 0.57 Crores (2009 - ₹ 0.57 Crores) are pending registration in the name of the Company.
- Software comprise cost of acquiring licences and implementation charges.

6. Investments

	As at 30.06.2010 Units	As at 30.06.2009 Units	Face Value ₹	As at 30.06.2010 ₹/Crores	As at 30.06.2009 ₹/Crores
Unquoted (Others): Current Dividend Options					
Birla Sunlife Savings Fund	40,065,127	-	10	40.10	-
Fortis Money Plus	65,126,484	-	10	65.15	-
HDFC Cash Management Fund	27,985,848	33,970,011	10	28.04	34.03
HDFC Cash management Fund - Treasury Advantage Plan	60,000,788	-	10	60.14	-
HSBC Ultra Short Term Bond Fund - Institutional Plus	-	17,901,873	10	-	18.00
ICICI Prudential Flexible Income Plan	4,768,984	2,569,145	100	50.29	27.08
ICICI Prudential Interval Fund II	50,000,000	-	10	50.00	-
IDFC Floating Rate Fund - Long Term Plan	-	17,986,279	10	-	18.02
IDFC Money Manager Fund - Institutional Plus	-	23,984,230	10	-	24.02
IDFC Money Manager Fund - Treasury Plan	103,491,246	-	10	103.77	-

Schedules

to the Consolidated Balance Sheet as at June 30, 2010

	As at 30.06.2010 Units	As at 30.06.2009 Units	Face Value ₹	As at 30.06.2010 ₹/Crores	As at 30.06.2009 ₹/Crores
Kotak Flexi Debt - Daily Dividend	-	14,948,452	10	-	15.02
Kotak Flexi Debt - Quarterly Dividend	-	19,762,322	10	-	20.13
Kotak Floater Long Term	24,807,740	-	10	25.00	-
Kotak Fixed Monthly Plan - Series-7	15,222,433	-	10	15.22	-
Kotak Fixed Monthly Plan - Series-8	57,034,499	-	10	57.04	-
Principal Cash Management Fund	-	38,790,521	10	-	39.00
Principal Floating Rate Fund FMP - Institutional Option - Weekly Dividend	40,052,645	-	10	40.06	-
Reliance Liquid Plus	-	200,214	1,000	-	20.06
Reliance Money Manager Fund Institutional Option - Weekly Dividend	-	179,924	10	-	18.02
Reliance Quarterly Interval Fund - Series I	51,453,932	-	10	51.47	-
Reliance Quarterly Interval Fund - Series III	50,018,633	-	10	50.03	-
Religare Ultra Short Term Fund - Super Institutional Plan	72,043,599	-	10	72.18	-
SBI-SHF Ultra Short Term Fund	24,854,212	-	10	25.06	-
Tata Floater Fund	46,676,947	26,444,252	10	47.06	26.66
Templeton India Ultra Short Bond Fund	42,661,829	-	10	43.08	-
UTI Treasury Advantage Fund institutional Weekly	299,112	-	1,000	30.04	-
				853.73	260.04

Note: Net asset value of Unquoted (Others) Current Investments in Mutual Funds as on June 30, 2010 is ₹ 854.44 Crores (2009 - ₹ 260.07 Crores).

	As at 30.06.2010 ₹/Crores	As at 30.06.2009 ₹/Crores
7. Inventories		
Raw materials and Components [Including in Transit ₹ 16.73 Crores (2009 - ₹ 13.15 Crores)]	166.80	89.25
Stores and Spares	77.15	66.64
Finished Goods [Including in Transit ₹ 106.95 Crores (2009 - ₹ 149.30 Crores)]	595.62	732.04
Work-In-Progress	-	1.16
	839.57	889.09

Schedules to the Consolidated Balance Sheet as at June 30, 2010

	As at 30.06.2010 ₹/Crores		As at 30.06.2009 ₹/Crores	
8. Sundry Debtors - Unsecured				
Debts outstanding for a period exceeding six months:				
- Considered Good	692.52		529.78	
- Considered Doubtful	28.25		20.35	
	720.77		550.13	
Other debts:				
- Considered Good	1274.79		976.53	
	1995.56		1526.66	
Less: Provision for Doubtful Debts	28.25		20.35	
		1967.31		1506.31
		1967.31		1506.31
9. Cash and Bank Balances				
Cash balance on hand		0.26		0.29
Cheques in hand		80.39		52.33
Balances with Scheduled Banks:				
- On Current Account	204.09		137.43	
Less :- Money held in Trust	0.01	204.08	0.02	137.41
- On Dividend Account		3.29		3.22
- On Margin Account		1.06		0.32
- On Fixed Deposits				
[Includes Escrow Account ₹ 1.40 Crores (2009 - ₹ 3.35 Crores)]	2.07		8.81	
Less :- Money held in Trust	0.32	1.75	0.32	8.49
Balances with Non-Scheduled Banks:				
- On Current Account				
Standard Chartered Bank, Singapore -USD	9.30		7.99	
- [Maximum amount outstanding during the year ₹ 18.08 Crores (2009 - ₹ 11.15 Crores)]				
Standard Chartered Bank, Singapore -SGD	0.06	9.36	0.02	8.01
- [Maximum amount outstanding during the year ₹ 0.54 Crores (2009 - ₹ 0.04 Crores)]				
		300.19		210.07

Notes:

- 1) Fixed Deposit includes ₹ Nil (2009 - ₹ 0.06 Crores) under lien as margin money on bank guarantee.
- 2) Balance with current accounts includes ₹ 0.25 Crores (2009 - ₹ 0.25 Crores) which represent 49% share in bank balance of Nokia HCL Mobile Internet Services Limited, a Joint Venture with Nokia Corporation, Finland.

10. Other Current Assets- Unsecured				
[Schedule - 21, Notes 3 (c), 7(a) and 7(b)]				
Considered Good				
Deposits		44.33		34.55
Lease Rental Recoverable		86.60		20.09
Unbilled Revenue		121.58		50.04
Deposits Considered Doubtful	0.38		0.38	
Less: Provision for Doubtful Deposits	0.38	-	0.38	-
		252.51		104.68

Schedules

to the Consolidated Balance Sheet as at June 30, 2010

	As at 30.06.2010 ₹/Crores		As at 30.06.2009 ₹/Crores	
11. Loans and Advances - Unsecured [Schedule - 21, Note 8]				
Considered Good				
-Amounts Recoverable in cash or in kind or for value to be received		197.78		169.76
-Balances with Customs, Port Trust, Excise and Sales Tax Authorities		57.21		31.68
Advances Recoverable in cash or in kind				
Considered Doubtful	0.39		5.49	
Less: Provision for Doubtful Loans and Advances	0.39	-	5.49	-
		254.99		201.44
12. Current Liabilities and Provisions [Schedule - 21, Notes 4, 5, 12 and 18]				
Current Liabilities:				
Acceptances		455.11		438.40
Sundry Creditors:				
- Due to Micro and Small Enterprises	1.01		1.76	
- Other than Micro and Small Enterprises	1432.55	1433.56	1199.92	1201.68
Sundry Deposits		3.00		4.15
Interest accrued but not due:				
- On Secured Loans		5.50		5.51
- On Unsecured Loans		0.56		-
Investor Education and Protection Fund:				
- Unclaimed Dividend *		3.29		3.22
Advances from Customers		87.81		36.94
Deferred Revenue		151.90		174.05
Other Liabilities		86.53		71.45
		2227.26		1935.40
Provisions:				
Proposed Dividend		43.65		25.68
Corporate Dividend Tax on Proposed Dividend For Income Tax		7.25		4.36
[Net of Advance Income Tax of ₹ 617.42 Crores (2009 - ₹ 513.50 Crores)]		42.61		19.00
For Warranty Liability		6.46		4.28
For Gratuity and other Employee Benefits		28.60		25.01
		128.57		78.33
		2355.83		2013.73

* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at June 30, 2010. These shall be credited and paid to the fund as and when due.

Schedules to the Consolidated Profit and Loss Account for the year ended June 30, 2010

	Year ended 30.06.2010 ₹/Crores		Year ended 30.06.2009 ₹/Crores	
13. Business Income				
Sales and Related Income		11436.37		11730.19
Services		722.22		648.30
		12158.59		12378.49
14. Other Income				
[Schedule-21, Notes 7 (a) and 17]				
Interest :				
- On Income Tax Refund		0.16		-
- On Lease Rental		3.11		4.63
- On Fixed Deposits (Gross)		0.20		1.08
[Tax deducted at source ₹ 0.05 Crores (2009 - ₹ 0.13 Crores)]				
- On Other Loans and Advances		0.01		0.01
- On Others		3.29		1.75
Dividend from (Others) Current Investments		15.36		4.61
Insurance Claims		0.10		0.27
Provisions/Liabilities no longer required written back		14.32		18.32
Profit on disposal of (Others) Current Investments		10.55		0.93
Profit on Foreign Exchange Fluctuation		11.89		-
Miscellaneous Income		5.63		5.53
		64.62		37.13
15. Cost of Goods and Services Sold				
Raw Materials and Components Consumed		1848.97		1860.34
Purchase of Traded Goods		8473.19		8928.35
Purchase of Services and Network Operating Cost		312.94		256.41
Stores and Spares Consumed		52.06		28.46
Power and Fuel		1.78		1.72
Labour and Processing Charges		10.78		10.93
Royalty		104.59		93.22
		10804.31		11179.43
Closing Stock				
- Finished Goods (Including in Transit)		595.52		732.04
[Including excise duty of ₹ 5.00 Crores (2009 - ₹ 3.97 Crores)]				
- Work-In-Progress		-		1.16
		595.62		733.20
Opening Stock				
- Finished Goods (Including in Transit)		732.04		712.96
[Including excise duty of ₹ 3.97 Crores (2009 - ₹ 3.15 Crores)]				
- Work-In-Progress		1.16		1.68
		733.20		714.64
(Increase)/Decrease in Stocks of Finished Goods and Work-In-Progress		137.58		(18.56)
		10941.89		11160.87

Schedules

to the Consolidated Profit and Loss Account for the year ended June 30, 2010

	Year ended 30.06.2010 ₹/Crores	Year ended 30.06.2009 ₹/Crores
16. Personnel		
[Schedule-21, Note 12]		
Salaries, Wages, Allowances, Bonus and Gratuity	364.80	317.23
Contribution to Provident and Other Funds	14.52	12.32
Staff Welfare Expenses	11.92	8.68
	391.24	338.23
17. Administration, Selling, Distribution and Others		
[Schedule-21, Notes 7(c), 16 and 17]		
Rent	27.38	26.62
Rates and Taxes	11.26	12.02
Printing and Stationery	4.45	3.99
Communication	8.13	8.79
Travelling and Conveyance	37.52	31.52
Packing, Freight and Forwarding	46.07	51.71
Legal and Professional	28.91	23.93
Training and Conference	5.11	4.53
Office Electricity and Water	11.84	10.90
Insurance	7.19	7.71
Advertisement, Publicity and Entertainment	77.31	57.31
Hire Charges	5.51	4.19
Commission on Sales	15.20	22.39
Bank Charges	13.73	10.56
Provision for Doubtful Debts	24.38	20.19
Provision for Doubtful Loans and Advances	0.39	5.49
Provision for Doubtful Other Current Assets	0.38	0.38
Loss on Sale of Fixed Assets	0.04	0.30
Fixed Assets Written Off	0.08	0.12
Loss on Foreign Exchange Fluctuation	-	26.35
Diminution in value of Current Investments	0.20	0.04
Miscellaneous	25.25	30.38
	350.33	359.42
18. Repairs		
Plant and Machinery	2.09	1.62
Buildings	2.92	1.40
Others	10.66	8.66
	15.67	11.68
19. Finance Charges		
Interest on:		
- Debentures	10.20	5.42
- Other Fixed Loans	14.99	22.80
- On Others	14.02	16.44
	39.21	44.66

Schedules to the Consolidated Balance Sheet & Profit and Loss Account

SCHEDULE 20 - CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

1. GROUP COMPANIES

HCL Infosystems Limited (The Company) has five wholly owned subsidiary companies and joint venture (JV) (The Group), as given in the following table:

Name of the Subsidiary/JV Company	Country of Incorporation	Extent of holding (%) as at June 30	
		2010	2009
HCL Infinet Limited	India	100	100
HCL Infocom Limited	India	100	100
HCL Security Limited	India	100	100
RMA Software Park Private Limited (Refer Note 14 on Schedule 21)	India	100	-
HCL Insys Pte. Limited (Refer Note 14 on Schedule 21)	Singapore	100	-
Nokia HCL Mobile Internet Services Limited (via HCL Infocom Limited)	India	49	49

2. BASIS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Group have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the accounting principles generally accepted in India and comply with the mandatory Accounting Standards notified under section 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.

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

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

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

3. FIXED ASSETS

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

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

Intangible Assets are stated at cost net of amortisation.

4. DEPRECIATION

(a) Depreciation has been calculated as under:

- i) Depreciation on fixed assets is provided on a prorata basis using the straight-line method based on economic useful life determined by way of periodical technical evaluation.

Schedules to the Consolidated Balance Sheet & Profit and Loss Account

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

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

* for HCL Infnit Limited the economic useful life is 9.67 years.

- ii) The assets taken on finance lease on or after April 1, 2001 are depreciated over their expected useful lives.
- (b) Leasehold land is amortised over a period of lease. Leasehold improvements are amortised on straight line basis over the period of three years or lease period whichever is lower.
- (c) Intangible assets other than Goodwill are amortised over their estimated useful life i.e. over a period of 1-5 years.
- (d) Goodwill arising on acquisition is amortised over a period of 3 years.
- (e) The one-time license fee capitalised is amortised equally over the balance period of license from the date of license.
- (f) Individual assets costing ₹ 5,000 or less are depreciated/ amortised fully in the year of acquisition.

5. INVESTMENTS

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

6. INVENTORIES

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

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

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

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

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

7. FOREIGN CURRENCY TRANSACTIONS

- a) Foreign currency transactions are recorded at the exchange rates prevailing at the date of transaction. Exchange differences arising on settlement of transactions, are recognised as income or expense in the year in which they arise.
- b) At the balance sheet date, all assets and liabilities denominated in foreign currency, are reported at the exchange rates prevailing at the balance sheet date and the resultant gain or loss is recognised in the profit and loss account.

Schedules to the Consolidated Balance Sheet & Profit and Loss Account

- c) Pursuant to notification under section 211(3C) of the Companies Act, 1956 issued by Ministry of Corporate Affairs on March 31, 2009 amending Accounting Standard - 11 (AS - 11) 'The Effects of Changes in Foreign Exchange Rates (revised 2003), exchange differences arising on translation of long term foreign currency monetary items having a term of 12 months or more are recognised as stated below:
- (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, 2011.
- d) In case of forward foreign exchange contracts where an underlying asset or liability exists at the balance sheet date, the difference between the forward rate and the exchange rate at the inception of the contract is recognised as income or expense over the life of the contract.
- e) In case of forward foreign exchange contracts taken for highly probable/forecast transactions, the net loss, if any, calculated on 'Mark to Market' principle as at the balance sheet date is recorded.
- f) Profit or loss arising on cancellation or renewal of a forward contract is recognised as income or expense in the year in which such cancellation or renewal is made.

8. EMPLOYEE BENEFITS

Defined Benefit:

Liability for gratuity and leave encashment is provided as determined on actuarial valuation made at the end of the year which is computed using projected unit credit method. Gains/losses arising out of actuarial valuation are recognised immediately in the profit and loss account as income/expense.

Defined Contribution:

Group's contributions towards recognised Provident Fund and Superannuation Fund are accounted for on accrual basis. The Company has an obligation to make good the shortfall, if any, between the return from the investment of the provident fund trust and the notified interest rate.

The Company makes defined contribution to a superannuation trust established for the purpose. The Company has no further obligations beyond its monthly contributions.

9. REVENUE RECOGNITION

- a) Sales, after adjusting trade discount, are inclusive of excise duty and the related revenue is recognised (after providing for expenses to be incurred connected to such sales) on transfer of all significant risks and rewards to the customer and when no significant uncertainty exists regarding realisation of the consideration.
- b) Composite contracts, outcome of which can be reliably estimated, where no significant uncertainty exists regarding realisation of the consideration, revenue is recognised in accordance with the percentage completion method, under which revenue is recognised on the basis of cost incurred as a proportion of total cost expected to be incurred. The foreseeable losses on the completion of contract, if any, are provided for immediately.
- c) Service income includes income:
- i) From maintenance of products and facilities under maintenance agreements and extended warranty, which is recognised upon creation of contractual obligations rateably over the period of contract, where no significant uncertainty exists regarding realisation of the consideration.
 - ii) From software services:
 - (a) The revenue from time and material contracts is recognised based on the time spent as per the terms of contracts.
 - (b) In case of fixed priced contracts revenue is recognised on percentage of completion basis. Foreseeable losses, if any, on contract completion are recognised immediately.

Schedules to the Consolidated Balance Sheet & Profit and Loss Account

- iii) Virtual private networks: Revenue is recognised on proportionate basis over the period of contract with the customer. One time charges recovered upfront from the customer are recognised as revenue at the commencement of service.
- iv) Technical help desk: The Group is engaged in providing technical and administrative help desk support to its various customers through the web. Revenue for the same has been recognised based on fulfilling obligations as contracted in the respective agreements.

10. GOVERNMENT GRANTS

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

11. LICENSE FEES - REVENUE SHARE

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

12. ROYALTY

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

13. LEASES

- a) Assets taken under leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalised at the inception of the lease at the lower of fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on outstanding liability for each period.
- b) Initial direct costs relating to the finance lease transactions are included as part of the amount capitalised as an asset under the lease.
- c) Assets taken on leases where significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the profit and loss account 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.

14. SEGMENT ACCOUNTING

The segment accounting policy is in accordance with the policies consistently used in the preparation of financial statements of the Group. The basis of reporting is as follows:

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

Schedules to the Consolidated Balance Sheet & Profit and Loss Account

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

- b) Unallocated expenses/income are enterprise expenses/income, which are not attributable or allocable to any of the business segment.
- c) Assets and liabilities which arise as a result of operating activities of the segment are recognised in that segment. Fixed assets which are exclusively used by the segment or allocated on a reasonable basis are also included.
- d) Unallocated assets and liabilities are those which are not attributable or allocable to any of the segments and includes liquid assets like investments, bank deposits and investments in assets given on finance lease.
- e) Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price which is at par with the prevailing market price.

15. BORROWING COSTS

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

16. INCOME TAXES

The current charge for income taxes is calculated in accordance with the relevant tax regulations in the jurisdiction where the Group conducts the business.

Deferred tax assets and liabilities are recognised for timing differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates that have been enacted or substantially enacted at the balance sheet date. Deferred tax asset is recognised and carried forward when it is reasonably certain that sufficient taxable profits will be available in future against which deferred tax assets can be realised except in case of carry forward tax losses or unabsorbed depreciation where deferred tax asset is recognised only when it is virtually certain that sufficient taxable profit will be available in future against which deferred tax assets can be realised.

17. PROVISIONS AND CONTINGENCIES

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

18. 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.

19. EMPLOYEE STOCK OPTION SCHEME

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

20. IMPAIRMENT OF ASSETS

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

Schedules

to the Consolidated Balance Sheet & Profit and Loss Account

SCHEDULE 21 - NOTES TO ACCOUNTS

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

	Date of Revaluation	₹/Crores
Land	June 30, 1992	4.44
Land	November 1, 2006	16.78
Leasehold Land	March 27, 2006 and August 13, 2007	2.53
Leasehold Premises	April 24, 2005	1.81
Buildings	June 30, 1992	6.44
Buildings	November 1, 2006	0.25
Plant and Machinery	June 30, 1992	(1.01)
Total		31.24
Less: Goodwill		5.70
Transferred to Revaluation Reserve		25.54
Less:		
- Expenditure incurred on acquisition of business in 1992		0.86
- Loss on sale of Land		0.15
- Depreciation and Amortisation		0.33
- Cancellation on consolidation of HCL Infinet Limited		1.81
- Adjusted on amalgamation of Subsidiaries		22.39
Balance as at June 30, 2010		-

2. Estimated value of contracts on capital account, excluding capital advances, remaining to be executed and not provided for amount to ₹ 7.97 Crores (2009 - ₹ 2.48 Crores)

3. Contingent Liabilities:

- a) Claims against the Company not acknowledged as debts:

	2010 ₹/Crores	2009 ₹/Crores
Sales Tax*	31.00	21.21
Excise*	10.91	10.86
Income Tax*	2.94	2.94
Industrial Disputes, Civil Suits and Consumer Disputes	8.95	10.14

* Includes sum of ₹ 7.67 Crores (2009 - ₹ 5.29 Crores) deposited by the Group against above.

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

- b) (i) Corporate Guarantee of ₹ 32.77 Crores (2009 - ₹ Nil) was given to a Bank by the Company for working capital facilities sanctioned to a 100% subsidiary, HCL Insys Pte. Limited, Singapore against which the total amount utilised as at June 30, 2010 is ₹ 0.25 Crores (2009 - ₹ Nil).
- (ii) Corporate Guarantee of ₹ 15.00 Crores (2009 - ₹ 5.00 Crores) has been given to a Bank by the Company for working capital facilities sanctioned to a 100% subsidiary, HCL Security Limited against which the total amount utilised as at June 30, 2010 is ₹ 12.85 Crores (2009 - ₹ 0.99 Crores).
- c) Corporate Guarantee of ₹ 6.50 Crores (2009 - ₹ 6.50 Crores) was given to a Bank by the Company for working capital facilities and ₹ 6.07 Crores (2009 - ₹ 6.07 Crores) was given to a non-banking finance company by the Company for operating lease sanctioned to a 100% subsidiary, HCL Infinet Limited against which the total amount utilised as at June 30, 2010 is ₹ 3.89 Crores (2009 - ₹ 4.25 Crores) and ₹ 6.07 Crores (2009 - ₹ 6.07 Crores) respectively.
- d) The Company has transferred Financial Assets (Lease Rental Recoverable) to a Bank under a financing arrangement for which the balance outstanding with the bank as on June 30, 2010 is ₹ 10.87 Crores (2009 - ₹ 21.12 Crores). The transfer of these Financial Assets is with recourse to the Company.

Schedules to the Consolidated Balance Sheet & Profit and Loss Account

4. The Company has the following warranty provision in the books of accounts:

	2010 ₹ /Crores	2009 ₹ /Crores
Opening Balance as on July 1	4.28	5.65
Additions during the year	15.76	12.90
Utilised/Reversed during the year	13.58	14.27
Closing Balance as on June 30	6.46	4.28

The warranty provision has been recognised for expected warranty claims for the first year of warranty on products sold during the year. Due to the very nature of such costs, it is not possible to estimate the timing of cash outflows due to uncertainties relating to the outflows of economic benefits.

5. Taxation:

- Provision for taxation has been computed by applying the Income Tax Act, 1961 and other relevant tax regulations in the jurisdiction where the Group conducts the business to the profit for the financial year ended June 30, 2010, although the actual tax liability of the Group has to be computed each year by reference to taxable profit for each fiscal year ended March 31.
- Deferred Tax:

Major Components of Deferred Tax arising on account of temporary timing difference along with their movement as at June 30, 2010 are:

	As at 30.06.09	Movement during the year	As at 30.06.10
Assets			
Allowances for Doubtful Debts/Advances/Other Current Assets	8.11	0.04	8.15
Expense accruals (Bonus, Gratuity, Leave Encashment and Provision for Warranty)	12.18	0.95	13.13
Other timing differences	0.01	0.00	0.01
Depreciation	0.70	1.54	2.24
Income Tax Losses	1.48	2.87	4.35
Total (A)	22.48	5.40	27.88
Liabilities			
Lease rental recoverable	4.65	(4.09)	0.56
Cenvat balances with excise authorities	(0.16)	1.75	1.59
Taxes deposited under protest for excise duty, custom duty and sales tax authorities	2.89	1.29	4.18
Other timing differences	9.46	(1.42)	8.04
Total (B)	16.84	(2.47)	14.37
Net Deferred Tax Assets /(Liability) (A)-(B)	5.64	7.87	13.51
Previous Year	(6.72)	12.36	5.64

6. Employee Stock Option Plan (ESOP):

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

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

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

Schedules

to the Consolidated Balance Sheet & Profit and Loss Account

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

Details of Grants made under Employee Stock Option Scheme 2000

Date of grant	Exercise price of the option for five equity shares of ₹ 2/- each	Options outstanding at the beginning of the year	Options granted during the year	Options forfeited during the year	Options exercised during the year	Options expired during the year	Options outstanding at the end of the year	Options exercisable at the end of the year
10-Aug-00	289.00	- (18025)	- (-)	- (-)	- (12195)	- (5830)	- (-)	- (-)
28-Jan-04	538.15	214163 (225619)	- (-)	- (-)	7962 (280)	30801 (11176)	175400 (214163)	175400 (214163)
25-Aug-04	603.95	50933 (59072)	- (-)	- (-)	380 (-)	3575 (8139)	46978 (50933)	46978 (50933)
18-Jan-05	809.85	172082 (185309)	- (-)	- (-)	- (-)	4000 (13227)	168082 (172082)	168082 (172082)
15-Feb-05	809.30	1600 (1600)	- (-)	- (-)	- (-)	1600 (-)	- (1600)	- (1600)
15-Mar-05	834.40	26072 (30170)	- (-)	- (-)	- (-)	1774 (4098)	24298 (26072)	24298 (26072)
15-Apr-05	789.85	5784 (5784)	- (-)	- (-)	- (-)	1024 (-)	4760 (5784)	4760 (5784)
14-May-05	770.15	8270 (8270)	- (-)	- (-)	- (-)	3730 (-)	4540 (8270)	4540 (8270)
15-Jun-05	756.15	675 (2435)	- (-)	- (-)	- (-)	- (1760)	675 (675)	675 (675)
15-Jul-05	978.75	11722 (11978)	- (-)	- (-)	- (-)	- (256)	11722 (11722)	11722 (11722)
13-Aug-05	1144.00	17630 (24990)	- (-)	- (2560)	- (-)	- (4800)	17630 (17630)	17630 (17630)
15-Sep-05	1271.25	9140 (13620)	- (-)	- (1792)	- (-)	- (2688)	9140 (9140)	9140 (9140)
15-Mar-07	648.75	141300 (144300)	- (-)	1600 (2100)	600 (-)	2400 (900)	136700 (141300)	79100 (82100)
23-Jan-08	898.25	72825 (88200)	- (-)	6706 (13598)	- (-)	4994 (1777)	61125 (72825)	37748 (22316)
18-Aug-09	627.25	- (-)	20000 (-)	- (-)	- (-)	- (-)	20000 (-)	- (-)
	Total	732196 (819372)	20000 (-)	8306 (20050)	8942 (12475)	53898 (54651)	681050 (732196)	580073 (622487)

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

Schedules to the Consolidated Balance Sheet & Profit and Loss Account

Details of Grants made under Employee Stock Based Compensation Plan 2005

Date of grant	Exercise price of the option for five equity shares of ₹ 2/- each	Options outstanding at the beginning of the year	Options granted during the year	Options forfeited during the year	Options exercised during the year	Options expired during the year	Options outstanding at the end of the year	Options exercisable at the end of the year
13-Aug-05	1144.00	1982125 (2207129)	- (-)	23764 (107644)	- (-)	81359 (117360)	1877002 (1982125)	1507514 (1197061)
19-Oct-05	1157.50	46780 (60950)	- (-)	1316 (7420)	- (-)	3374 (6750)	42090 (46780)	34072 (28368)
15-Nov-05	1267.75	16950 (21200)	- (-)	150 (2310)	- (-)	- (1940)	16800 (16950)	13560 (10170)
15-Dec-05	1348.25	14650 (21100)	- (-)	640 (3480)	- (-)	720 (2970)	13290 (14650)	10760 (8790)
14-Jan-06	1300.00	17810 (24550)	- (-)	2892 (3540)	- (-)	4788 (3200)	10130 (17810)	8104 (10866)
15-Feb-06	1308.00	5050 (5874)	- (-)	434 (360)	- (-)	576 (464)	4040 (5050)	3272 (3030)
16-Mar-06	1031.00	23100 (37740)	- (-)	1610 (8664)	- (-)	4210 (5976)	17280 (23100)	14040 (14740)
17-Apr-06	868.75	6900 (10820)	- (-)	- (2160)	- (-)	- (1760)	6900 (6900)	5520 (4140)
15-May-06	842.50	15700 (19330)	- (-)	1090 (1830)	- (-)	360 (1800)	14250 (15700)	11930 (9420)
15-Jun-06	620.50	17950 (24480)	- (-)	2080 (4270)	- (-)	1920 (2260)	13950 (17950)	11520 (10710)
17-Jul-06	673.75	21790 (27470)	- (-)	1900 (3480)	- (-)	2650 (2200)	17240 (21790)	10488 (8812)
15-Mar-07	648.75	387960 (402820)	- (-)	13080 (10640)	1440 (-)	6680 (4220)	366760 (387960)	221920 (155220)
23-Jan-08	898.25	210990 (256050)	- (-)	26235 (44280)	- (-)	6090 (780)	178665 (210990)	73680 (42630)
Total		2767755 (3119513)	- (-)	75191 (200078)	1440 (-)	112727 (151680)	2578397 (2767755)	1926380 (1503957)

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

Assumptions

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

	Employee Stock Option Scheme 2000	Employee Stock Based Compensation Plan 2005
Volatility	45% to 68%	47% to 62%
Risk free rate	4.57% to 7.99%	6.49% to 7.98%
Exercise Price	₹ 538.15 to ₹ 1,271.25	₹ 620.50 to ₹ 1,348.25
Time to Maturity (years)	2.20 to 5.50	2.50 to 7.00
Dividend Yield	9% to 28%	10% to 28%
Life of options	8.5 Years	10 Years
Fair Value of options as at the grant date	₹ 35.10 to ₹ 203.14	₹ 24.75 to ₹ 262.97

Notes:

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

Schedules to the Consolidated Balance Sheet & Profit and Loss Account

The impact on the profit of the Company for the year ended June 30, 2010 and the basic and diluted earnings per share had the Company followed the fair value method of accounting for stock options is set out below:

Proforma disclosures

	2010 ₹/Crores	2009 ₹/Crores
Profit after tax as per Profit and Loss Account (a)	242.38	239.95
Add: Employee Stock Compensation Expense as per Intrinsic Value Method	-	-
Less: Employee Stock Compensation Expense as per Fair Value Method	2.26	4.78
Profit after tax recomputed for recognition of employee stock compensation expense under fair value method (b)*	240.12	235.17
Earning Per Share based on earnings as per (a) above: (Refer Note 9)		
- Basic	₹ 11.92	₹ 14.02
- Diluted	₹ 11.90	₹ 14.02
Earning Per Share had fair value method been employed for accounting of employee stock options:		
- Basic	₹ 11.80	₹ 13.74
- Diluted	₹ 11.79	₹ 13.74

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

7. Leases:

a) Finance Leases:

As Lessor:

(i) The Company has given on finance lease certain assets/inventories which comprise of computers 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, 2010 and its present value as at that date are as follows:

	₹/Crores		
	Total minimum lease receivable	Interest included in minimum lease receivable	Present value of minimum lease receivable
Not later than one year	9.84 (16.91)	1.82 (2.57)	8.02 (14.34)
Later than one year and not later than five years	4.26 (6.90)	0.94 (1.15)	3.32 (5.75)
Total	14.10 (23.81)	2.76 (3.72)	11.34 (20.09)

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

b) Sale and Leaseback and further sub-lease on as 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, 2010 and its present value as at that date are as follows:

Schedules to the Consolidated Balance Sheet & Profit and Loss Account

	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
Not later than one year	18.89	6.23	12.66	19.11	6.45	12.66
	(-)	(-)	(-)	(-)	(-)	(-)
Later than one year and not later than five years	72.22	11.37	60.85	75.26	12.66	62.60
	(-)	(-)	(-)	(-)	(-)	(-)
Total	91.11	17.60	73.51	94.37	19.11	75.26
	(-)	(-)	(-)	(-)	(-)	(-)

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

c) Cancelable Operating Leases

As Lessee:

- The Group has taken various residential /commercial premises under cancelable operating leases. These leases are normally renewable on expiry.
- The rental expense in respect of operating leases is ₹ 27.18 Crores (2009 - ₹ 26.62 Crores)
- 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:

	2010 ₹/Crores	2009 ₹/Crores
Gross Block	17.58	15.28
Accumulated Depreciation	7.41	5.21
Net Block	10.17	10.07
Depreciation Expense	2.20	1.84

d) Non-Cancelable Operating Leases

As Lessee:

- The Group has taken computers, furniture and fixtures, routers and networking equipments on non-cancelable operating leases the future minimum lease payments in respect of which are:

	2010 ₹/Crores	2009 ₹/Crores
Not later than one year	4.15	3.84
Later than one year and not later than five years	4.77	5.84
Total	8.92	9.68

- Minimum Lease Payments in respect of assets taken on lease recognised as an expense in the profit and loss account for the year ended June 30, 2010 are ₹ 5.45 Crores (2009 - ₹ 4.37 Crores).

8. The unaccrued forward exchange cover as on June 30, 2010 of ₹ 2.62 Crores (2009 - ₹ 2.91 Crores) has been included under amounts recoverable in cash or in kind or for value to be received.

9. Earnings per share (EPS)

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

Schedules

to the Consolidated Balance Sheet & Profit and Loss Account

Calculation of EPS:

Particulars	2010	2009
Profit after tax (₹/Crores)	242.38	239.95
Weighted average number of shares considered as outstanding in computation of Basic EPS	203,412,268	171,180,498
Add: Dilutive impact of stock options		
- Exercised	3,737	11,554
- Lapsed	15,319	4,521
- Issued for no consideration	217,649	-
Weighted average number of shares outstanding in computation of Diluted EPS	203,648,973	171,196,573
Basic EPS (of ₹ 2/- each)	₹ 11.92	₹ 14.02
Diluted EPS (of ₹ 2/- each)	₹ 11.90	₹ 14.02

10. Segment Reporting

The Group recognises the following segments as its primary segments.

- The operations of Computer Systems and Other Related Products and Services consists of manufacturing of computer hardware systems, providing comprehensive Systems Integration, Roll out and Infrastructure management solutions in different Industry verticals, providing IT services including maintenance & facility management and ICT training.
- The businesses of Telecommunication and Office Automation comprise of distribution of telecommunication and other digital lifestyle products, office automation products and related comprehensive maintenance and allied services, and Homeland security & surveillance through its subsidiary HCL Security Limited.
- Internet and Related Services segment provides Internet and related services through the Company's wholly owned subsidiary HCL Infinet Limited to business enterprises. The offerings include Internet access services, virtual private network and other connectivity services

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

Consolidated Segment wise performance for the year ended June 30, 2010

₹/Crores

Primary Segments	Products & Related Services		Internet & Related Services	Inter-segment Elimination	Total
	Computer Systems & Other Related Products and services	Telecommunication & Office Automation			
(i) Revenue					
External Revenue	3587.83 (3485.4)	8496.32 (8849.39)	74.44 (43.7)		12158.59 (12378.5)
Intersegment Revenue	54.95 (54.62)	32.65 (25.1)	2.23 (2.36)	-89.83 (-82.08)	
Total Gross Revenue	3642.78 (3540.02)	8528.97 (8874.49)	76.67 (46.06)	-89.83 (-82.08)	12158.59 (12378.5)
Less: Excise Duty	108.77 (126.08)	-	-		108.77 (126.08)
Total Net Revenue	3534.01 (3413.94)	8528.97 (8874.49)	76.67 (46.06)	-89.83 (-82.08)	12049.82 (12252.4)

Schedules to the Consolidated Balance Sheet & Profit and Loss Account

Primary Segments	Products & Related Services		Internet & Related Services	Inter-segment Elimination	Total
	Computer Systems & Other Related Products and services	Telecommunication & Office Automation			
					₹/Crores
(ii) Results	190.44	215.91	-13.80		392.55
	(177.27)	(246.20)	(-17.81)		(405.66)
Less: Unallocable Expenditure					41.70
					(25.11)
Operating Profit					350.85
					(380.55)
Add: Other Income (Excluding Operational Income)					34.82
					(15.42)
Less: Finance Charges					39.21
					(44.66)
Profit Before Tax					346.46
					(351.31)
Less: Tax Expense					
- Current Tax					111.95
					(122.17)
- Deferred Tax					-7.87
					(-12.36)
- Fringe Benefit Tax					-
					(1.55)
Profit After Tax					242.38
					(239.95)
(iii) Segment Assets	2613.66	1027.76	40.91		3682.33
	(2109.32)	(863.85)	(37.59)		(3010.76)
Unallocated Corporate Assets					
a) Liquid Assets					855.79
					(268.54)
b) Others					217.46
					(77.54)
c) Deferred Tax Assets					13.51
					(5.64)
Total Assets					4769.09
					(3362.48)
(iv) Segment Liabilities	1398.55	824.37	45.68		2268.60
	(1233.72)	(676.4)	(46.36)		(1956.48)
Unallocated Corporate Liabilities					
a) Current Liabilities					87.23
					(57.25)
b) Loan Funds					520.59
					(226.85)
Total Liabilities					2876.42
					(2240.58)
(v) Capital Expenditure	33.58	6.46	9.21		49.25
	(13.53)	(4.91)	(12.56)		(31.00)
(vi) Depreciation	16.45	4.50	3.18		24.13
	(12.31)	(4.13)	(4.09)		(20.53)
(vii) Other Non Cash Expenses	24.75	3.49	1.29		29.53
	(45.45)	(16.82)	(0.93)		(63.20)

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

Schedules

to the Consolidated Balance Sheet & Profit and Loss Account

11. Disclosure of related parties and related party transactions.

a) Company having substantial interest:

HCL Corporation Limited due to substantial interest in the voting power

b) 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

Erstwhile HCL Peripherals Limited (Merged with HCL Corporation Limited w.e.f. March 12, 2010)

HCL BPO Services (NI) Limited

HCL EAI Services Limited

NEC HCL Systems Technologies Limited

HCL America Inc.

Others (where significant influence exists):

SSN College of Engineering

SSN Trust (Formerly known as Shri Sivasubramaniya Nadar Educational & Charitable Trust)

c) Key Management Personnel

Mr. Ajai Chowdhry

Mr. J.V. Ramamurthy

Mr. Sandeep Kanwar

Mr. Rothin Bhattacharyya

d) Summary of Related Party disclosures

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

(₹/Crores)

A. Transactions	Company having Substantial interest		Others		Key Management Personnel		Total	
	June-10	June-09	June-10	June-09	June-10	June-09	June-10	June-09
Sales and Related Income*	(0.81)	2.27	85.20	100.24			84.39	102.51
- HCL Technologies Limited			67.72	95.11				
- HCL Comnet Systems and Services Limited			11.37	3.09				
Services	0.01	0.40	24.37	23.15			24.38	23.55
- HCL Technologies Limited			4.82	10.33				
- HCL BPO Services (NI) Limited			0.77	0.62				
- HCL Comnet Limited			16.39	12.74				
Other Income			1.11	1.23			1.11	1.23
- HCL Technologies Limited			1.11	1.23				
Purchase of Services			2.81	8.54			2.81	8.54
- HCL Technologies Limited			2.51	7.32				
Purchase of Investment			-	0.25			-	0.25
Assets Purchased			4.81	0.21			4.81	0.21
- HCL Technologies Limited			4.79	-				
Remuneration					7.50	5.20	7.50	5.20
- Mr. Ajai Chowdhry					3.70	3.21		
- Mr. J V Ramamurthy					1.43	1.06		
- Mr. Sandeep Kanwar					1.13	0.93		
- Mr. Rothin Bhattacharyya					1.24	-		
Reimbursements towards expenditure								
a) Received	0.06	0.60	0.06	0.39			0.12	0.99
- HCL Technologies Limited			0.06	0.30				

Schedules to the Consolidated Balance Sheet & Profit and Loss Account

A. Transactions	Company having Substantial interest		Others		Key Management Personnel		Total	
	June-10	June-09	June-10	June-09	June-10	June-09	June-10	June-09
	(₹/Crores)							
b) Made	0.07	0.06	1.81	0.81			1.88	0.87
- HCL Technologies Limited			1.12	0.70				
B. Amount due to/from related parties								
Accounts Receivables	0.03	0.89	68.35	40.50			68.38	41.39
Other Recoverables			0.42	0.47			0.42	0.47
Creditors			2.24	2.32			2.24	2.32
Other Payables	-	0.03	0.42	0.59			0.42	0.62

* Net of Sales Returns.

12. The Group has calculated the various benefits provided to employees as under:

(a) Defined Contribution Plans

- (i) Provident Fund
- (ii) Superannuation Fund

During the year the Group has recognised the following amounts in the Profit and Loss account:

	2010 ₹/Crores	2009 ₹/Crores
Employers Contribution to Provident Fund*	4.82	4.05
Employers Contribution to Superannuation Fund*	1.34	1.17

(b) State Plans

- (i) Employee State Insurance
- (ii) Employee's Pension Scheme 1995

During the year, the Group has recognised the following amounts in the Profit and Loss account:

	2010 ₹/Crores	2009 ₹/Crores
Employers contribution to Employee State Insurance*	2.87	2.52
Employers contribution to Employee's Pension Scheme 1995*	5.49	4.58

* Included in Contribution to Provident Fund and Other Funds under Personnel Cost (Refer Schedule-16)

(c) Defined Benefit

- (i) Gratuity
- (ii) Leave Encashment/Compensated Absence

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

	Employees Gratuity Fund		Leave Encashment/Compensated Absence	
	2010	2009	2010	2009
Discount Rate (per annum)	7.80% to 8.00%	7.00%	7.80% to 8.00%	7.00%
Rate of increase in compensation levels	5.00% to 7.00%	7.00%	5.00% to 7.00%	7.00%
Rate of return on plan assets	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Expected Average remaining working lives of employees (years)	23.32-25.39	25.47-25.90	23.32-25.39	25.47-25.90

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.

Schedules

to the Consolidated Balance Sheet & Profit and Loss Account

₹/Crores

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

Present value of obligation at the beginning of the year

Current service cost

Past service cost

Interest cost

Actuarial (gain)/loss

Benefits (paid)

Present value of obligation at the end of the year

2010		2009	
Gratuity	Leave Encashment/Compensated Absence	Gratuity	Leave Encashment/Compensated Absence
15.34	9.67	12.36	8.07
1.76	2.09	1.95	2.06
1.44	-	-	-
1.18	0.65	0.86	0.55
(1.30)	0.02	0.85	(0.71)
(0.81)	(1.44)	(0.68)	(0.30)
17.61	10.99	15.34	9.67

Cost recognised for the period (included under Salaries, Wages, Allowances, Bonus and Gratuity)

Current service cost

Past service cost

Interest cost

Actuarial (gain)/loss

Net cost recognised for the year*

2010		2009	
Gratuity	Leave Encashment/Compensated Absence	Gratuity	Leave Encashment/Compensated Absence
1.76	2.09	1.95	2.06
1.44	-	-	-
1.18	0.65	0.86	0.55
(1.30)	0.02	0.85	(0.71)
3.08	2.76	3.66	1.90

* Included in Salaries, Wages, Allowances, Bonus and Gratuity under Personnel Cost (Refer Schedule -16).

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			
2010	2009	2008	2007
17.61	15.34	12.36	10.93
-	-	-	-
(17.61)	(15.34)	(12.36)	(10.93)

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

Leave Encashment/Compensated Absence			
2010	2009	2008	2007
10.99	9.67	8.07	6.96
-	-	-	-
(10.99)	(9.67)	(8.07)	(6.96)

This is fourth year of adoption of Accounting Standard AS-15 (revised), therefore four years figures have been disclosed as required by para 120 (n) of AS-15 (Revised).

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

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

Schedules to the Consolidated Balance Sheet & Profit and Loss Account

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

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

Particulars	As on June 30, 2010 (₹/Crores)
Gross Proceeds	
- Preferential Issue	269.01
- Qualified Institutions Placement	472.67
Less: Share Expenses incurred adjusted with Securities Premium account	(14.51)
Net Proceeds	727.17
Utilisation towards	
- Capital expenditure including acquisition [Refer Note 14 (b)]	56.50
- Other Acquisition	1.40
Total Utilisation	57.90
Unutilised	
Currently held in Unquoted (Others)	
Current Investments	669.27
Total Unutilised	669.27

14. (a) During the year on December 17, 2009, a wholly-owned subsidiary was incorporated in Singapore with the name of HCL Insys Pte. Limited. HCL Insys Pte. Limited is engaged in the business of IT and related activities including manufacturing and trading of laptops, desktops and other related IT products.
- (b) During the year, the Company has acquired the entire equity share capital of RMA Software Park Private Limited (RMAS) for a consideration of ₹ 38.84 Crores. On acquisition, RMAS has become the wholly-owned subsidiary of the Company.
- (c) Subsequent to the year end, the Company through its wholly owned subsidiary, HCL Insys Pte. Limited, Singapore has on July 4, 2010 acquired a majority equity stake (60%) in HCL Infosystems MEA FZCO (Formerly known as NTS FZCO), which is a Dubai based IT Infrastructure solutions provider for a consideration of US \$ 6.45 million.
15. The Scheme of Amalgamation ("Scheme") for merging the wholly owned subsidiary Natural Technologies Private Limited (NTPL) with the Company under sections 391 to 394 of the Companies Act, 1956 sanctioned by Hon'ble High Courts of Delhi and Rajasthan vide their respective orders dated August 11, 2008 and May 29, 2009 has come into effect on July 6, 2009 from the appointed date of July 1, 2008. On the scheme becoming effective NTPL stands dissolved without winding up in the previous year.
- The amalgamation of erstwhile NTPL with the Company was accounted for under the 'pooling of interest method' in the manner specified in the Scheme and comply with the Accounting Standard notified under section 211(3C) of the Companies Act, 1956.
- The amalgamation of NTPL with the Company has no impact on the consolidated financial statements.
16. a) An amount of ₹ 0.01 Crores (2009 - ₹ 0.23 Crores), being profit on sale of fixed assets has been adjusted against the loss on sale of fixed assets.
- b) The profit/(loss) on account of foreign exchange fluctuations and on disposal of current investments are disclosed after deducting or adding related loss or profit, as the case may be, on similar transactions.
- c) Advertisement, Publicity and Entertainment expenses, wherever on sharing basis, are shown at amounts borne by the Group.
17. Pursuant to notification u/s 211(3C) of the Companies Act, 1956 issued by the Ministry of Corporate Affairs on March 31, 2009, 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 useful life of the item. Accordingly, the profit before tax for the year ended June 30, 2010 is higher by ₹ 1.99 Crores (2009 - Profit before tax lower by ₹ 0.12 Crores) on account of above mentioned exchange difference, which will be amortised in future period(s) but not beyond March 31, 2011.

Schedules

to the Consolidated Balance Sheet & Profit and Loss Account

18. Derivative Instruments outstanding at the Balance Sheet date:

The Company has the following outstanding forward contracts to buy foreign currency as at June 30, 2010:

Currency	Foreign Currency Value/Crores		Average Rate		Maximum Maturity Period	
	2010	2009	2010	2009	2010	2009
USD	\$4.96	\$9.57	46.41	49.61	10 Months	5 Months
JPY	-	¥2.66	-	50.31*	-	1 Months

*Average rate of JPY/INR is for 100 Yen.

The above forward contracts have been undertaken to hedge the foreign currency exposures on Import/Royalty payables as at June 30, 2010.

As on June 30, 2010, the foreign currency exposure that is not hedged by a derivative instrument or otherwise is ₹ 416.20 Crores (2009 - ₹ 188.88 Crores).

19. The results of RMA Software Park Private Limited and Nokia HCL Mobile Internet Services Limited, a joint venture with Nokia Corporation, Finland have been taken on the basis of unaudited financial statements for the financial year ended June 30, 2010. It is unlikely that the audited results would be materially different from the unaudited results.

20. Previous year's figures have been regrouped/recasted, where necessary, to conform to current year's presentation.

For Price Waterhouse

Firm Registration Number-301112E
Chartered Accountants

ABHISHEK RARA

Partner
Membership Number F-77779

Place : Noida

Dated : August 27, 2010

For and on behalf of the Board of Directors

AJAI CHOWDHRY

Chief Executive Officer &
Chairman & Whole Time Director

SANDEEP KANWAR

Chief Financial Officer

J.V. RAMAMURTHY

Chief Operating Officer
& Whole Time Director

SUSHIL KUMAR JAIN

Company Secretary

Statement regarding Subsidiary Companies pursuant to Section 212 of the Companies Act, 1956

S. No.	Name of the subsidiary	Financial year to which accounts relate	Holding Company's interest in the subsidiary at the end of financial year		Net aggregate amount of Subsidiary Company's profits after deducting its losses or vice-versa, so far it concerns members of Holding Company which are not dealt with in the Company's accounts (Amount in ₹ Thousands)		Net aggregate amount of Subsidiary Company's profits after deducting its losses or vice-versa, so far it concerns members of Holding Company which are dealt with in the Company's accounts (Amount in ₹ Thousands)	
			Shareholding No. of shares	Extent of holding (%)	For the year ended June 30, 2010	For previous financial years of the subsidiary since it became the Holding Company's subsidiary	For the year ended June 30, 2010	For previous financial years of the subsidiary since it became the Holding Company's subsidiary
1	HCL Infinet Ltd.	June 30, 2010	2701810	100	(121,251)	(65,047)	Nil	Nil
2	HCL Security Ltd.	June 30, 2010	4050000	100	(67,338)	(30,649)	Nil	Nil
3	HCL Infocom Ltd.	June 30, 2010	330000	100	(136)	(925)	Nil	Nil
4	RMA Software Park Pvt. Ltd.	March 31, 2010	10000	100	(23,745)*	N.A.	Nil	N.A.
5	HCL Insys Pte Ltd., Singapore	June 30, 2010	199991	100	19,040	N.A.	Nil	N.A.

* Represents the loss for year ended June 30 considered in consolidated Profit and Loss Account

Statement containing information under Section 212(5)(a) of the Companies Act, 1956

Statement whether there has been any, and, if so, what change in the Holding Company's interest in the Subsidiary Company between the end of the financial year or of the last of the financial years of the Subsidiary and the end of the Holding Company's financial year:

S. No.	Name of Subsidiary	Financial Year of Subsidiary	Change in the Holding Company's interest in the Subsidiary between the end of the financial year of the Subsidiary and the end of the Holding Company's financial year
1	RMA Software Park Private Limited	March 31, 2010	Nil

Statement containing information under Section 212(5)(b) of the Companies Act, 1956

S. No.	Name of Subsidiary	Financial Year of Subsidiary	Material change in the money borrowed by Subsidiary for any purpose other than that of meeting current liabilities (Amount in ₹ Thousands)
1	RMA Software Park Private Limited	March 31, 2010	20009

Financial Summary of Wholly Owned Subsidiaries as at June 30, 2010

(Amount in ₹)

Particulars	HCL Infinet Limited	HCL Security Limited	HCL Infocom Limited	RMA Software Park Pvt. Limited#	HCL Insys Pte. Limited, Singapore
Share Capital	270,181,000	40,500,000	3,300,000	100,000	6,641,176
Reserves	16,631,184	Nil	Nil	416,082,288*	19,040,261
Total Assets	396,812,184	140,500,000	3,421,330	671,758,675	25,681,437
Total Liabilities	396,812,184	140,500,000	3,421,330	671,758,675	25,681,437
Investments	Nil	Nil	2,450,000	Nil	Nil
Turnover	766,688,127	392,755,758	Nil	Nil	214,776,722
Profit/(Loss) before taxation	(120,967,922)	(97,449,432)	(135,821)	(25,382,818)	19,040,261
Provision for taxation (Current/FBT)	Nil	(30,111,875)	Nil	Nil	Nil
Profit/(Loss) after taxation	(120,967,922)	(67,337,557)	(135,821)	(25,382,818)	19,040,261
Profit/Proposed Dividend	Nil	Nil	Nil	Nil	Nil

For the year ended March 31, 2010

* Represents Revaluation Reserves

NOTICE

HCL Infosystems Limited
Regd. Office: 806, Siddharth, 96, Nehru Place, New Delhi-110 019.

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the Company will be held on Wednesday, the 27th day of October, 2010 at FICCI Auditorium, 1, Tansen Marg, New Delhi-110 001 at 10:30 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 30th June, 2010, the Profit and Loss Account for the financial year ended on that date and the Reports of the Directors and Auditors thereon.

2. To declare Dividend.

3. To appoint a Director in place of Mr. J.V. Ramamurthy who retires by rotation and being eligible, offers himself for re-appointment.

4. **To consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:**

"RESOLVED that Mr. R.P. Khosla, a Director liable to retire by rotation, who does not seek re-election, be not re-appointed a Director of the Company."

"RESOLVED further that the vacancy, so created on the Board of Directors of the Company, be not filled."

5. **To consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:**

"RESOLVED that Mr. T.S. Purushothaman, a Director liable to retire by rotation, who does not seek re-election, be not re-appointed a Director of the Company."

"RESOLVED further that the vacancy, so created on the Board of Directors of the Company, be not filled."

6. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. M/s. Price Waterhouse, Chartered Accountants, the retiring Auditors, being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS:

7. **To consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:**

"RESOLVED that pursuant to Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded to the re-appointment of Mr. J. V. Ramamurthy, Whole-time Director and Chief Operating Officer, as a Whole-time Director of the Company for a period of five years with effect from 11th August, 2010."

8. **To consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:**

"RESOLVED that pursuant to Sections 198, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded for payment of enhanced remuneration to Mr. Ajai Chowdhry, Chairman and Chief Executive Officer, w.e.f. 1st July, 2010 as recommended by the Employees Compensation and Employees Satisfaction Committee and as set out in the explanatory statement attached to the notice of this Annual General Meeting."

9. To consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to Sections 198, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded for payment of enhanced remuneration to Mr. J. V. Ramamurthy, Whole-time Director and Chief Operating Officer, w.e.f. 1st July, 2010 as recommended by the Employees Compensation and Employees Satisfaction Committee and as set out in the explanatory statement attached to the notice of this Annual General Meeting."

New Delhi
27th August, 2010

By Order of the Board
For **HCL Infosystems Limited**
Sd/-
Sushil Kumar Jain
Company Secretary

Notes:

1. The explanatory statement, pursuant to Section 173(2) of the Companies Act, 1956 in respect of the business under items 4, 5, 7, 8 & 9 is attached hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. A BLANK PROXY FORM IS ENCLOSED FOR THE USE BY MEMBERS, IF REQUIRED, WHICH MUST BE SUBMITTED WITH THE COMPANY'S REGISTERED OFFICE AT LEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. The Registers of Members and the Share Transfer Books of the Company shall remain closed from Monday, the 8th day of November 2010 to Tuesday, the 9th day of November, 2010 (both days inclusive) for the purpose of payment of dividend.
4. The dividend when declared will be paid to the Members whose names appear in the Register of Members on Thursday, the 4th day of November, 2010 and the beneficial owners as on Thursday, the 4th day of November, 2010 as furnished by NSDL/CDSL.
5. All correspondence with regard to share transfers/dividends and matters related therewith may directly be addressed to the Company's Share Registrar and Transfer Agents (RTA) at the address given below:

M/s. Alankit Assignments Ltd.
Alankit House,
2E/21, Jhandewalan Extension,
New Delhi - 110 055
Phone : 011-23541234
Fax : 011-42541967
Email : rta@alankit.com
Website : www.alankit.com

6. The Members are requested to lodge/notify the transfer deeds, communication for change of address, Bank details, ECS details, wherever applicable, mandates (if any) with the Company's RTA for shares held in physical mode.

The Members holding shares in electronic form are requested to lodge the above details to their depository participants and not to the Company or RTA of the Company as the Company is obliged to use only the data provided by the Depositories while making payment of dividend.

7. As per RBI notifications, with effect from 1st October, 2009, the remittance of money through ECS is replaced by National Electronic Clearing Services (NECS) and banks have been instructed to move to the NECS platform. This is in addition to the existing facility of ECS in other locations. NECS essentially operates on the new and unique bank account number, allotted by banks post implementation of Core Banking Solutions (CBS) for centralised processing of inward instruction and efficiency in handling bulk transactions.

In this regard shareholders holding shares in electronic form are requested to furnish new 10-digit Bank Account Number allotted to them by their bank, (after implementation of CBS), along with photocopy of a cheque of the concerned account, to their Depository Participant. Please send these details to the Company or the RTA, only if the shares are held in physical form.

8. Members holding shares in physical form are requested to dematerialise their shares. Securities and Exchange Board of India (SEBI) has mandate the submission of Permanent Account Number (PAN) by every participant in securities market. Members

holding shares in electronic form are, therefore, requested to submit PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company or the RTA. Members holding shares in physical form are also requested to quote their PAN details on the share transfer deed submitted for transfer of their shares.

9. As per the provisions of Section 109A of the Companies Act, 1956, nomination facility is available to the Members, in respect of the equity shares held by them. Nomination Form 2B prescribed by the Government can be obtained from the RTA or the registered office of the Company.
10. Members/Proxy holders are requested to produce at the entrance of the auditorium the enclosed admission slip duly completed and signed.
11. Copies of all documents referred to in notice and explanatory statement annexed thereto and the statutory registers under Section 301 and 307 of the Companies Act, 1956 are available for inspection at the registered office of the Company between 11:00 A.M. and 1:00 P.M. on all working days i.e Monday to Friday, till the date of meeting and will also be available at the venue of the meeting.
12. The certificate from the Auditors of the Company certifying that the Employees Stock Option Schemes of the Company are being implemented in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and in accordance with the resolutions passed by members, shall be placed at the AGM.
13. Pursuant to the provisions of Section 205A of the Companies Act, 1956, the following dividends which remain unpaid and unclaimed for a period of seven years will be due for transfer to the Investor Education and Protection Fund (IEPF or Fund) of the Central Government:

Dividend	Date of declaration of Dividend	Last date for claiming unpaid Dividend	Due date for transfer to IEPF
2002-03 (Final)	25.11.2003	01.12.2010	31.12.2010
2003-04 (1st Interim)	29.10.2003	05.11.2010	04.12.2010
2003-04 (2nd Interim)	28.01.2004	04.02.2011	04.03.2011
2003-04 (3rd Interim)	21.04.2004	28.04.2011	27.05.2011

Shareholders who have not encashed the dividend warrant(s) are requested to return the unpaid dividend warrant(s) for revalidation or write to the Company at the above address to obtain duplicate dividend warrant immediately. Please note that after such transfer no claims shall lie against the Fund or the Company in respect of individual amounts and no payment shall be made in respect of any such claims.

14. Information for Director seeking re-appointment in Annual General Meeting scheduled to be held on 27th October, 2010 (Pursuant to Clause 49 (IV)(E) and 49 (IV)(G)(i) of the Listing Agreement):

Mr. J. V. Ramamurthy, aged 57 years, has a B.E. degree from Madras University and post graduate degree in applied electronics from Madras Institute of Technology, Madras. He brings three decades of industry experience to the Company. He has spearheaded the company's entry into a number of new verticals and partnerships.

He is a Director in the following other Companies:

S.No.	Name of the Company	Nature of Interest
1.	HCL Infinet Limited	Director
2.	HCL Security Limited	Director
3.	HCL Infocom Limited	Director
4.	RMA Software Park Private Limited	Director
5.	HCL Infosystems MEA FZCO, Dubai	Director

He is Chairman/Member of the committees of the Boards of the following Companies:

S.No.	Name of the Company	Name of the Committee	Chairman/Member
1.	HCL Infinet Limited	Operations Committee	Chairman
2.	HCL Infosystems Limited	Operations Committee	Member
		Securities Committee	Chairman
		Customer Satisfaction Committee	Member

Mr. J.V. Ramamurthy was holding 9238 Shares in the Company as on 30th June, 2010.

15. The Company has obtained permission from the Ministry of Corporate Affairs, Government of India, vide its letter number 47/108/2010-CL-III dated 19th March, 2010 for not annexing the accounts of the wholly owned subsidiaries, namely, HCL Infonet Limited, HCL Security Limited, HCL Infocom Limited, RMA Software Park Private Limited and HCL Insys Pte. Limited, Singapore.

The annual accounts of the subsidiaries of the Company are available on any working day at the Registered Office of the Company to the shareholders of the Company requiring such information. These are also available on the website of the Company at www.hclinfosystems.in.

The Company has obtained permission from the Ministry of Corporate Affairs, Government of India, vide their letter No: 46/50/2010-CL-III dated 11th March, 2010 for not disclosing the quantitative details in compliance of para 3(ii) (d) of Part-II, Schedule-VI to the Companies Act, 1956 for the year ended 30th June, 2010 subject to such terms and conditions as mentioned in the aforesaid permission letter.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 4

In accordance with the provisions of Sections 255 and 256 of the Act and the Articles of Association of the Company, Mr. R.P. Khosla retires by rotation. Mr. Khosla has not sought re-election and it has been decided by the Board that the vacancy so created on the Board of Directors of the Company should not be filled.

The Board has placed on record its appreciation for the contributions made by Mr. Khosla to the Company.

The Board of Directors recommends the resolution no. 4 as an ordinary resolution for your approval.

Item No. 5

In accordance with the provisions of Sections 255 and 256 of the Act and the Articles of Association of the Company, Mr. T.S. Purushothaman retires by rotation. Mr. Purushothaman has not sought re-election and it has been decided by the Board that the vacancy so created on the Board of Directors of the Company should not be filled.

The Board has placed on record its appreciation for the contributions made by Mr. Purushothaman to the Company.

The Board of Directors recommends the resolution no. 5 as an ordinary resolution for your approval.

Item No. 7

At the Annual General Meeting held on 20th October, 2005, the shareholders of the Company had accorded their consent for appointment of Mr. J. V. Ramamurthy as whole-time Director of the Company for a period of five years effective from 11th August, 2005.

Mr. Ramamurthy, aged 57 years, has a B.E. degree from Madras University and a post graduate degree in applied electronics from Madras Institute of Technology, Madras. He has experience of over 31 years and long outstanding association with the electronic industry.

It is proposed to re-appoint Mr. J. V. Ramamurthy as a Whole-time Director for a period of five years with effect from 11th August, 2010.

The re-appointment of Mr. J. V. Ramamurthy is subject to the approval of the Shareholders.

The Board of Directors recommends the resolution no. 7 as an ordinary resolution for your approval.

Except Mr. Ramamurthy, none of the Directors of the Company are interested in this resolution.

Item No. 8

At the Twenty Third Annual General Meeting held on 23rd October, 2009, the shareholders of the Company had approved the remuneration paid to Mr. Ajai Chowdhry, Whole-time Director of the Company, for the year 1st July, 2009 to 30th June, 2010.

Mr. Chowdhry, aged 60 years, is a graduate in Electronics and Telecommunication with over 38 years experience in the IT industry in India and abroad.

It is proposed to enhance the remuneration of Mr. Chowdhry for the period from 1st July, 2010 to 30th June, 2011 as under:

Basic Salary: from ₹ 5,00,000/- per month to ₹ 5,50,000/- per month (with increase of ₹ 50,000/- per month on yearly basis)

Consolidated Allowance: ₹ 20,000/- per month

City Compensatory Allowance: @ 12% of Basic Salary

Performance Linked Bonus: Annually payable as approved by the Board of Directors/Board Committee.

Perquisites:

Part A: Company Leased Accommodation/House Rent Allowance, Electricity, Gas, Water and Hard and Soft Furnishings, Medical Reimbursement, Leave Travel Assistance, Club Fee, Medical Insurance, House Repairs/Distemper Expenses, Security Guards and Domestic help at residence : As per the scheme of the Company applicable to the Whole-time Directors.

Part B: Contribution to Provident Fund, Superannuation Fund and Annuity Fund : As per the rules of the Company, which shall be limited to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

Gratuity: Which shall be limited to half a month's salary for each completed year of service, as per the scheme of the Company.

Part C: Use of own or Company's car with driver and reimbursement of related expenses on running, maintenance etc., and telephone at the residence.

Provided that consequent upon the increase in the basic salary, the perquisites and other allowances related to basic salary shall also stand revised. There shall be no change in other terms and conditions of appointment of Mr. Ajai Chowdhry.

Provided further that the aggregate of the aforesaid salary, perquisites and other benefits, as per the scheme of the Company applicable to the Whole-time Directors, shall not exceed five percent of Company's net profit for the Whole-time Director and the aggregate of remuneration to all Whole-time Directors shall not exceed ten percent of the Company's net profits as provided under the provisions of section 198, 309, Schedule XIII and other applicable provisions, if any of the Companies Act, 1956.

In the event of absence or inadequacy of profits in any financial year, Mr. Ajai Chowdhry shall be paid remuneration by way of salary and perquisites as specified above, subject to the approval of Central Government, if required.

The payment of enhanced remuneration to Mr. Ajai Chowdhry is subject to the approval of the Shareholders.

The Board of Directors recommends the resolution no. 8 as an ordinary resolution for your approval.

Except Mr. Chowdhry, none of the Directors of the Company are interested in this resolution.

Item No. 9

At the Annual General Meeting held on 23rd October, 2009, the shareholders had approved the remuneration to Mr. J. V. Ramamurthy for the year 1st July, 2009 to 30th June, 2010.

Mr. J.V. Ramamurthy, aged 57 years is an Engineer from Madras University and a post graduate in Applied Electronics from Madras Institute of Technology, Madras. He has over 31 years experience and a long association with electronic industry.

It is proposed to enhance the remuneration of Mr. Ramamurthy for the period from 1st July, 2010 to 30th June, 2011 as under:

Basic Salary: from ₹ 2,25,000/- per month to ₹ 2,50,000/- per month

Consolidated Allowance: ₹ 60,000/- per month

City Compensatory Allowance: @ 12% of Basic Salary

Performance Linked Bonus: Annually payable as approved by the Board of Directors/Board Committee.

Perquisites:

Part A: Company Leased Accommodation/House Rent Allowance, Electricity, Gas, Water and Hard and Soft Furnishings, Medical Reimbursement, Leave Travel Assistance, Club Fee, Medical Insurance, House Repairs/Distemper Expenses, Security Guards and Domestic help at residence : As per the scheme of the Company applicable to the Whole-time Directors.

Part B : Contribution to Provident Fund, Superannuation Fund and Annuity Fund : As per the rules of the Company, which shall be limited to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

Gratuity : Which shall be limited to half a month's salary for each completed year of service, as per the scheme of the Company.

Part C : Use of own or Company's car with driver and reimbursement of related expenses on running, maintenance etc., and telephone at the residence.

The limit of remuneration being paid to Mr. J.V. Ramamurthy for reimbursement of electricity, gas, water, soft furnishing, LTA, club fee, house repairs/distemper expenses, expenses on running and maintenance of own or company's car, driver salary, security guard and domestic help at residence shall stand increased from existing ₹ 14,52,193/- per annum to ₹ 18,15,770/- per annum.

Provided that consequent upon the increase in the basic salary, the perquisites and other allowances related to basic salary shall also stand revised. There shall be no change in other terms and conditions of re-appointment of Mr. J.V. Ramamurthy.

Provided further that the aggregate of the aforesaid salary, perquisites and other benefits, as per the scheme of the Company applicable to the Whole-time Directors, shall not exceed five percent of Company's net profit for the Whole-time Director and the aggregate of remuneration to all Whole-time Directors shall not exceed ten percent of the Company's net profits as provided under the provisions of section 198, 309, Schedule XIII and other applicable provisions, if any of the Companies Act, 1956.

In the event of absence or inadequacy of profits in any financial year, Mr. J.V. Ramamurthy shall be paid remuneration by way of salary and perquisites as specified above, subject to the approval of Central Government, if required.

The payment of enhanced remuneration to Mr. J.V. Ramamurthy is subject to the approval of the Shareholders.

The Board of Directors recommends the resolution no. 9 as an ordinary resolution for your approval.

Except Mr. Ramamurthy, none of the Directors of the Company are interested in this resolution.

New Delhi
27th August, 2010

By Order of the Board
For **HCL Infosystems Limited**
Sd/-
Sushil Kumar Jain
Company Secretary

HCL INFOSYSTEMS LIMITED



Regd. Office : 806, Siddharth, 96, Nehru Place, New Delhi-110 019

ATTENDANCE SLIP

24th Annual General Meeting - October 27, 2010

DP ID NO. _____ CLIENT ID NO. _____ FOLIO NO. _____

(Electronic Mode)

(Electronic Mode)

(Physical Mode)

(Please mention both DP ID & Client ID Nos.)

(Please mention the Folio No.)

I certify that I am a registered Member/Proxy of the registered Member of the Company.

I hereby record my presence at the 24th ANNUAL GENERAL MEETING of the Company held on Wednesday, October 27, 2010 at FICCI Auditorium, 1, Tansen Marg, New Delhi-110 001 at 10.30 A.M.

Member's/Proxy's name in BLOCK LETTERS

Member's/Proxy's Signature

Note : Please fill in this attendance slip and hand over at the entrance of the Meeting Hall.

FOR THE KIND ATTENTION OF SHAREHOLDERS
NO GIFTS WOULD BE DISTRIBUTED AT THE AGM

HCL INFOSYSTEMS LIMITED



Regd. Office : 806, Siddharth, 96, Nehru Place, New Delhi-110 019

PROXY FORM

24th Annual General Meeting - October 27, 2010

DP ID NO. _____ CLIENT ID NO. _____ FOLIO NO. _____

(Electronic Mode)

(Electronic Mode)

(Physical Mode)

(Please mention both DP ID & Client ID Nos.)

(Please mention the Folio No.)

I/We _____ of _____ being a Member/Members of the above named Company, hereby appoint _____ of _____ or failing him _____ of _____ as my/our proxy to vote for me/us on my/our behalf at the 24th ANNUAL GENERAL MEETING of the Company to be held on Wednesday, October 27, 2010 at FICCI Auditorium, 1, Tansen Marg, New Delhi-110 001 at 10.30 A.M. and at any adjournment thereof.

Signed this _____ day of _____ 2010

Signature of Proxy _____ Signature of the Member _____

Affix Re. 1 Revenue Stamp

Note : The proxy form in order to be effective must be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.

NO GIFTS WOULD BE DISTRIBUTED AT THE AGM
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