Enabling Business **Evolution**

Annual Report 2010/11

HCL

HCL INFOSYSTEMS LTD.

Corporate **Information**

BOARD OF DIRECTORS	**Chairman & Whole-time Director** Ajai Chowdhry **Chief Executive Officer & Whole-time Director** Harsh Chitale **Chief Operating Officer & Whole-time Director** J.V. Ramamurthy **Directors** Pradeep K. Khosla V.N. Koura E.A. Kshirsagar D.S. Puri Anita Ramachandran Nikhil Sinha Ajay Vohra
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 Hongkong and Shanghai Banking Corporation Limited
REGISTERED OFFICE	806, Siddharth, 96, Nehru Place, New Delhi - 110 019
CORPORATE OFFICE	E-4,5,6, Sector 11, 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. SPL. A2, Thattanchavadi, Industrial Area, Puducherry - 605 009 Plot Nos. 1, 2, 27 & 28, Sector- 5, I.I.E - Pant Nagar (SIDCUL-Rudrapur), Distt. – Udham Singh Nagar, Uttarakhand - 263 153 F - 214, G - 215, EPIP, Sitapura Industrial Area, Jaipur, Rajasthan – 302 022

Contents

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 Information & Communication Technology (ICT) through strategic initiatives in System Integration (SI) solutions and services.

Evolving solutions to effectively address the fast growing demands for System Integration in 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.

2010/11 **Highpoints**

Enterprise Business Unit
System Integration Solutions & Services

- Set up India's largest Airport Operation Control Centre (T3) for Delhi International Airport Limited (DIAL).
- Bagged country's largest Targeted PDS order from Madhya Pradesh Government.
- Deployed AFNET, country's first fully secured and reliable network for the Indian Air force (IAF) for net-centric combat and communications.
- Deployed Dial 100 solutions in Uttar Pradesh.
- Bagged a prestigious order from Census of India to digitise information for the world's largest Census operations in the world.
- Partnered with NetApp to provide storage-efficient cloud services. This partnership will help provide ITaaS to Government, Mid-Market and Small Enterprises.
- Bagged order from BSNL to deploy systems for consolidation of the BSNL billing process.
- Bagged prestigious Financial Inclusion project from Punjab and Sind Bank, Punjab National Bank, Syndicate Bank etc.
- Bagged order from Indian Air Force under its Systems Integration Defence Practice to supply, install and commission WCDMA Based Portable Wireless Network for Indian Air Force.
- Implemented Network Operating Centre project at ONGC to provide a complete IT infrastructure management solution.
- Emerged as the leading System Integrator for Power Reforms - Bagged project from JSEB to implement a state wide solution for Jharkhand State Electricity Board (JSEB).

Distribution

- HCL Infosystems has increased its geographical reach and built an ecosystem of accessories. It has added new brands in existing categories.

HCL Service & Support

- Launched 'HCL Care' this year, which is a multiplatform lifecycle services for consumers and enterprises for the following products: Set Top Box, Cameras, TFT & Peripherals, Desktops, Laptops and Mobile Phones.

Products

- Launched India's first PVC & BFR free laptops in its Series 54.
- Pioneered in integrating Rupee symbol on its keyboard.
- Launched New Laptop and Desktop Series. The laptop series - HCL ME 1014 and HCL ME 1015 and desktop series – HCL Infiniti M A365 Pro are packed with unique features embedded with latest technologies.
- Forayed in the kids entertainment market with ME gaming consoles and ME Kids Educational Computers.

Learning

- Bagged order from Keltron for IT@School Project by the Government of Kerala.
- Joined hands with Dubai Based GEMS Education.
- Joined hands with GSTF to introduce IT Training programs for Green Computing.
- Entered into alliance with Resonance for launching Test preparation program 'Xcelerate'.

Office Automation

- Bagged various orders for Digitizing products.
- Bagged order for providing Managed Print Services.
- Bagged Breakthrough Orders for AVSI equipment.

Planting seeds for tomorrow...

Cloud Computing Services

HCL Infosystems has remodelled the existing cloud framework with its new Infrastructure as a Service (IaaS) and Software as a Service (SaaS) platforms, thereby enhancing the Company's capabilities in areas of application delivery and infrastructure deployment & management. It has added 6 new offerings including Cloud Mail, Cloud IaaS (IT Infrastructure As A Service), Cloud HRMS (HR Management System), Cloud Backup as a Service, Cloud Storage as a Service, Cloud ERP as a Service and Cloud CRM as a Service.

Learning

HCL Learning covers the entire length and breadth of education, learning and training needs across schools, colleges, individuals and enterprises. For effective and interactive teaching, this division has introduced initiatives like Digischools and Digicampus and stands amongst the leading players in the ICT education segment.

Emerging Markets

HCL Infosystems has been consistently increasing its global footprint. With the commencement of operations in Singapore, HCL Infosystems forayed into South-East Asian market while also expanding its presence in the emerging markets of Middle East and Africa through strategic initiatives. The company recently has completed the buyout of a majority stake in the Dubai based NTS Group. The completion of this acquisition represents a significant step under HCL Infosystems transformation strategy to expand in the international markets, offering a complete set of solutions, services and products.

Mobility

HCL Infosystems has forayed into the Tablet market with localised content and one touch button for customer service.

Lifecycle Services

HCL Infosystems has newly launched 'HCL Care', a multiplatform lifecycle services for consumers and enterprises, which provides an exhaustive range of services for products like – Set-top Box, Cameras, TFTs & Peripherals, Desktops, Laptops and Mobile Phones. Under this, it provides Field Services for consumers & enterprises and Third party ICT repair opportunities for clients like Dell, NEC etc. Also, HCL Infosystems has initiated a strong network of Telecom Repair which offers Multibrand service through consumer service center.

Multi-brand Distribution Strategy

HCL Infosystems has built India's largest distribution and retail chain to address digital lifestyle demands of today's customers. It has partnered with leading global brands such as Nokia, Apple, Kodak, Toshiba, Microsoft, Konica and Minolta among others for Distribution.

HCL ME Zones, a unique concept in our country, offers 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.

Service and Support

HCL Touch introduced Global Touch Operations offering remote technical support for its customers in the US & UK through phone, chat & email.

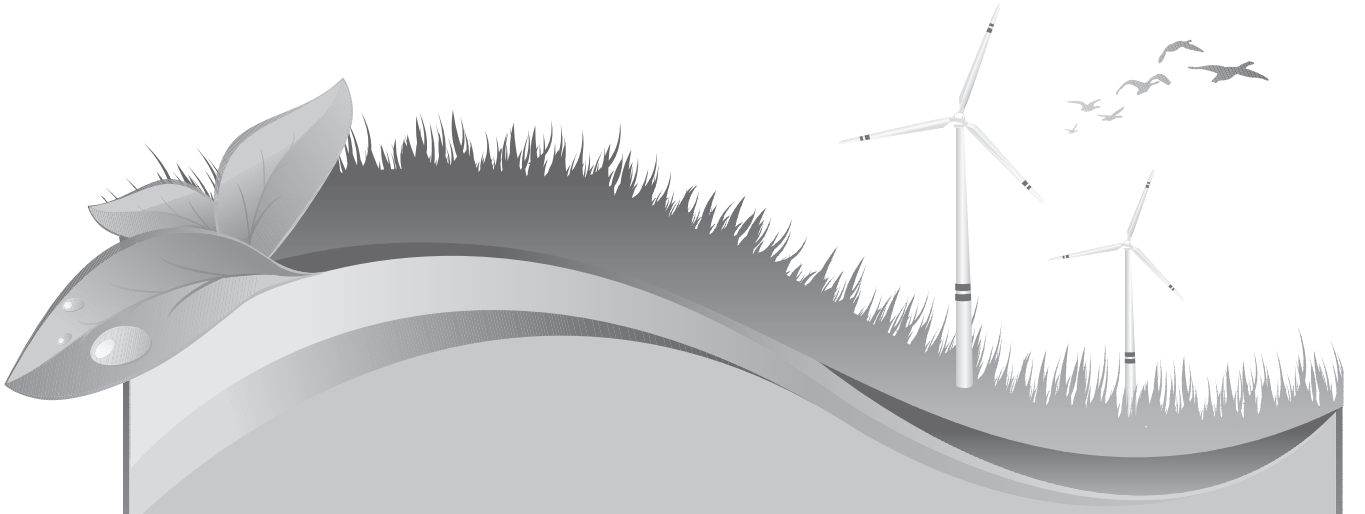
Awards

- Mr. Ajai Chowdhry conferred Padma Bhushan by the President of India for his outstanding contribution to the industry and also felicitated with 'Honoris Causa Doctorate' of Science for his contribution to the Indian IT Industry by IIT Roorkee.
- HCL Learning wins BEST PUBLIC CHOICE AWARD - TOOL FOR INNOVATIVE TEACHING AND LEARNING for Digischool by World Education Summit 2011.
- Ranked #1 in IDC-Dataquest Customer Satisfaction Survey 2011; Third year in a row.
- HCL Infosystems awarded 'Most Promising New Technology for Urban Applications' at the Municipalika 2011.
- Ranked 2nd in the latest Greenpeace Green Electronics Ranking.
- HCL Green Data Center was awarded 1st Ever LEED Platinum Certification in India by US Green Building Council.
- DQ - IDC ranks your company #2 Domestic ICT Company. The Company was also rated among Top 10 ICT Companies in India.
- Awarded Dun & Bradstreet Rolta Corporate Award under Computer Hardware and Peripherals Category.
- Selected Business Superbrands of India by the Superbrands Council.

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. It 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.

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

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 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.

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.

Chairman's **Message**

Dear Stakeholders

The economy at large has been going through a challenging phase with both enterprise and consumers being cautious in decision making and discretionary spends. Inflationary pressures leading to aggressive interest rate escalation have also played a role in slowing down the economy and the desired growth momentum. Due to the volatile economic environment in the country today, capacity expansion in most sectors has momentarily taken a back seat. In the domestic IT sector, the uptake of products and services like System Integration has been impacted. This is specifically manifesting in slow Government project execution and decision process.

I see this having a short term impact. The emerging broadband ecosystem will lead to technologies like cloud services and mobility. These developments coupled with certain steps taken by the Government like the new Electronics Policy and a renewed focus on R&D will be potential growth drivers in the long run.

With a new mission firmly in place your company now embarks on a growth trajectory. In this journey the company will leverage its operational strengths leading to continuous growth. To achieve this, the management team has been strengthened. Also the company has drawn a charter to heavily invest in identified growth drivers defined under three horizons to include a blend of mature, rapidly growing and emerging business areas.

Within our mature verticals, Lifecycle services for consumers and enterprises will continue to be our focus. We intend to drive substantial growth in our Multi-brand distribution unit through expansion and better management of the portfolio. Also another mature vertical - the Strategic and Transaction outsourcing will focus on bringing in larger businesses.

The company has also been nurturing its rapidly growing business units like Learning Solutions, which is on a high growth trajectory. Our expansion into the emerging geographies has also been quite rapid and we intend to keep on delivering positive results.

We have clearly defined emerging business areas and significant investments are being made as we gear up for the future frontiers. We are readying ourselves in areas like Cloud Computing for both Large Enterprise & SMB. Mobility is another emerging business case and our future roadmap has taken cognizance of an ecosystem of both B2B and B2C applications running on Tablets. Your company has introduced some promising products and solutions which have already made some early breakthroughs.

As HCL Infosystems begins its new year, I am confident that our rigorous execution plans will show results and build a strong organisation over the next 2-3 years for the future.

With warm regards
Ajai Chowdhry

Our **Management Team**

AJAI CHOWDHRY
Chairman

An engineer by training, Ajai Chowdhry is one of the six founder members of HCL and took over the reins of HCL Infosystems, the flagship company of the group, as President and CEO in 1994. He was appointed the Chairman of HCL Infosystems in November 1999. In cognizance of his contribution in championing the cause of the domestic Indian IT industry, Ajai has been honoured with the prestigious Padma Bhushan. He was also conferred Honoris Causa Doctorate of Science by IIT, Roorkee amongst other awards.

HARSH CHITALE
Chief Executive Officer

Harsh Chitale joined HCL Infosystems as Chief Executive Officer and heads the overall business strategy and operations of HCL Infosystems. He brings a wealth of experience as a senior business leader with rich business management experience in both Indian and global companies. Harsh is a recipient of the Director's Gold Medal at IIT Delhi, from where he completed his Electrical Engineering.

J V RAMAMURTHY
President and Chief Operating Officer

J V Ramamurthy is President and Chief Operating Officer, HCL Infosystems Ltd. He brings 3 decades of diverse Industry experience and leadership to the company. A technocrat and a man of broad vision, he has spearheaded company's entry into number of new verticals and partnerships.

RAJEEV ASIJA
Chief Operating Officer, Enterprise Business Unit

Rajeev, an engineering graduate, with two decades of industry experience, heads the operations for Enterprise Unit.

SANDEEP KANWAR
Chief Financial Officer

Sandeep Kanwar progressed to the position of Chief Financial Officer at the young age of 35. He is well respected amongst colleagues & customers for his financial acumen and management skills.

VIVEK PUNEKAR
Chief Human - Resources Officer

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

SANJAY DAVID
Vice President, Business Head - Distribution & Marketing Services (DMS)

Sanjay joined HCL Infosystems as the Business Head of HCL's DMS division. He brings with him over 20 years of experience primarily in the FMCG industry.

APS BEDI
EVP, Head of Sales-Enterprise Business Unit (EBU)

Amanpreet Singh Bedi heads EBU Sales and is credited with much of the success of the expansion of key System Integration Verticals.

M. CHANDRASEKARAN
Sr. Vice President, Business Head -Office Automation (OA)

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

ANAND EKAMBARAM
Vice President, Business Head - HCL Learning

Anand joined HCL Infosystems as the Business Head of the Learning Business. Anand completed his high school from Jamshedpur and chose BITS, Pilani and Nottingham University as his alma mater. A man of strong principles and determination that has propelled his fast growth, his vision is to create HCL Infosystems as a defining phenomenon in the Learning segment.

PRINCY BHATNAGAR
Vice President, Business Head-Consumer Computing

Matching the HCL DNA, Princy is ambitious and self driven individual who comes with a rich experience with global companies. He has been instrumental in creating a strong network of relations with OEMs/ Distributors /Channel Partners.

ROTHIN BHATTACHARYA
EVP - Marketing, Strategy, Business Development

Rothin joined HCL Infosystems as the CEO of HCL Security and now is also responsible for Marketing, Corporate Strategy and Business Development as Executive Vice President.

P. SESHACHALAM
Head-HCL Care

In the true HCL ONE Spirit, he spearheaded the integrated customer care services and remote support facilities for SMB segment of EBU, OA, DMS and Consumer Computing. He has also launched HCL GLOBAL TOUCH and has built a new impressive 350 seater call center. On the whole a true evidence that collaborative spirit drives business performance.

GAUTAM ADVANI
Head - Mobility Solutions

Gautam Advani, an MBA from Narsee Monjee Institute of Management Studies is at the helm of Mobility Division. His rich & diverse experience in leveraging "Ahead of the Curve" thinking to differentiate products and penetrating difficult segments makes him an ideal choice for HCL Infosystems.

Financial highlights

Revenue and Profitability (Consolidated)

₹/Crores

YEAR ENDED JUNE 30	2011	2010	2009	2008	2007
Total Revenue	**11542**	12159	12378	12403	11855
PBIDT	**347**	411	417	497	454
Interest	**80**	39	45	48	10
Depreciation	**38**	26	21	19	15
Profit before Tax	**229**	346	351	430	429
Provision for Tax	**60**	104	111	130	113
Profit after Tax (PAT)	**169**	242	240	300	316
Profit available for Appropriation	**973**	1033	951	904	792
Equity Dividend	**176****	171	111	137	135
Basic Earning Per Share (₹)*	**7.67**	11.92	14.02	17.6	18.7
PBIDT (%)	**3%**	3%	3%	4%	4%
Profit before Tax/Revenue (%)	**2%**	3%	3%	3%	4%
Return on Net worth (%)	**9%**	13%	21%	30%	37%
Return on Capital Employed (%) #	**12%**	16%	29%	34%	40%
Equity Dividend (%)	**400%** **	375%	325%	400%	400%

*** Based on equity shares of ₹ 2/- each on Balance Sheet date.**
**** Includes interim dividends aggregating to 300% and proposed final dividend of 100% amounting to ₹ 131.7 Crores and ₹ 44.6 Crores, respectively**
 # Calculated on "PBIT"

Assets and Liabilities (Consolidated)

₹/Crores

AS AT JUNE 30	2011	2010	2009	2008	2007
Sources of Funds					
Equity Funds	**45**	44	34	34	34
Share Warrant Application Money	**-**	18	-	-	-
Reserves and Surplus	**1863**	1831	1088	982	826
Minority Interest	**4**	-	-	-	-
Loan Funds	**628**	520	227	354	236
Deferred Tax Liabilities (Net)	**-**	-	-	7	12
Total	**2540**	2413	1349	1377	1108
Application of Funds					
Net block	**364**	287	185	170	151
Investments	**607**	854	260	215	272
Deferred Tax Assets (Net)	**22**	13	6	-	-
Current Assets	**3702**	3615	2912	2704	2160
Current Liabilities	**2155**	2356	2014	1712	1475
Net Current Assets	**1547**	1259	898	992	685
Total	**2540**	2413	1349	1377	1108

Management Discussion and Analysis

Overview

The Year 2010-11 has seen a difficult economy with both enterprises & consumers being cautious in decision making and discretionary spends. Inflationary pressures leading to aggressive rate hikes by the RBI led to a slowing economy and growth momentum clearly tapered off by the end of the year.

Your company has faced some significant growth & operational challenges in the year. Some of the key challenges were.

- Decline in sales of telecom products due to certain gap in partner's portfolio. However the introduction of Dual Sim phones has led to strong performance in the month of June.
- Profitability has been impacted due to continued losses in Consumer Computing. However delayering of channel & launch of accessories in the last quarter has yielded positive results.
- Cash has been tied in businesses like System Integration due to excessive delay in government decision cycles in the last 9 months. As we had reported earlier in a release made on our website, a government investigating agency has collected certain documents from the company, pertaining to a material contract awarded to it by a government company. The CAG has also commented on this contract in a report.
- Business like HCL Infinet, Security & CDC have continued to grow but not adequately scaled in the last few years. Actions were taken on each of these businesses.
    - Signing divestment agreement with Tikona and
    - Rationalization of unprofitable CDC franchises.
    - Merging of Security with OA business

However in spite of these challenges we achieved some significant milestones such as.

- Company achieved snag free roll out of many prestigious projects of national importance like RGI, AFNET & implementation of core banking systems for Co-operative banks like HPSCB.
- Large outsourcing deals like PCMC, MPPDS & Financial Inclusion were won by the company. These deals are transactions based and likely to increase in the future.
- HCL Learning launched multimedia classroom offerings - DigiSchool & Xcelerate.
- Operations of HCL Global Touch were started to offer remote customer support to overseas customers.
- Acquisitions in the Middle East & opening of offices in South Africa and Nigeria enhanced Global foot print.
- DQ Survey rated the company #1 rating in Customer Satisfaction.
- Company rated as one of the Best employers in the country & was once again selected as Business Super brands.

As your company embarks on a new year, it has identified improvement levers for each businesses with a rigorous execution plan. It has also identified strategic initiatives as the way forward to change our trajectory both in the next 2-3 years and in the longer term. These include:

1. Investment in Growth Drivers that your company believes are next big growth opportunities for HCL where these new businesses can be incubated and brought to scale quickly.
2. Organization Transformation program 'ASPIRE' where key excellence initiatives have been kick started in different functional areas to build organization effectiveness & improve Working Capital and acquire new organization capabilities to make the Transformation successful.

Your Company's Growth Drivers are supported by clear market trends and the company's operational strengths to leverage these trends such as:

- Adoption of cloud computing by enterprises and hosted applications by SMBs. As organisations move towards more optimised investments, they want to move ahead for more of opex than capex based model.
- Adoption of mobility devices like Tablets. Enterprise Mobility is gaining steam as businesses world over come to terms with real-time information/solution be it customer support or sales force automation.
- Role of IT in delivering quality education is getting more & more pronounced.
- Large scale e-governance projects will witness increased adoption with online delivery of citizen services and Document Management Services (DMS) and digital imaging technologies.
- Growth in various lifecycle managed services for digital solutions used by enterprises & consumers, e.g. Managed Print media services, Remote Infrastructure Management.

Business Outlook

The economy decisively slowed down in the second half of FY 10-11. Growth momentum during the period tapered off in all key sectors. Government project execution was sluggish and inflation continued to be high and the continuous rate hikes drove down capacity expansion in most sectors.

The outlook for FY 11- 12 remains cautious about the country's economic outlook in the short term amid high inflation & delays in government decisions hurting overall business activities.

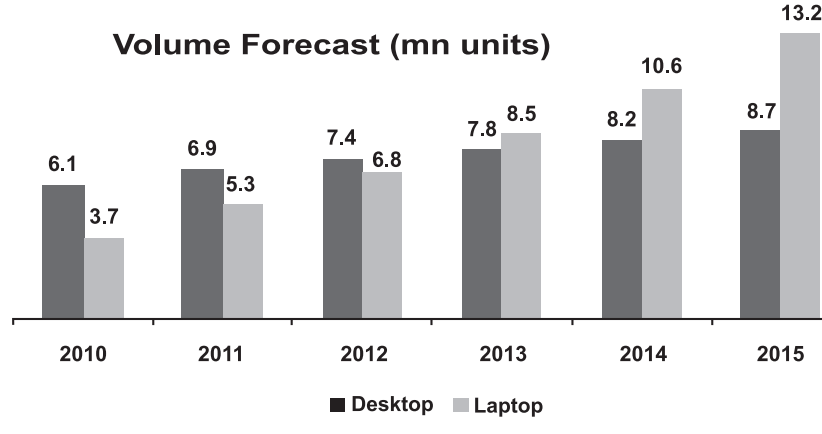
- **HCL Learning -** HCL's Career Development Centres (CDC) offer IT courses in over 60 centres across India. HCL introduced 'HCL DigiSchool' last year, its solution designed for Indian schools that offer modern multimedia classrooms with high quality content. HCL Infosystems Digischool solutions are designed & customised as per Indian K-12 school curricula for different school boards. HCL Learning is expected to show strong growth as we see consistent growth in spend for Education and increasing adoption of IT for delivery of quality education.
- **Digital Lifestyle -** HCL continues to grow Digital Lifestyle products distribution business by adding new products to its portfolio of consumer electronics and mobile accessories. With increase in size of India's middle class and share-of-wallet shifting from basic necessities to discretionary items, demand for digital lifestyle products is expected to grow.
- **Office Automation -** Office Automation (OA) business addresses the requirements of Audio-Visual Systems, EPABX/VoIP solutions, Imaging & Printing solutions, Media and Entertainment solutions and Tracking solutions required by various enterprises and governments. Your company has also created new services like managed print and media services. Growth in sale of Office Automation products like Printers, Projection Systems & AVSI systems is expected to slow down as businesses optimize capex investments in near term. However demand would be high in managed services like print services etc.

Product	Market Size
Printers	2000 Cr
Managed Print Services	1000 Cr
Projection Systems	650 Cr
AVSI	1150 Cr
Media & Entertainment	440 Cr

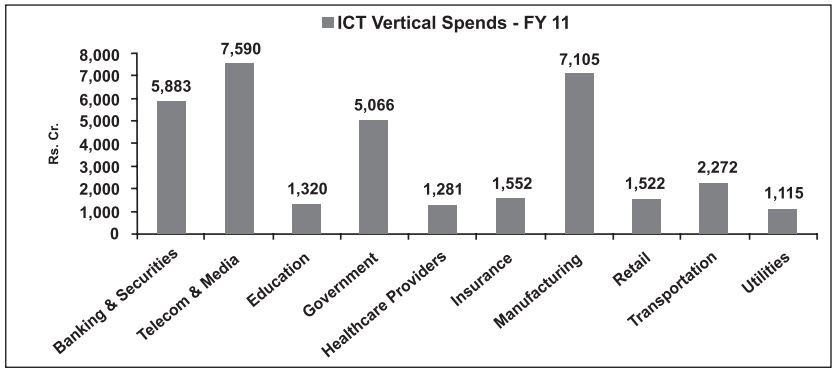
- **Consumer & Enterprise Computing -** HCL Infosystems is a significant player in the Desktop, Laptop and Thin clients market with a strong brand recall.

  Desktop & Laptop market is expected to show slow growth and pricing pressure in near term with decrease in consumer spending and new products like Tablets eating market share. However, long term growth story of PC market still remains intact as PC penetration in the country is still just about 4% (compare this with mobile phone penetration of over 60%) and broadband penetration is still under 1% and a rapid growth in the same expected over next 4-5 years.

  In computing, besides PCs, your company's ***Enterprise Business Unit*** drives sale of hardware like desktops, laptops, S4N (server, storage, security, network) products and System Integration solutions to Government, enterprises & Small and Medium Business (SMB) customers. In the near term, even this business is likely to face a slow down with a tightening of the economy. However this unit is expected to show a consistent growth in the long term as SMB market grows in India and both government and Enterprises continue to seek efficiencies using IT and with new technologies of mobility and cloud computing.



Source – Gartner report 02-2010



* Source – Gartner report 03 - 2010

Growth Drivers

Your company has identified following future growth opportunities as the Growth Drivers for the company in the next 2-3 years.

I. Lifecycle Services (Enterprises & Customers)

The company offers a large number of managed services programs for our enterprise customers. These managed services programs include offerings like Facility Management, Remote Infrastructure Management (RIM) and Managed Print Services. It has setup and operationalised a RIM Centre in Pondicherry to enhance offerings in the area of Managed services. The facility provides services in Infrastructure (Network, DC/DR, Clients) Management, Application management and Operations management services. Under Facility Management services, the company operates a large network of service engineers along with back end repair facilities and call centres providing 24/7 repair services across all major cities for enterprise customers.

For consumers, HCL has a multi-brand repair capability across PCs, phones & Digital lifecycle products. Services are provided through consumer service centres (branded `HCL Touch'). The company has also started a Remote technical support offering to overseas consumers through phone, chat & email. This business is expected to grow rapidly with increasing needs of support for various digital products in the life of a consumer today.

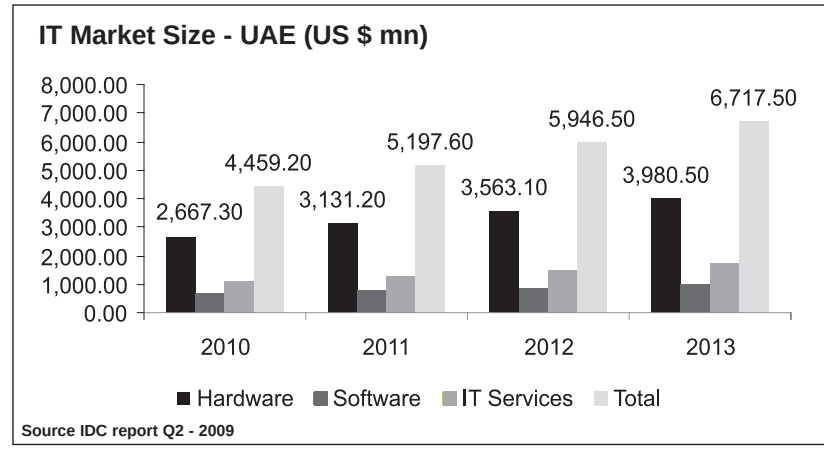
II. Multibrand Distribution Strategy

HCL Infosystems has built a large value added distribution network in the country with partnerships with leading global brands such as, Nokia, Apple, Kodak, Toshiba, Microsoft, Konica and Minolta among others. HCL's distribution network is able to distribute products to over 100,000 retail outlets all over the country.

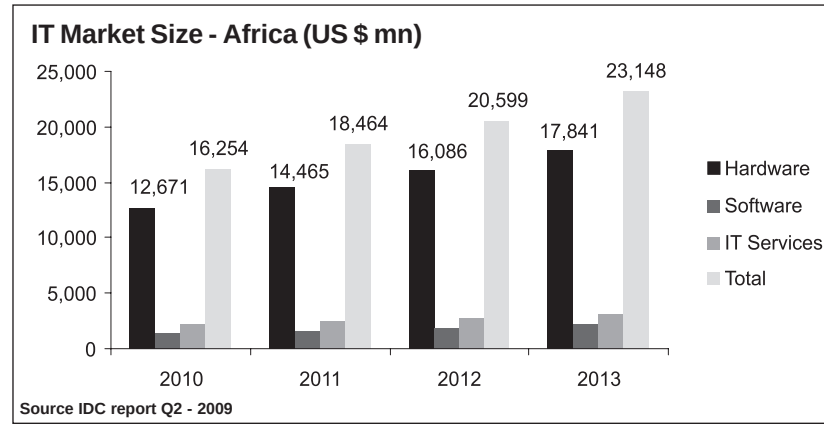
As part of the Multibrand distribution strategy, the company will focus on addition of new brands in existing categories and add new profitable, fast growing categories. It will try to increase geographical reach and build an ecosystem of accessories.

III. Emerging Markets (Middle East & Africa)

The company 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, the company bought a majority stake in the Dubai-based NTS Group and minority stake in distribution company Techmart. The acquisition of stake in NTS (now called HCL MEA) will see its customer relationships across the Middle East, get access to the HCL Infosystems expertise in the ICT domain. The investment in Techmart will give HCL access to the distribution market in Middle East & Africa. The company also recently opened a subsidiary in South Africa.



Source IDC report Q2 - 2009



Source IDC report Q2 - 2009

IV. Learning - Digischool & Digicampus

Established with an objective to meet the increasing demand for quality education in schools, HCL Infosystems introduced 'HCL DigiSchool', its state-of-the-art solutions designed for Indian schools that offer modern multimedia classrooms with world class content.

With an installed base of only 54,000 class rooms out of a total addressable market of 1.4 mn class rooms, HCL Digischool has a significant market potential to increase sales of K-12 content within CBSE and state board schools. Other initiatives in this business include IT enabled remote delivery of quality content for Coaching for competitive exams, vocational training, Language Lab and School ERP products and other solutions for schools & students.

V. Mobility

The global market of Tablets is growing very rapidly and it is expected to grow 3-4 times in 2012 and reach a size of 70 Million units in 2012. Adoption of tablets in India is still low due to lack of good coverage of 3G/ 4G communication networks. However, we expect tablets to show a strong growth in next 3-4 years as high speed wireless networks mature and also India specific applications and price points emerge. Your company will have a play in this growing market through Mobility solutions for both consumers as well as enterprises.

VI. System Integration in high growth verticals

Your company has decided to focus on a few select verticals where it can leverage its best practices and IP developed through various successful projects.

During the FY 2010-11, your company strengthened its organization for System Integration through

- Creation of a dedicated Project Management Office (PMO) and Central Bid Team (CBT)
- Vertical focused practices
- IP creation with a development centre at Jaipur

VII. Cloud Computing

Cloud computing is reshaping the IT marketplace, creating new opportunities for suppliers and catalysing changes in the traditional IT offerings. Large enterprises are now open to adopting private clouds for their in house requirements and Small and Medium Businesses now have access to world class applications and IT capabilities through renting of these through what is called `Public clouds'. This will help adoption of technology in SMB in India significantly. Some reports put growth of cloud computing market to be as high as 50-60% y-o-y for next 5 years. Your company has built capabilities to help large organizations in building private cloud infrastructure as well as to offer Infrastructure and Software as a service to SMBs though your company's hosted applications.

ASPIRE - Excellence Tracks

ASPIRE is a Business Excellence program started in late FY 2011 to help your company transform itself to be better prepared for new opportunities and also to help drive significant cost and working capital efficiencies.

This program which has 7 tracks, was started in the second half of the year and is tracked regularly with progress reviews every week with the Project Sponsors & the CEO.

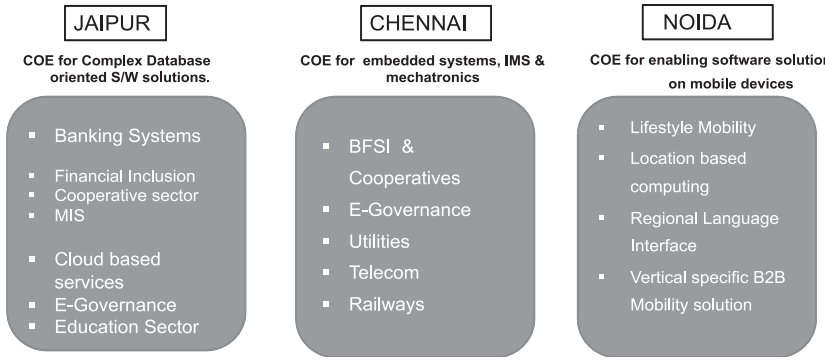
ASPIRE Charter	Objectives
Sales Excellence	Create a strong account management program and build high performance sales engine by strengthening partner base, build competencies through sales certifications, improve effectiveness through Business intelligence and Analytics tools & strengthen back end processes like delivery management.
Service Excellence	Build Customer Delight & provide consistency & efficiency in services. Deliver benefits by deploying a Account Service Management Programme for Customers, enable field services to migrate to higher value added services.
Project Excellence	Drive significant improvements to your company's Program Management practices. Create smooth Project Kickoff process with pre knowledge being part of bidding process and have strong Resource Management practices and tools for resource optimization
Cost Excellence	Provide continuous cost productivity by leveraging a comprehensive range of lean practices, Identifying and eliminating wastes, adopting preferred Vendor Strategy, & driving cost efficiencies throughout the organization.
Distribution Excellence	Implement solutions for Distribution management & consolidation, route planning and Logistics Integration and achieve standardization and consolidation of processes/practices across the distribution operations.
Operational Excellence	Working capital improvements through reduction of Order to Cash cycle time, SKU consolidation & sales forecasting and Project Delivery improvements.
Innovation Excellence	Optimise R&D investments through a robust Stage Gate process. Build new R&D Centers of Excellence,

I. R&D Initiatives

As part of its R&D initiatives, the company launched Hand Held terminals (HHT) & BancMate solution for financial companies in FY 10-11.

The company will make significant investment in R&D this year with a robust C2C (Concept to Commercialization) process that is being deployed as a part of the ASPIRE Business Excellence Programme.

The company has also set up three center of excellence to build strong product capability.



II. Quality Initiatives

HCLI Quality management is committed to adoption of international best practices and standards. Quality systems have been confirming to and are certified for various International standards.

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

This has been further strengthened by achieving the following certifications during this period.

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

Documented Integrated Quality Management System (iQMS) framework is being deployed for all functions within the company. Comprehensive iQMS was created for System Integration, Strategic Outsourcing, Enterprise Software and Infrastructure Management divisions. Policies and process manuals for new emerging international business were also established during the year.

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

Achieving Customer Delight has also been a key goal of our ongoing excellence journey. Various initiatives undertaken in the past one year have retained HCL Infosystems on the top for the **third time in a row** in CSA 2011 (Customer Satisfaction Audit) conducted independently by IDC-DQ during Oct-Dec'10. Out of 16 parameters your company got highest score in 9 parameters with "Overall service offering", "Pricing and commercials" and "Post contract experience" being significant ones.

III. Risks & Concerns and Risk Mitigation

HCLI Enterprise Risk Management Framework is the key strategic tool in proactively ensuring that the possible business risks are systematically identified and addressed in a planned manner. In FY 2011, risk management workshops were conducted in each of the business units and support functions, where the key business leaders participated in risks identification and mitigation planning exercise. The effectiveness of the Risk Management action plans are measured tracked and reported quarterly to the Board appropriately.

IT Services: Pride of Place

Vendors	Overall Scores	Rank-'10	Rank-'11	Change
HCL Infosystems	87.8	1	1	0
TCS/CMC	85.2	2	2	0
IBM	85.1	4	3	▲ 1
Wipro	85.0	5	4	▲ 1
HCL Comnet	83.7	3	5	▼ -2
SIFY	82.9	6	6	0
HP	82.2	8	7	▲ 1
CMS	80.1	7	8	▼ -1

UP Down Change

Source : DQ-IDC Survey Customer Satisfaction 2011

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

The domination of Indian players in the Top 3 changed this time with IBM entering #3 spot for the first time

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

- Credit controller has been added to assess customer and channel partner credit risk and approve credit limits for each of them.
- Board Approved hedging policy on foreign exchange has been implemented across the company.
- Segregation of Project Management Office (PMO) & Central Bid Team (CBT) from sales to manage challenges in System Integration business around contract management & project estimation.

IV. Internal Control Systems and their Adequacy

Your company has put in place adequate controls that are commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use or losses, executing transactions with proper authorization and ensuring compliance of corporate polices. These processes have been further revised as a part of the iQMS framework and an upgraded control framework is being put in place with a roll out of a new Authority Schedule for all operations in the company (planned to be completed in Q2 FY 2012).

Your 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.

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

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

V. Human Resource Development

In today's competitive world, we believe that our success is contingent on our ability to attract and retain the best talent the industry has to offer. Keeping this in mind, your company introduced various programs for Leadership training, functional training & technical training at its 16 acre campus in Hyderabad. We carried forward our iLead Development Centres, one year customised development programs to support transitions. We continued training & development initiatives to develop a robust leadership pipeline and provide our people with extensive blended learning opportunities for career development and growth.

As an enabler to our Business excellence initiative, ASPIRE, we introduced a new three-step Performance Management System. We believe that our path to Business Excellence will be greatly enhanced through this solid Performance Management System and a culture of individual accountability. Performance is now an assessment of both, results as well as behaviours and competencies.

In line with the performance management system, the incentive structures are now strongly linked to margin and cash flows and not on sales.

In our transformation towards business excellence, we recognise the need for keeping our people involved in all important changes taking place within the organisation. We have initiated new channels of communication such as CEO Townhalls, regular mailers and posters to communicate the vision of business excellence.

During the year, your company focused on building a strong leadership bench required for success in new upcoming growth areas. Besides a new CEO, many new Business Unit heads and Functional managers were hired with relevant back ground and skill sets to the leadership team of the company. Current top leadership team of the company consists of a balanced mix of the top talent developed internally through multi-functional exposure within the company as well as talent hired from outside. Besides talent infusion at the senior levels, your company has also focused on attracting talent at entry and mid management level and runs a robust Management Trainee and Exec MBA recruitment program for recruitments from top Management and Engineering Colleges in the country.

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

The employee strength has increased from 6731 in 2010 to 7357 in 2011.

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, 2011

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

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

The Management Discussion and Analysis on Financial performance relates to Consolidated Financial statements of the Company and its subsidiaries. This should be read in conjunction with the financial statements and related notes to the consolidated accounts for the year ended June 30, 2011.

During the year the company expanded its geographical foot print in Middle East. Acquisitions during the year

- The Company, through its wholly owned subsidiary, HCL Insys Pte. Limited, Singapore acquired a majority equity stake (60%) in HCL Infosystems MEA FZCO (formerly known as NTS FZCO), a Dubai based IT Infrastructure solutions provider.
- The Company, through its wholly owned subsidiary, HCL Investments Pte. Limited, Singapore, acquired 20% equity shares in Techmart Telecom Distribution FZCO, Dubai, a distributor of Nokia Smartphones in Middle-East and Africa.

RESULTS OF OPERATIONS Rs. crores

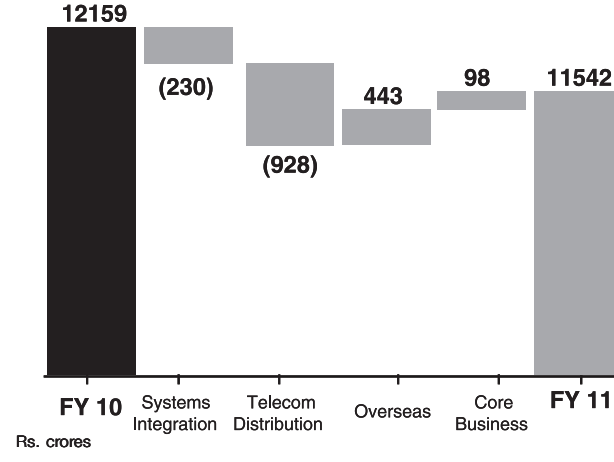
Particulars	**FY 11**	**FY 10**
Revenue	11,542	12,159
Cost of Sales	10,389	11,055
Gross Profit	1,153	1,104
Personnel	487	391
Administration, Selling & Others	421	366
Depreciation	38	26
Profit Before Other Income, Finance Costs and Tax	**207**	**321**
Other Income	101	64
Finance cost	79	39
Profit Before Tax	229	346
Tax Expense	60	104
Minority Interest	1	-
Profit After Tax	**168**	**242**
EPS - Basic (in Rupees)	7.7	11.9

Gross Business Income

Consolidated Revenues for the year were Rs. 11,542 crores as against Rs. 12,159 crores in the previous year.

Systems Integration business revenues were severely impacted due to delay in customer acceptances and delay in release of orders.

Revenues from Telecom Distribution business dropped due to decline in market share.



Gross Margins

Gross margins for the current year grew by 100 basis points from 9.1% to 10.0% in FY 2011. In absolute value, gross margins were Rs. 1153 crores as against Rs. 1104 crores in the previous year.

Personnel Costs

Personnel costs increased from Rs. 391 crores in FY 2010 to Rs. 487 crores in FY 2011. Acquisitions in Middle East geography, additions to technical and support employee base and annual increments contributed to increase in costs.

Administration, Selling and Other Expenses

Administration, Selling & other expenses increased from Rs. 366 crores in FY 2010 to Rs. 421 crores in FY 2011. The increase was mainly in projects related technical fees Rs. 16 crores and provisions on account of receivables due to delay in customer receipts Rs. 11 crores.

Depreciation

Depreciation increased from Rs. 26 crores in FY 2010 to Rs. 38 crores in FY 2011, due to increase in Fixed Asset base and ERP system upgrades.

Other Income

Other income in FY 2011 was Rs. 101 crores as against Rs. 64 crores in FY 2010. The increase was mainly due to increase in income from investment in mutual funds and interest on finance lease rentals.

The company follows foreign exchange management strategy of hedging a certain percentage of its foreign exchange exposure to mitigate the risk from volatility in exchange rates.

Rs. crores

Particulars	FY 2011	FY 2010
Investment Income	41	26
Operating Income	30	18
Exchange Fluctuation Gain	10	12
Others (including Interest on Lease Rentals)	20	8
TOTAL	**101**	**64**

Finance Cost

Finance costs in FY 2011 were Rs. 79 crores as against Rs. 39 crores in FY 2010. The increase in finance cost was mainly due to increase in the average interest rates and incremental borrowings for SI projects.

Profit Before Tax

Profit before tax in FY 2011 was Rs. 229 crores as against Rs. 346 crores in the previous year. PBT as percentage of sales was 2.0% in FY 2011.

Tax Expense

The provision for current and deferred tax for the year was Rs. 60 crores. Business mix changes led by lower contributions from SI and telecom handset distribution businesses, resulted in effective tax rate for the year dropping to 26% as against 30% in the previous year.

Profit After Tax

Profit after Tax and Minority interest for FY 2011 was Rs. 168 crores as against Rs. 242 crores in FY 2010.

Earnings Per Share

Basic EPS for FY 2011 was Rs. 7.7 per share as against Rs 11.9 per share in FY 2010.

FINANCIAL CONDITIONS

SUMMARY OF FINANCIAL STATEMENT

Rs. crores

Particulars	FY 11	FY 10
Net Worth	1,907	1,893
Loans	629	520
Minority Interest	4	0
Total	**2540**	**2413**
Net Fixed Assets	364	287
Investments	607	854
Deferred Tax Asset	21	14
Net Working Capital	1548	1258
Total	**2540**	**2413**

Net worth / Shareholders funds

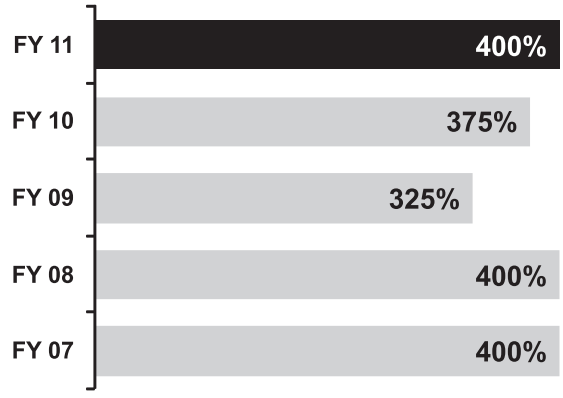
Net Worth grew to Rs. 1907 crores as at June 30, 2011 from Rs. 1893 crores as at the close of the previous year.

During the year ended June 30, 2011, on receipt of the balance 75% subscription money amounting to Rs. 53 crores upon exercise of option of conversion of 46,20,667 warrants, the Company has allotted equivalent number of equity shares to the Promoter. After allotment of the aforesaid shares, there are no outstanding warrants.

Reserves & Surplus were Rs. 1863 crores at year-end after appropriating Rs. 205 crores for dividend and dividend distribution tax.

The book value for FY 2011 was Rs. 86 per share.

Dividend



Rate of Dividend (Face Value Rs. 2 per share)

The Board recommended a final dividend of Rs. 2 per share (100% per fully paid up equity share) subject to shareholders' approval in the ensuing Annual General meeting.

The total dividend paid & proposed for 2011 (including interim dividend of Rs. 6/- share) is Rs. 8/- per share (400% per fully paid up equity share), amounting to Rs. 205 crores including dividend distribution tax.

Borrowings

Loan Funds were at Rs. 629 crores as on June 30, 2011. These mainly represented short term borrowings for working capital requirements.

Loans

Rs. crores

Particulars	FY 2011	FY 2010
Secured Loans		
- Debentures	80	80
- From Banks	52	55
- From Others	21	28
Unsecured Loans		
- Short Term	336	279
- Long Term	140	78
TOTAL	**629**	**520**

Fixed Assets

Net block grew to Rs. 364 crores as at June 30, 2011 from Rs. 287 crores as at June 30, 2010. The increase was mainly due to capitalization of upgraded ERP system Rs. 29 crores and goodwill on acquisitions Rs. 20 crores.

Investments

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

Investments decreased to Rs. 607 crores as at June 30, 2011 from Rs. 854 crores as at June 30, 2010.

Net Working Capital

The company's working capital base increased from Rs. 1258 crores as at June 30, 2010 to Rs. 1548 crores as at June 30, 2011.

Inventories

Inventories as at June 30, 2011 were Rs. 614 crores as against Rs. 840 crores as on June 30, 2010.

Inventory turnover on sales in financial year ended 2011 was 19 times as against 14 times in the previous year.

Debtors

Debtors as at June 30, 2011 were Rs. 2153 crores as against Rs. 2108 crores as at June 30, 2010.

Debtors as number of days of sales in FY 2011 were at 68 days as against 63 days in the FY 2010.

Cash and Bank

Cash in Hand & Balances with Bank in collection / disbursement accounts were Rs. 265 crores as at June 30, 2011 as against Rs. 300 crores as at June 30, 2010.

Other Current Assets

Other current assets increased from Rs. 507 crores as at June 30, 2010 to Rs. 669 crores as at June 30, 2011. The increase was primarily in deferred lease assets and accrued revenue to be billed.

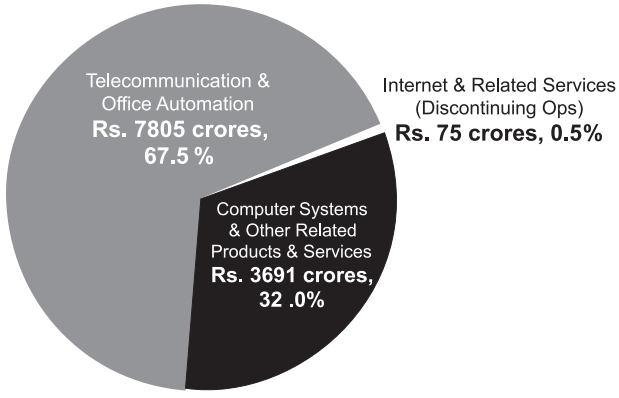
Current Liabilities & Provisions

The company had current liabilities and provisions of Rs. 2154 crores as at June 30, 2011 as against Rs. 2496 crores as at June 30, 2010. The decrease in current liabilities was mainly due to payment of SI related liabilities, falling due during the year.

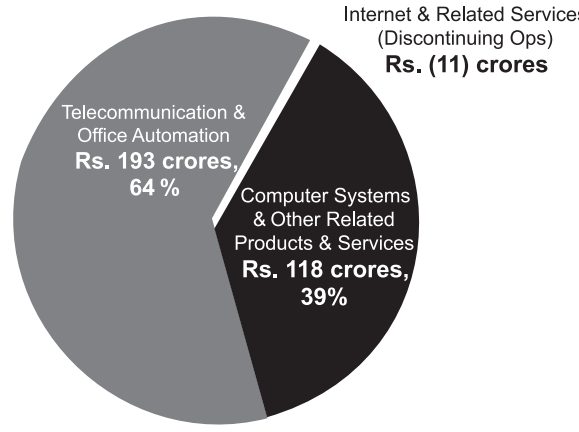
Segment Performance

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

Segment Revenue



Segment PBIT



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

Segment revenues in FY 2011 were Rs. 3691 crores as against Rs. 3643 crores in previous year.

Segment PBIT in FY 2011 was Rs. 118 crores as against Rs. 190 crores in previous year. PBIT as a % to sales was 3.2% as against 5.2% in the previous year. Delay in customer decision / acceptances had resulted in cost overruns and receivables provisioning impacted the margins of this segment.

Capital employed in the segment as at June 30, 2011 was Rs. 1363 crores as against Rs. 1215 crores as at June 30, 2010.

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. The subsidiary HCL Security Limited (known as Digilife Distribution and Marketing services Ltd. w.e.f August 1, 2011) and HCL Investment Pte Limited, Singapore, with its joint venture Techmart Telecom Distribution FZCO, Dubai, form part of Telecommunication & Office Automation segment.

Segment revenues in FY 2011 were Rs. 7805 crores as against Rs. 8529 crores in the previous year. Decline in the telecom handset distribution business, a dominant portion of this segment, led to de-growth in this segment. Office Automation business reported a growth of 14% over last year.

Segment PBIT in FY 2011 was Rs. 193 crores as against Rs. 216 crores in the previous year. PBIT as % to sales was 2.5% in FY 2011, the same as in the previous year.

Capital employed in the segment as at June 30, 2011 was Rs. 310 crores as against Rs. 203 crores as at June 30, 2010.

Internet and Related Services

The 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.

The Company had signed a Share Purchase Agreement with a Buyer in January, 2011 for the sale of its equity stake in HCL Infinet Limited, which is accordingly identified as discontinuing operation.

The sale/transfer of the entire equity stake in HCL Infinet Limited shall be given effect on receipt of necessary regulatory approvals. Accordingly, gain amounting to Rs 22.4 crores as on June 30, 2011 arising on sale of HCL Infinet Limited in consolidated results will be accounted for on consummation of this transaction.

Segment Revenue in FY 2011 was Rs. 75 crores as against Rs. 77 crores in the previous year. Segment PBIT in FY 2011 was Rs. (11) crores as against Rs. (14) crores in the previous year.

Report on Corporate Social Responsibility

Social Responsibility & Community Development

HCL Infosystems remains committed 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.

CSR Initiatives during the year

1. HCL Infosystems organized various Blood Donation Camps during the year.
2. The Company extended support to Baby Sarah Home at Puducherry and donated toys and clothes for children.
3. Puducherry manufacturing unit supported the villagers nearby who lost their home due to fire accident. The unit provided food for 3 days and extended financial support for those who lost their house hold materials in the fire accident.
4. Uttaranchal manufacturing unit adopted 7 Nos. of Anganwadi's in the nearby villages.
5. Uttaranchal manufacturing unit planted more than 500 saplings during the year.
6. Uttaranchal manufacturing unit provided training to students from Technical institutes and colleges in nearby city & towns for enhancing their practical knowledge.
7. HCL Infosystems Corporate provided mentoring in association with JA India for 100+ students at Cambridge School, Indirapuram. A total of 16 participants from all

divisions and levels ensured a holistic experience and diverse insights for the students.

8. HCL Infosystems partnered with Indian Navy – Distributed Computers and Cameras to the meritorious children of class 12 of Naval School.

9. HCL Infosystems held Warm Winter Drive in various Regions. The drive was conducted in 8 regions namely Bangalore, Mumbai, Jaipur, Noida, UMO, PMO, Kolkata and Chennai. Over 270 Contributors and over 1000 woolens were collected.

10. HCL Infosystems, Trichy organized Diwali Celebrations at a Blind Home. Various cultural programs and games were organized for the people. Gifts were distributed.

11. HCL Infosystems ESO Division, Guwahati organized Art competition for 300 primary students.

12. Guiding Mindia on 13th November 2010, in which over 55 employees participated/ contributed.

13. To promote the spirit of Mindia, HCL Infosystems, Noida invited 20 children from Udayan Care, a NGO to celebrate Childrens' Day. Each child was paired with 20 HCLites to give an insight into the real work environment to help them dream bigger. In addition to this, Interactive Sessions were also held by Senior Managers. HCL Infosystems Sweatshirt/ Gifts were given to all children, sponsored by employees.

Environmental Sustainability Report

According to the latest Greenpeace' Greener-Electronics-Guide release (October 2010), HCL Infosystems is now among the **GLOBAL-TOP-3** companies on Green-front.

As compared to last year rankings (September 2009), we gained 1.0 points (highest gain by a company), resulting in a 16.4% 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 believe that this high level of performance can be achieved by integrating these objectives into our business planning, decision-making, performance tracking and review processes.

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 25th September, 2010, HCL Infosystems unveiled first 'Made in India' REACH Compliance Laptops - HCL ME series 54 laptops - in the Indian market,** a future-ready product that conforms to the stringent REACH compliance in EU. This product is not only free of PVC and BFR, but is also free of Antimony and Beryllium.

HCL Infosystems Chemical Policy Based on Precautionary Principle:

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

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

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

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

a. Substances with hazardous properties that are a known threat to human health or the environment.

b. Substances with hazardous properties that show strong indications of significant risks to human health or the environment.

c. Substances with hazardous properties that are known to bio persists and bio accumulates in humans or the environment.

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

a. Maintaining a Banned and Restricted Substance List.

b. Choosing designs and materials that avoid the use of substances of concern.

c. Committing suppliers not to use these substances contractually.

d. Substitution of viable alternate substances.

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' 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/indexhclinfosystems-eco-safe.html

Product packaging material restriction

HCL Infosystems' objective is to use packaging materials in a way which has minimum impact on environment. During the product development stage, product packaging is designed keeping 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 1st January, 2008 we have achieved total RoHS compliance for Desktops, Laptops, workstations, and Servers.

HCL Infosystems' initiatives on phasing out PVC, BFR, Antimony and Beryllium in product manufacturing:

On 25th September 2010, HCL Infosystems' unveiled first 'Made in India' REACH Compliant Laptops - HCL ME series 54 laptops in the Indian market, a future-ready product that conforms to the stringent REACH compliance in EU. This product is not only free of PVC and BFR, but is also free of Antimony and Beryllium (except for the Power-adapter).

The REACH-compliant HCL Infosystems ME Series 54 meets the 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. Also, HCL Infosystems takes the responsibility of recycling the Laptops at the end-of-life, making it the first Laptop in India to comply with the 'Cradle-to-Grave-to-Cradle' approach of sustainable product designing.

We are happy to point-out that we have achieved the (PVC, BFR, Antimony, Beryllium) free status in our product much ahead of our committed date of 31st December, 2012.

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.

In Financial-year 2010-11, we collected and recycled 46,000 kg of e-waste. Since 2005-06, we have been seeing a continuous improvement in e-waste collection and recycling.

3. ENERGY

Highlights:

1. HCL Green Data Center at HO, Noida became the first Data Center Building in India to be certified LEED IC PLATINUM by US-Green Building Council
2. HCL ME series 54 became the first Laptop in India to be certified BEE-Star, the highest energy-efficiency standard in India for Laptops
3. Absolute reduction of 1,581 tonnes of CO2-e in operations as compared to last year

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 Ernst & Young 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 10.749 Kilo Tonnes CO_2e (Carbon-di-oxide equivalent) for the period July 2009-June 2010. **This is a whopping reduction of 13% in a single year,** and is the right indicator in the direction of our targeted 20% absolute reductions by year 2014, saving us both energy and cash.

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 on per square foot area basis.

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-Platinum certified. Also, in December 2010, HCL Green Data Center at HO Noida became the first Data Center Building in India to be certified LEED IC PLATINUM by US-Green Building Council.

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 and CRTs will be replaced with TFTs. Normal power-supply will be replaced with energy star power-supply for all computers at 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.

BEE- STAR version 1.0: Our Ecosafe-team was aware about the BEE-Star version 1.0 standards from last year, and we had been communicating with our product and PEG teams for the same in a pro-active manner.

HCL was proactively participating with Government Agencies to bring out India-specific Energy Efficiency standards. Also, the fact that Energy-Star will no more be valid for India from June 2011, further prompted us to bring out India-specific standards and labeling programs for computing products.

Consequently, on 29th April, 2011; HCL ME series 54 laptop became the first laptop in India to be BEE-Star certified. This has come out to be a clear 'differentiator' for our series 54 laptop.

By September 2011, we plan to get all our laptop products certified on BEE-Star standards.

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.

Affirmative Action Initiatives

HCL Infosystems is working towards Affirmative Action as an important step towards ensuring sustainability in the organization. As part of this initiative, HCL Infosystems has re-iterated its commitment towards enforcing equal opportunities in employment. The organization is also taking steps towards increasing employability among those who are socially and economically disadvantaged by providing training, voluntary coaching and mentoring.

HCL Infosystems will make efforts for up-skilling and continual training of employees from socially disadvantaged sections in order to enhance their capabilities and competitive skills. The company will further maintain records on Affirmative Action. As part of the CII Affirmative Action Code of Conduct, quality and cost being equal, HCL Infosystems would give preference to enterprises with promoters, partners, and proprietors, and/or workers in majority from Scheduled Castes and Scheduled Tribes.

Table: Employee Demographics	Total (OBC,SC,ST)	Total Manpower	Percentage of Manpower from socially disadvantaged section
As on June 2011 as per voluntary disclosure	1130	7231	15.63%
As on January 2010 as per voluntary disclosure	815	6444	12.88%

1. **Employability**

   a. HCL Learning announced Scholarship Scheme for Technical Training for economically & socially disadvantaged sections.

   b. HCL Infosystems partners with Prajwala, a NGO for providing skill development training. The Company also provided products and support at discounted prices.

2. **Education-** HCL Infosystems organized employee volunteer programs for partner NGOs.

3. **Entrepreneurship**

   a. Supplier Diversity Model - Organization included in the CII Supplier Diversity database

   b. HCL Infosystems partners with Sukarya, an NGO for regular sale of products to employees at office premises

4. **Employment**

   a. HCL Infosystems visits approximately 350 Diploma Institutes in rural & semi urban areas. Company recruited 600 Diploma engineers with a high percentage from economic & social backward sections. Post recruitment, 4 weeks training was provided to all recruits on chosen technology areas.

   b. HCL Infosystems partners with Ability Foundation for employing people with disability.

Directors' Report

To the Members,

Your Directors have pleasure in presenting their Twenty Fifth Annual Report together with the Audited Accounts for the financial year ended 30th June, 2011.

Financial Highlights

(₹ in Crores)

Particulars	**Consolidated**		**Parent Company**	
	2010-11	2009-10	**2010-11**	2009-10
Net Sales and other income	**11520.83**	12114.44	**11024.14**	12011.91
Profit before Interest, Depreciation and Tax	**347.18**	411.18	**344.27**	427.82
Finance Charges	**79.38**	39.21	**73.97**	37.44
Depreciation and Amortisation	**38.36**	25.51	**33.20**	21.73
Profit before Tax	**229.44**	346.46	**237.10**	368.65
Provision for Taxation: Current	**66.19**	111.95	**65.94**	111.96
For earlier years	**1.79**	-	**1.79**	-
Deferred	**(7.87)**	(7.87)	**(7.86)**	(4.86)
Net Profit after Tax (Before Minority interest)	**169.33**	242.38	**177.23**	261.55
Minority interest	**1.14**	-	**-**	-
Net Profit after Tax (After Minority interest)	**168.19**	242.38	**177.23**	261.55
Profit available for appropriation	**971.95**	1033.33	**1010.55**	1062.89
Appropriations				
Debenture Redemption Reserve	**4.00**	4.00	**4.00**	4.00
Interim Dividend	**131.72**	127.08	**131.72**	127.08
Proposed Dividend	**44.58**	43.65	**44.58**	43.65
Tax on Dividend (including Interim Dividend)	**29.11**	28.68	**29.11**	28.68
Transfer to General Reserve	**17.72**	26.16	**17.72**	26.16
Balance of Profit carried forward to next year	**744.82**	803.76	**783.42**	833.32

Performance

The consolidated net revenue of the Company was ₹ 11520.83 Crores as against ₹ 12114.44 Crores in the previous year. The consolidated profit before tax was ₹ 229.44 Crores as against ₹ 346.46 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, 2011. During the first nine months, three interim (quarterly) dividends aggregating to ₹ 6 per share (300%) were declared, taking the total dividend for the year 2010-11 to ₹ 8 per share of ₹ 2/- (400%).

Operations

A review of operations of the businesses of your Company for the year ended 30th June, 2011 is provided in the Management Discussion and Analysis Report forming part of the Annual Report.

Acquisitions

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

The Company 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.

Techmart Telecom Distribution FZCO, Dubai

The Company on 3rd February, 2011 acquired 20% equity stake in Techmart Telecom Distribution FZCO (Techmart), a Dubai based company, engaged in distribution of Nokia Smartphones in Middle East and Africa.

Reorganization of business

The Company has transferred its Digital Entertainment business as a going concern on slump sale basis, to Digilife Distribution and Marketing Services Limited (formerly known as HCL Security Limited), the wholly owned subsidiary, for a consideration of ₹ 35 Crores. The Transfer was approved by the Shareholders by way of Postal Ballot.

The Company has acquired the Security and Surveillance business of Digilife Distribution and Marketing Services Limited as a going concern on slump sale basis for a consideration of ₹ 6 Crores.

The above transactions became effective from 1st August, 2011.

Issue of Shares

During the year under review, the Company allotted 4,620,667 equity shares of ₹ 2/- each at a price of ₹ 152.90 per equity share including a premium of ₹ 150.90 per equity share to a Promoter, on exercise of option of conversion of equal number of warrants (which were allotted in October 2009, on payment of 25% subscription money amounting to ₹ 17.66 Crores) on receipt of balance 75% subscription money amounting to ₹ 52.99 Crores. After allotment of the aforesaid shares, there are no outstanding warrants.

During the year under review, 460 equity shares of ₹ 2/- each were allotted under Employee Stock Option Scheme 2000.

Awards & Recognition

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

1) Ranked 2nd in the latest Greenpeace Green Electronics Ranking.
2) HCL Green Data Center was awarded 1st Ever LEED Platinum Certification in India by US Green Building Council.
3) Bagged VARIndia 2010 award for Top Distributor of the Year & Best Projector – DLP (In-Focus)
4) Awarded CXO Award 2010-The IT Chapter in the category of 'Indian Hardware Brand of the Year' by Bloomberg UTV.
5) Topped Employee Satisfaction Chart for the 6th Consecutive Year as per DQ Survey, 2010
6) DQ - IDC ranks your Company #2 Domestic ICT Company. The Company was also rated among Top 10 ICT Companies in India.
7) Awarded Dun & Bradstreet Rolta Corporate Award under Computer Hardware and Peripherals Category
8) DQ-IDC rates your Company as #1 in IT Services 2010
9) This year the scope of management systems certification (ISO9001:2008, ISO14001:2004 and OHSAS18001:2007) increased to include Hardware products like Hand Held Terminal, Turbo Terminal, Sharps blaster etc at Puducherry Manufacturing Organisation, Uttaranchal Manufacturing Organisation and Noida Manufacturing Organization.
10) Globally HCL Notebook stood in 8th position with 4.04 points in Green Electronic Survey of Greenpeace released in January 2011.
11) HCL Infosystems bags 5th position in India's Best Companies to Work for Survey, 2011 (IT Category): Study by Economic Times Great Place to Work!
12) HCL Desktops rated No. 1 in the Dataquest Channels - CyberMedia Research Channel Satisfaction Survey
13) HCL Infosystems awarded Best Telecom Support Service Company at the 5th National Telecom Award by CMAI Association of India
14) HCL Infosystems awarded 'Most Promising New Technology for Urban Applications' at the Municipalika 2011
15) HCL Infosystems awarded as a 'Powerbrand' of India in the IT & Office Automation Category
16) Your Company was selected as Business Superbrands of India.
17) Mr. Ajai Chowdhry, Chairman of your Company was felicitated with many prestigious awards as under:
    - The prestigious Padma Bhushan awarded by Doctor Pratibha Patil, the Honourable President of India.
    - 'Honoris Causa Doctorate' of Science for his contribution to the Indian IT Industry by IIT Roorkee
    - 'Electronics Man of the Year' by the ELCINA-EFY Awards Committee
    - The CNBC Asia Business Leader Award 2010 for Viewers Choice category.
    - "India Innovator of the Year Award" at the 6th edition of the CNBC TV18 India Business Leader Awards 2010

Employee Stock Option Plan

Employee Stock Option Scheme 2000

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

Employee Stock Based Compensation Plan 2005

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

Credit Ratings

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

The long term rating assigned by Fitch to the Company continued at 'AA- (ind)' 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 (BSE) and National Stock Exchange of India Limited, Mumbai (NSE). The Company's Non-Convertible Debentures (NCDs) amounting to ₹ 80 Crores are listed at National Stock Exchange of India Limited, Mumbai.

The Company has paid the listing fee for the year 2011-2012 to BSE and NSE.

Directors

Mr. R.P. Khosla and Mr. T.S. Purushothaman ceased to be Directors of the Company with effect from 27th October, 2010 and Mr. Subroto Bhattacharya ceased to be Director of the Company with effect from 10th December, 2010. The Board places on record its appreciation for the services rendered by them during their tenure with the Company.

Mr. Ajay Vohra was appointed as an Additional Director of the Company with effect from 4th April, 2011 and Mr. Harsh Chitale and Mr. Pradeep K. Khosla are appointed as Additional Directors of the Company with effect from 17th August, 2011. Mr. Harsh Chitale is also appointed as Whole-time Director of the Company with effect from 17th August, 2011.

The Company has received notice from member(s) of the Company, under section 257 of the Companies Act, 1956, proposing their appointment as Director(s) of the Company, along with the requisite deposit.

In accordance with the Articles of Association of the Company, Mr. D.S. Puri and Mr. E.A. Kshirsagar, Directors, retire by rotation and being eligible, offer themselves for re-appointment.

Corporate Governance Report and Management Discussion and Analysis Statement

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

Insider Trading Regulations

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

Directors' Responsibility Statement

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

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

b. appropriate accounting policies have been selected and applied consistently, and that the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 30th June, 2011 and of the profit of the Company for the said period;

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

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

Auditors & Auditors' Report

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

Personnel

Industrial Relations during the year under review continued to be peaceful and cordial. No man-days were lost due to industrial disputes. Your Company was ranked Top 2 in the Best Employer Survey conducted by IDC-Dataquest and Top five in IT Industry, in the Best Companies to Work For 2011 conducted by Economic Times and Great Place to Work Institute.

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

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

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

Particulars of subsidiaries

During the year under review, the following subsidiaries/step down subsidiaries were incorporated:

(a) Pimpri Chinchwad eServices Limited: Incorporated as a wholly owned subsidiary on 21st September, 2010, to provide e-services and other related services within the territorial jurisdiction of the Pimpri Chinchwad Municipal Corporation (PCMC) and to the citizens of PCMC.

(b) HCL Investments Pte. Limited, Singapore: Incorporated as a wholly owned subsidiary on 29th November, 2010, to manage the Company's overseas investments.

(c) HCL Infosystems South Africa Pty. Limited, South Africa: Incorporated as a wholly owned subsidiary of HCL Investments Pte. Limited, Singapore (another wholly owned subsidiary in Singapore) on 9th May, 2011, to engage in business operations in System Integration (SI) and Services with particular focus on BFSI, Utilities, e-Governance and Infrastructure Services.

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

The Company has signed a Share Purchase Agreement (SPA) with a Buyer in January 2011 for the sale of its entire equity stake in HCL Infinet Limited, the wholly owned subsidiary. The sale/transfer of the entire equity stake shall be given effect on receipt of necessary regulatory approvals.

In terms of the exemption granted by Ministry of Corporate Affairs (MCA) vide General Circular No. 2/2011 dated 8th February, 2011, the accounts of the following subsidiaries have not been enclosed with the results:

- HCL Infinet Limited;
- Digilife Distribution and Marketing Services Limited (formerly known as HCL Security Limited);
- HCL Infocom Limited;
- RMA Software Park Private Limited;
- Pimpri Chinchwad eServices Limited;
- HCL Insys Pte Limited, Singapore;
- HCL Investments Pte Limited, Singapore;
- HCL Infosystems MEA FZCO, Dubai;
- NTS Technology LLC, Dubai;
- HCL Infosystems MEA LLC, Abu Dhabi; and
- HCL Infosystems South Africa Pty Limited, South Africa

The annual accounts of these subsidiaries are available for inspection on any working day at the Registered Office of the Company. The Company shall also furnish a hard copy of details of accounts of these subsidiaries to any Shareholder on demand. These accounts are also available on the website of the Company at www.hclinfosystems.com. A summary of financials of the subsidiaries has been included in the Annual Report. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies.

Acknowledgement

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

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

On behalf of the Board of Directors

Sd/-

Ajai Chowdhry
Chairman

Date : 17th August, 2011

Annexure To Directors' Report

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

A. Conservation of Energy

Under HCL ecoSafe policy, energy conservation has been a key area of work to reduce power consumption in products and employing measures in manufacturing of products to minimize energy consumption.

HCL ecoSafe Policy clearly recognizes 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 activities initiated in manufacturing are:

1. Chiller running time reduced to 6 hours instead of regular 8 hours daily except during summer seasons in Puducherry Manufacturing Operations.
2. BMS Implementation for Chiller Operation – Useful to maintain water flow and temperature.
3. Scheduled running hours for water pumping from underground borewell to sump to reduce water consumption.
4. Power shutdown in non- testing areas after office working hours.
5. Switching off ACs during DG running (EB Power failure).
6. 155 CRT monitors changed to TFT monitors and rest is in progress.
7. Desktop assembly conveyor UP/DN motorized elevators were converted into pneumatically operated.
8. Day time integration bay lighting switched off from 10 am to 4pm by providing new transparent sheet at rooftop.
9. 250W MV lamp in production floor changed into 125W MV and operating these lamps only after 17.00 hrs.
10. In production floors, all roof exhaust fans removed.
11. Separate switch provided for each light at each stage of conveyor lines resulting in savings of 3072 unit per year in Uttaranchal Manufacturing Operations.
12. Conveyor line motors interlocked for unnecessary running resulting in saving of 5760 units per year.
13. Replaced all High Energy Consuming bulbs with CFL, resulting in saving of 10275 units during the year.
14. Rescheduling of machine RT testing has resulted in saving of 22080 liters of Diesel.

B. Research and Development

1. Product Innovation & Engineering

Your Company continues to innovate in R&D to bring out a range of ICT products & Product enhancements for eGovernance, BFSI, Retail, Railways, Power and Telecom verticals. Among the products released this year your Company has developed BancMate –SI an end to end solution for UID enabled Financial Inclusion Services. The product will enable UID based disbursement for various schemes of the Rural Development Department & Government of India. Your Company developed Automatic Ticket Vending solution for the unreserved ticketing service for Indian Railways.

Your Company this year launched "HCL Me Laptop 1014/1015/1024 series" Notebook based on Intel Huron River platform. This latest product used Intel 2nd generation Intel core i3/i5/i7 CPUs and it was launched along with Intel's worldwide launch. HCL certified HCL Me Laptop 54 series as per latest energy efficiency standard released by Bureau of Energy Efficiency (BEE).

Going by the latest technology trend, HCL launched Tablets addressing entry, mainstream & performance segments. These Tablets are based on Android 2.2 (Froyo) Operating System and supported by HCL's appstore. These Tablets supports latest features like GPS, 3G, Wifi and HD video playback.

In Desktop Personal computer segment, HCL released Intel Sandy Bridge platform based new products, featuring 2nd generation Intel core i3/i5/i7 CPUs. These latest products also support IAMT 7.0 for better manageability.

To bring value adds & better customer experience, HCL released ME companion DVD, Windows Live Essential 2011, Microsoft Indic Language Input Tool, Microsoft Learning Suite and Microsoft Mathematics 4.0. To provide latest software to end users, preloaded Windows 7 systems are loaded with Internet Explorer 9 & Windows 7 SP1. The Indian Rupee symbol was integrated in all products' keyboards and Windows 7 OS patch preinstalled.

In Server product range, 4way server based on Intel 7500 chipset supporting Intel Xeon 7500 series CPU was launched. In addition, 1way server using Intel C204 chipset supporting Intel Intel® Xeon® Processor E3-1200 Series was introduced. In Rack Server category, twin server in 1U form factor was launched.

2. Benefit derived as a result of R & D

On the personal computing front, HCL Infosystems has released its range of Laptops & Desktops based on the latest "Sandy Bridge" (Trade mark) technology into the Indian market at the same time as global launch of this technology. These and other technologies innovated has enabled HCL Infosystems to emerge as one the leading enterprise brands of Personal Computer.

On the personal mobile computing front, HCL Infosystems launched the ME range of Tablets, a first from an established Indian ICT organization.

HCL Infosystems launched a range of Children's education gaming laptops & gaming devices.

As part of its environment-friendly computing products initiative, your Company released India's first BEE certified Laptop. These products incorporate advanced energy saving technology.

On the emerging Cloud Computing front, your Company released its frame works for Infra Services, Human Resources Information System Services, Mailing & Collaboration Services and Hospital Information Services among other offerings.

HCL released its Smart Bee 1000 range of Hand-held Terminals, designed for the varied Banking & e-Governance services.

3. Expenditure on R & D

		(₹/Crores)
Capital	:	0.03
Revenue	:	5.37
Total	:	**5.40**

4. Technology Absorption, Adaptation and Innovation

The past year saw the release of Intel Sandy Bridge Platform for personal computers. Your Company launched its new line-up of desktops and netbooks built on second generation Intel Processor Huron River popularly called as Sandy Bridge platform featuring 2nd generation Intel core i3/i5/i7 CPUs. The Company also incorporated into its products the latest features in Technology such as IAMT 7.0, IPV6 and IPsec for better security & manageability.

Beside monitoring & evaluating the latest trends in technology landscape, your Company also innovates and customizes the products to meet the dynamic and growing needs of the Indian Market.

5. Foreign Exchange Earnings and Outgo

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

- Your Company 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 Company also completed buyout of a minority stake in a Dubai based distribution company Techmart.
- Your Company strengthened its global presence by establishing offices in Johannesburg, South Africa and Lagos, Nigeria, the two biggest markets in terms of GDP.
- Bagged a prestigious order from the Ministry of External Affairs for computerization of schools in Sri Lanka.
- Bagged various projects from prestigious clients this year. The Company provided products, service and solutions to organization like Reliance Communications Limited, CA (India) Technologies Pvt. Ltd., Aeronautical Development Agency, National Remote Sensing Center, Infosys Technologies Ltd. and HCL Technologies Ltd. to name a few.
- Won Managed Print Services (MPS), three year contract for a Xerox Solution at Etisalat.
- Signed major deals with Ministry of Education, GEMS Education, Emirates Airlines and Fly Dubai.
- Acquired Security projects for various banks - HSBC, Abu Dhabi Islamic Bank, Citibank, Rak Bank, Emirates NBD and Mashreq Bank.
- Bagged repeated orders for further strengthening of PAN Africa project.

During the period under review, the Company's earnings in foreign currency were ₹ 80.67 Crores (Previous Year ₹ 103.19 Crores). The expenditure in foreign currency including imports during the year amounted to ₹ 1983.63 Crores (Previous year ₹ 2307.44 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, 2011 are given below:-

Employee Stock Option Scheme 2000 (Scheme 2000)

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

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

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

Options Details :

Date of Grant	Grant Price (₹)	Options Vested till 30/06/2011	Options Exercised till 30/06/2011	Options Lapsed/ Forfeited during Y. E. 30/06/2011	Options in force as on 30/06/2011
10-Aug-00	289.00	Fully vested	1363708	-	-
28-Jan-04	538.15	Fully vested	844093	46343	128965
25-Aug-04	603.95	Fully vested	57892	9994	36984
18-Jan-05	809.85	Fully vested	39977	46654	121428
15-Feb-05	809.30	Fully vested	2400	-	-
15-Mar-05	834.40	Fully vested	3794	6035	18263
15-Apr-05	789.85	Fully vested	960	1428	3332
14-May-05	770.15	Fully vested	970	885	3655
15-Jun-05	756.15	Fully vested	3565	-	675
15-Jul-05	978.75	Fully vested	1318	1242	10480
13-Aug-05	1144.00	Fully vested	-	1600	16030
15-Sep-05	1271.25	Fully vested	-	-	9140
15-Mar-07	648.75	Fully vested	7300	-	136700
23-Jan-08	898.25	44519	-	8730	32078
18-Aug-09	627.25	6000	-	-	6000
26-Oct-10	586.75	-	-	-	-
2-Feb-11	516.50	-	-	-	-
Total			**2325977**	**122911**	**523730**

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

Employee Stock Based Compensation Plan 2005 (Scheme 2005)

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

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

Variance of terms of options : No variation made.

Options Details :

Date of Grant	Grant Price (₹)	Options Vested till 30/06/2011	Options Exercised till 30/06/2011	Options Lapsed/ Forfeited during Y. E. 30/06/2011	Options in force as on 30/06/2011
13-Aug-05	1144.00	Fully vested	9074	138852	1738150
19-Oct-05	1157.50	Fully vested	-	6830	35260
15-Nov-05	1267.75	Fully vested	-	800	16000
15-Dec-05	1348.25	Fully vested	-	2590	10700
14-Jan-06	1300.00	Fully vested	-	1390	8740
15-Feb-06	1308.00	Fully vested	-	800	3240
16-Mar-06	1031.00	Fully vested	-	4930	12350
17-Apr-06	868.75	Fully vested	-	3000	3900
15-May-06	842.50	Fully vested	-	6400	7850
15-Jun-06	620.50	Fully vested	430	3620	10330
17-Jul-06	673.75	23304	80	6938	8504
15-Mar-07	648.75	310160	7860	25680	274100
23-Jan-08	898.25	111765	-	31995	89550
Total			**17444**	**233825**	**2218674**

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

Other Details

S. No.	Description	Scheme 2000	Scheme 2005
1.	Total number of shares arising as a result of exercise of options :	1,16,29,885 equity shares of ₹ 2/- each.	87,221 equity shares of ₹ 2/- each.
2.	Money realized by exercise of options :	₹ 93,10,34,384.15	₹ 1,58,00,774.80
3.	Weighted average exercise price of options granted (₹) :	446.71	1067.66
4.	Weighted average fair value of options granted (₹) :	122.43	144.43
5.	Employee-wise details of options granted to :		
	(i) Senior Management :		
	• Mr. Harsh Chitale	60000	-
	• Mr. J.V. Ramamurthy	45500	7500
	• Mr. Sandeep Kanwar	42000	7500
	• Mr. Rajendra Kumar	41000	7500
	• Mr. Hari Baskaran	31000	7500
	• Mr. George Paul	30000	7500
	• Mr. Rajeev Asija	30000	7500
	• Mr. Suman Ghose Hazra	18500	7500
	• Mr. Rothin Bhattacharya	20000	-
	• Mr. Anand Ekambaram	20000	-
	• Mr. Sanjay Kumar David	12000	-
	• Mr. A.P.S. Bedi	18000	6500
	• Mr. Vivek Punekar	14500	5500
	• Mr. Sushil Kumar Jain	-	2500
	(ii) Employees holding 5% or more of the total number of options granted during the year :		
	• Mr. Harsh Chitale	60000	-
	• Mr. Anand Ekambaram	20000	-
	• Mr. Sanjay Kumar David	12000	-
	(iii) Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NIL	NIL

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

Description	**Scheme 2000**	**Compensation Plan 2005**
Volatility :	42% to 68%	44% to 65%
Risk free rate :	4.57% to 8.18%	6.49% to 7.98%
Exercise Price :	₹ 516.50 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 29%
Life of options :	8.5 Years	10 Years
Fair Value of options as at the grant date :	₹ 17.17 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.

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

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

The impact on the profit of the Company for the year ended 30th June, 2011 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:

	2011 **₹ Crores**	2010 ₹ Crores
Profit after tax as per Profit and Loss Account (a)	**177.23**	261.55
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 ₹ 0.02 Crores)	**0.70**	1.91
Profit after tax recomputed for recognition of employee stock compensation expense under fair value method (b)*	**176.53**	259.64
Earning Per Share based on earnings as per (a) above:		
- Basic	**₹ 8.08**	₹ 12.86
- Diluted	**₹ 8.08**	₹ 12.84
Earning Per Share had fair value method been employed for accounting of employee stock options:		
- Basic	**₹ 8.05**	₹ 12.76
- Diluted	**₹ 8.05**	₹ 12.75

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

Auditors' Certificate

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

1. We have examined whether the accompanying Employee Stock Option Scheme 2000 (hereinafter referred to as the "2000 Plan") and Employee Stock Based Compensation Plan 2005 (hereinafter referred to as the "2005 Plan") of HCL Infosystems Limited (hereinafter referred to as the "Company"), which we have initialed for identification purposes only, has been implemented by the Company in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended (hereinafter referred to as the "Guidelines") and in accordance with the special resolution passed by the shareholders of the Company in Extra Ordinary General Meeting on February 25, 2000 approving the 2000 Plan and under Section 192A of the Companies Act, 1956 approving the 2005 Plan on June 13, 2005 (hereinafter referred to as the "Shareholders' Resolution") respectively, with reference to the books of account, 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 17, 2011

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, seven 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, 2011 have been made by the Directors.

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

Names	Category	No. of Board Meetings during 2010-11		Whether attended last AGM held on 27th October, 2010	No. of Directorships in other public companies as on 30th June 2011	No. of Committee positions held in other public companies as on 30th June 2011	
		Held	Attended			Chairman	Member
Mr. Ajai Chowdhry (Chairman & Whole-time Director)	Promoter & Executive Director	11	11	Yes	5	-	3
Mr. Harsh Chitale (Whole-time Director & CEO)*	Executive Director	-	-	N.A.	-	-	-
Mr. J. V. Ramamurthy (Whole-time Director & COO)	Executive Director	11	9	Yes	4	-	2
Mr. D. S. Puri	Promoter & Non-executive Director	11	8	Yes	-	-	-
Mr. E. A. Kshirsagar	Independent & Non-executive Director	11	6	Yes	6	4	3
Ms. Anita Ramachandran	Independent & Non-executive Director	11	6	Yes	4	-	2
Mr. V. N. Koura	Independent & Non-executive Director	11	5	No	3	-	1
Mr. Nikhil Sinha	Non-executive Director	11	6	Yes	-	-	-
Mr. Ajay Vohra**	Independent & Non-executive Director	3	3	N.A.	1	1	-

Names	Category	No. of Board Meetings during 2010-11		Whether attended last AGM held on 27th October, 2010	No. of Directorships in other public companies as on 30th June 2011	No. of Committee positions held in other public companies as on 30th June 2011	
		Held	Attended			Chairman	Member
Dr. Pradeep K. Khosla*	Independent & Non-executive Director	-	-	N.A.	-	-	-
Mr. S. Bhattacharya***	Independent & Non-executive Director	6	6	Yes	N.A.	N.A.	N.A.
Mr. R. P. Khosla****	Independent & Non-executive Director	4	3	Yes	N.A.	N.A.	N.A.
Mr. T. S. Purushothaman****	Independent & Non-executive Director	4	2	No	N.A.	N.A.	N.A.

*Mr. Harsh Chitale and Dr. Pradeep K. Khosla were appointed as Additional Directors w.e.f. 17th August, 2011. Mr. Chitale was also appointed as Whole-time Director w.e.f. 17th August, 2011.
** Mr. Ajay Vohra was appointed as an Additional Director w.e.f. 4th April, 2011.
*** Mr. S. Bhattacharya resigned from the Directorship w.e.f 10th December, 2010.
**** Mr. R. P. Khosla and Mr. T. S. Purushothaman, have ceased to be Director w.e.f. 27th October, 2010.

(iv) Eleven 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:

10th July, 2010	27th August, 2010	15th September, 2010	26th & 27th October 2010
10th November, 2010	10th December, 2010	28th January, 2011	15th March, 2011
12th April, 2011	27th & 28th April, 2011	9th & 10th June, 2011	

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

3. ACCOUNTS AND AUDIT COMMITTEE:

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

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

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

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

Name	Category	No. of Meetings	
		Held	Attended
Mr. R. P. Khosla (Chairman)*	Independent & Non-executive	3	3
Mr. E. A. Kshirsagar (Chairman)*	Independent & Non-executive	5	5
Mr. S. Bhattacharya (Member)**	Independent & Non-executive	3	3
Ms. Anita Ramachandran (Member)	Independent & Non-executive	5	4
Mr. Nikhil Sinha (Member)***	Non-executive	2	2
Mr. Ajay Vohra (Member)****	Independent & Non-executive	1	1

*Mr. R. P. Khosla, Chairman of the Committee ceased to be director of the Company w.e.f. 27th October, 2010. Mr. E. A. Kshirsagar, the member was appointed as Chairman of the Committee w.e.f. 28th January, 2011.
** Mr. S. Bhattacharya resigned from the Directorship w.e.f 10th December, 2010.
*** Mr. Nikhil Sinha was appointed as Member of the Committee w.e.f. 13th January, 2011.
**** Mr. Ajay Vohra was appointed as Member of the Committee w.e.f. 27th April, 2011.

(v) The Audit Committee met 5 times during the financial year 2010-11 on the following dates:

10th July, 2010 26th August 2010 26th October 2010
28th January 2011 27th & 28th April 2011

(vi) The previous Annual General Meeting of the Company was held on 27th October, 2010 and it was attended by the then Chairman of the Committee.

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

4. EMPLOYEES COMPENSATION AND EMPLOYEES SATISFACTION COMMITTEE :

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

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

Name	Category	No. of Meetings	
		Held	Attended
Ms. Anita Ramachandran (Chairperson)	Independent & Non-executive	5	4
Mr. R. P. Khosla (Member)*	Independent & Non-executive	2	2
Mr. Ajai Chowdhry (Member)	Promoter & Executive	5	5
Mr. S. Bhattacharya (Member)*	Independent & Non-executive	2	2
Mr. D. S. Puri (Member)**	Promoter & Non-executive	3	2
Mr. E. A. Kshirsagar (Member)***	Independent & Non-executive	2	2

* Mr. R. P. Khosla and Mr. S. Bhattacharya ceased to be director of the Company w.e.f. 27th October, 2010 and 10th December, 2010 respectively.
** Mr. D. S. Puri was appointed as Member of the Committee w.e.f. 13th January, 2011.
*** Mr. E. A. Kshirsagar was appointed as Member of the Committee w.e.f. 26th April, 2011.

(iii) The Committee met 5 times during the financial year 2010-11 on the following dates:

26th August, 2010 26th October, 2010 28th January, 2011 27th April, 2011
9th June, 2011

(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 1/7/2010 to 30/6/2011:

(₹/Lacs)

Name	Salary & Allowances	Perquisites	Performance Linked Bonus	Commission	Sitting Fees
Executive Directors					
Mr. Ajai Chowdhry	141.10	31.20	125.00	-	-
Mr. J. V. Ramamurthy	69.78	10.08	60.00	-	-
Non-executive Directors					
Mr. D. S. Puri	-	-	-	-	-
Mr. E. A. Kshirsagar	-	-	-	7.80	1.20
Ms. Anita Ramachandran	-	-	-	6.75	1.20
Mr. V. N. Koura	-	-	-	2.92	1.00
Mr. Nikhil Sinha	-	-	-	8.02	1.20
Mr. Ajay Vohra	-	-	-	3.19	0.60
Mr. S. Bhattacharya	-	-	-	4.09	1.20
Mr. R. P. Khosla	-	-	-	3.75	0.60
Mr. T. S. Purushothaman	-	-	-	2.59	0.40

During the year Mr. Ajai Chowdhry and Mr. J. V. Ramamurthy were paid Performance Linked Bonus of ₹ 160 lacs and ₹ 50 lacs respectively pertaining to the year 2009-10.

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 and 7500 options under Employee Stock Based Compensation Plan 2005. As on 30th June, 2011, all options under both schemes have been vested. Out of these, 28700 options have been exercised under Employee Stock Option Plan 2000.

  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 & Whole-time Director : 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. Harsh Chitale, Whole-time Director : 5 Years from 17th August, 2011

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

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

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

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

(ix) As on 30th June, 2011, no Non-executive Director was holding any shares of the Company.

5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:

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

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

Name	Category	No of Meetings	
		Held	Attended
Mr. R. P. Khosla (Chairman)*	Independent & Non-executive	2	2
Mr. S. Bhattacharya (Member)*	Independent & Non-executive	2	2
Mr. D. S. Puri (Chairman)**	Promoter & Non-executive	2	1
Mr. E. A. Kshirsagar (Member)	Independent & Non-executive	4	4
Mr. Ajai Chowdhry (Member)***	Promoter & Executive	2	2

* Mr. R. P. Khosla and Mr. S. Bhattacharya ceased to be director of the Company w.e.f. 27th October, 2010 and 10th December, 2010 respectively.
** Mr. D. S. Puri was appointed as Chairman of the Committee w.e.f. 13th January, 2011.
*** Mr. Ajai Chowdhry was appointed as Member of the Committee w.e.f. 13th January, 2011.

(iii) The Committee met 4 times during the financial year 2010-11 on the following dates:

26th August, 2010 26th October, 2010 28th January, 2011 27th April, 2011

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

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

(v) During the year the Company received 19 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, 2011.

6. NOMINATION COMMITTEE:

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

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

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

(iii) The Committee discussed and recommended to Board the appointment of an Independent Director.

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

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

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

The declaration signed by the CEO is given below:

"I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the Code of Conduct for Directors and Senior Management in respect of the financial year 2010-11."

Sd/-
Harsh Chitale
CEO

8. UNLISTED SUBSIDIARY COMPANIES:

The Company has eleven unlisted subsidiaries as on 30th June 2011 as under:

S.N.	Name of the Company	Date of Incorporation / Acquisition
1.	HCL Infinet Limited*	15th September, 1975
2.	Digilife Distribution and Marketing Services Limited (Formerly known as HCL Security Limited)	19th March, 2008
3.	HCL Infocom Limited	17th December, 2008
4.	HCL Infosystems MEA FZCO, Dubai (acquired)	4th July, 2010
5.	NTS Technology LLC, Dubai (acquired)	4th July, 2010
6.	HCL Infosystems MEA LLC, Abu Dhabi (acquired)	4th July, 2010
7.	RMA Software Park Private Limited (acquired)	7th July, 2009
8.	HCL Insys Pte. Limited, Singapore	17th December, 2009
9.	Pimpri Chinchwad eServices Limited	21st September, 2010
10.	HCL Investments Pte. Limited, Singapore	29th November, 2010
11.	HCL Infosystems South Africa (PTY) Limited, South Africa	9th May, 2011

* The Company has signed a Share Purchase Agreement (SPA) with Tikona Digital Network Pvt. Ltd. on January 11, 2011 for the sale of its entire equity stake in HCL Infinet, a wholly owned subsidiary of the Company for a consideration of ₹ 22.33 Crores. The sale/transfer of equity stake shall be given effect upon receipt of necessary regulatory approvals.

Mr. Ajai Chowdhry and Mr. J. V. Ramamurthy, the Whole-time Directors of the Company are also Directors of HCL Infinet Limited, RMA Software Park Private Limited, Digilife Distribution and Marketing Services Limited and HCL Infocom Limited. Mr. J. V. Ramamurthy is also a 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
2009-10	27th October, 2010	10:30 A.M	FICCI Auditorium, 1, Tansen Marg, New Delhi-110001
2008-09	23rd October, 2009	10:00 A.M	FICCI Auditorium, 1, Tansen Marg, New Delhi-110001
2007-08	24th October, 2008	10:00 A.M	FICCI Auditorium, 1, Tansen Marg, New Delhi-110001

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

(iii) The following ordinary resolution has been passed through postal ballot, the results of which was declared on 28th July, 2011:

"Sale of Digital Entertainment (DE) business of the Company to its wholly owned subsidiary, HCL Security Limited (now known as Digilife Distribution and Marketing Services Limited) as a going concern on slump sale basis"

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, 2011 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, 2011.

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

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

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

(v) The Company has fulfilled the following non-mandatory requirements as prescribed in Annexure 1D to Clause 49 of the Listing Agreement with the Stock Exchanges:

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

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

12. MEANS OF COMMUNICATION:

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

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

The quarterly financial results during the financial year 2010-11 were published as detailed below:

Quarter (FY 2010-11)	Date of Board Meeting	Date of Publication	Name of the Newspaper
1	26th & 27th October, 2010	28th October, 2010	Business Standard & Veer Arjun
2	28th January, 2011	29th January, 2011	Business Standard & Veer Arjun
3	27th & 28th April, 2011	29th April, 2011	Business Standard & Veer Arjun

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

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

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

(vi) **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 : Friday, 4th November, 2011
Time : 10:30 A.M.
Venue : Air Force Auditorium, Subroto Park, Dhaula Kuan, New Delhi 110 010

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

(iii) Financial Calendar (Tentative Calendar for the financial year 2011-12) :
Adoption of Results for the quarter ending 30th September, 2011 : 3rd & 4th November, 2011
Adoption of Results for the quarter ending 31st December, 2011 : 24th & 25th January, 2012
Adoption of Results for the quarter ending 31st March, 2012 : 26th & 27th April, 2012
Adoption of Results for the quarter ending 30th June, 2012 : 17th August, 2012

(iv) Date of Book Closure : 14th November to 15th November, 2011 (both days inclusive)

(v) Dividend payment date : The Final Dividend if declared shall be paid on or before 2nd December, 2011

(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
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, 2010	123.80	102.00
August, 2010	128.00	102.60
September, 2010	136.50	114.00
October, 2010	126.50	110.00
November, 2010	116.00	82.70
December, 2010	118.40	91.50
January, 2011	118.50	102.10
February, 2011	111.95	96.95
March, 2011	109.00	95.60
April, 2011	115.90	101.40
May, 2011	112.00	100.10
June, 2011	110.40	85.65

(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. J. K. Singla, Senior Manager
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	(%)
2010-11*	8.0	400
2009-10	7.5	375
2008-09	6.5	325
2007-08	8.0	400
2006-07	8.0	400

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

(xiv) Distribution of Shareholding as on 30th June, 2011:

	Shareholders		Total Shares	
No. of Equity Shares	**Number**	**(%)**	**Number**	**(%)**
Upto 500	38419	85.08	5033371	2.26
501-1000	3417	7.57	2731021	1.23
1001-2000	1773	3.92	2628600	1.18
2001-3000	599	1.33	1525045	0.68
3001-4000	198	0.44	718843	0.32
4001-5000	173	0.38	809707	0.36
5001-10000	297	0.66	2158542	0.97
10001 and above	281	0.62	207274500	93.00
TOTAL	**45157**	**100.00**	**222879629**	**100.00**

(xv) Shareholding pattern as on 30th June, 2011:

Category	**No. of shares**	**Percentage (%)**
Promoters / Promoters Group	114276988	51.27
Mutual Funds / UTI	12882644	5.77
Financial Institutions / Banks	4050621	1.82
Foreign Institutional Investors	70747248	31.75
Bodies Corporate	2647872	1.19
Indian Public	17699801	7.94
NRI / OCBs	574455	0.26
TOTAL	**222879629**	**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, 2011, 98.46% equity shares of the Company were held in dematerialized form.

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

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

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

(xviii) The Company had allotted 46,20,667 equity shares of ₹ 2/- each to one of the promoters at a price of ₹ 152.90 per share including premium of ₹ 150.90 per share on exercise of the option of conversion of equal number of warrants allotted on preferential basis pursuant to Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. There are no warrants outstanding as on 30th June, 2011.

(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, Sederapet Puducherry - 605 111
- Plot No. 77, 78, South Phase, Ambattur Industrial Estate, Chennai - 600 058
- Plot No. SPL. A2, Thattanchavadi, Industrial Area, Puducherry - 605 009.
- Plot Nos. 1, 2, 27 & 28, Sector- 5, I.I.E - Pant Nagar (SIDCUL-Rudrapur), Distt.-Udham Singh Nagar, Uttarakhand - 263 153
- F - 214, G - 215, EPIP, Sitapura Industrial Area, Jaipur, Rajasthan - 302 022

(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 – 11,
NOIDA (U.P.) – 201 301.
Tel. No.: 0120-2526490,
Fax: 0120-2525196
Email: cosec@hcl.com

(xxi) Company Website:

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

Auditors' Certificate regarding compliance of conditions of Corporate Governance

To the Members of HCL Infosystems Limited

We have examined the compliance of conditions of Corporate Governance by HCL Infosystems Limited, for the year ended June 30, 2011, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

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

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

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

For Price Waterhouse
Firm Registration Number - 301112E
Chartered Accountants

Abhishek Rara
Partner
Membership No.77779

Place : Noida
Date : August 17, 2011

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, 2011, 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, 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on June 30, 2011 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, 2011;

      (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 17, 2011

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, 2011]

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, 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 sales tax and employee state insurance contribution, 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, 2011 which have not been deposited on account of a dispute, are as follows:

Name of the Statute	Nature of the dues	Amount (₹/Crores)	Amount deposited under protest (₹/Crores)	Period to which the amount relates	Forum where the dispute is pending
Uttar Pradesh Trade Tax Act, 1948	Sales Tax (including interest)	23.85	5.12	2002-2008	Commercial Tax Tribunal, Noida / High Court, Allahabad / Joint Commissioner (Appeals) Commercial Tax, Noida/ Additional Commissioner (Appeals) Commercial Tax, Noida
Uttar Pradesh Value Added Tax Act, 2008	Commercial tax (including Penalty)	0.24	0.27	2008-2010	Joint Commissioner (Appeals) of Commercial Tax, Noida
Delhi Sales Tax Act, 1975	Sales Tax	0.25	0.01	1999-2005	Assistant Commissioner Sales Tax, Delhi / Deputy Commissioner (Appeals), Sales Tax, Delhi / Joint Commissioner (Appeals) Sales Tax, Delhi
Delhi Value Added Tax Act, 2004	Trade Tax	5.61	-	2005-2008	Additional Commissioner of Sales Tax, Delhi
Tamil Nadu General Sales Tax Act, 1959	Sales Tax	0.86	0.27	1998-2009	Tribunal Commercial Tax, Chennai / Commercial Tax Officer, Chennai / Assistant Appellate Commissioner, Chennai
West Bengal Sales Tax Act, 1994	Sales Tax	3.00	-	2001-2008	Joint Commissioner (Appeals) of Sales Tax, Kolkata
Assam General Sales Tax, 1993	Sales Tax	0.17	0.01	2001-2007	Superintendent, Sales Tax, Guwahati/ Deputy Commissioner of Sales Tax, Guwahati
Rajasthan Sales Tax Act, 1994	Sales Tax	0.04	0.01	1998-2006	Deputy Commissioner (Appeals) of Sales Tax, Jaipur
Rajasthan Value Added Tax Act, 2003	Commercial tax	0.18	-	2006-2008	Deputy Commissioner (Appeals) of Commercial Tax, Jaipur
Kerala General Sales Tax Act, 1963	Sales Tax	1.04	0.20	2001-2011	Tribunals of Sales Tax, Kochi / Deputy Commissioner (Appeals) Sales Tax, Kochi /Check Post Authorities, Kerala
Maharashtra Sales Tax Act, 1969	Sales Tax	0.01	0.01	2003-2004	Deputy Commissioner (Appeals) of Sales Tax, Mumbai
Himachal Pradesh Value Added Tax Act, 2005.	Sales Tax (Including Penalty)	0.08	0.08	2006-2007	Assistant Commissioner of Sales Tax, Shimla
Karnataka Value Added Tax Act, 2003	Sales Tax	1.63	0.58	2005-2008	Joint Commissioner Appeal Sales Tax, Bengaluru
Andhra Pradesh Value Added Tax Act, 2005	Sales Tax	0.25	0.12	2005-2008	Commissioner (Appeals) of Commercial Tax, Hyderabad / Assistant Commissioner, Hyderabad
Punjab General Sales Tax Act, 1948	Sales Tax (including Penalty)	0.06	-	2004-2005	Assistant Commissioner, Mohali
Punjab Value Added Tax Act, 2005	Sales Tax (including Penalty)	1.12	0.50	2007-2009	Assistant Commissioner, Mohali
Jammu & Kashmir Value Added tax Act, 2005	Sales Tax (including Penalty)	2.75	0.08	2007-2009	Deputy Commissioner Appeals, Jammu
Uttrakhand Value Added Tax Act, 2005	Sales Tax (including Penalty)	12.98	0.12	2007-2009	Joint Commissioner Commercial Tax, Dehradun
Central Excise Act, 1944	Excise Duty (Including Penalty)	9.32	0.85	1980-2010	Central Excise & Service Tax Appellate Tribunal / Commissioner (Appeals)
Income Tax Act, 1961	Income Tax	3.95	0.89	1989-2009	Commissioner (Appeals) / High Court
Total		67.39	9.12		

For detailed listing refer Note 26 on Schedule 21.

10. The Company has no accumulated losses as at June 30, 2011 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 not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.

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 the below mentioned instances of fraud on the Company during the year that resulted in aggregate loss of ₹ 0.87 Crores, as informed to us by the Management, 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 any other such cases by the Management.

    (i) Teeming and lading of receipts from customers by an employee, whose services have since been terminated, resulting in aggregate loss of ₹ 0.42 Crores to the Company by way of write-off of the amounts misappropriated by the said employee.

    (ii) Processing of fraudulent expenses by certain employees, whose services have since been terminated, resulting in aggregate loss of ₹ 0.05 Crores, by way of write-off of the fraudulent expenses.

    (iii) A bank guarantee relating to a customer contract, which upon presentation to the bank was determined to be forged, resulting in aggregate loss of ₹ 0.40 Crores by way of write-off of the dues from the customer.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Abhishek Rara
Partner
Membership Number: F-77779

Place : Noida
Date : August 17, 2011

Balance Sheet as at June 30, 2011

	Schedule (Note No.)	As at 30.06.2011 ₹/Crores		As at 30.06.2010 ₹/Crores	
Sources of Funds:					
Shareholders' Funds:					
Capital	1		**44.58**		43.65
Share Warrant Application Money	21 (24)		**-**		17.67
Reserves and Surplus	2		**1902.46**		1860.94
Loan Funds:					
Secured Loans	3		**110.43**		152.02
Unsecured Loans	4		**467.11**		357.91
			2524.58		2432.19
Application of Funds:					
Fixed Assets:	5				
Gross Block		**364.05**		274.88	
Less: Depreciation/Amortisation		**131.99**		103.66	
Net Block		**232.06**		171.22	
Capital Work-In-Progress		**19.95**		25.69	
(Including Capital Advances)			**252.01**		196.91
Investments	6		**705.05**		911.19
Deferred Tax Assets (Net)	21 (5)		**16.80**		8.94
Current Assets, Loans and Advances:					
Inventories	7	**586.25**		835.40	
Sundry Debtors	8	**2084.26**		2097.33	
Cash and Bank Balances	9	**234.69**		292.61	
Other Current Assets	10	**388.06**		249.29	
Loans and Advances	11	**298.75**		282.71	
		3592.01		3757.34	
Less: Current Liabilities and Provisions	12				
Current Liabilities		**1937.87**		2308.14	
Provisions		**103.42**		134.05	
		2041.29		2442.19	
Net Current Assets			**1550.72**		1315.15
			2524.58		2432.19
Significant Accounting Policies	20				
Notes to Accounts	21				

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

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

For Price Waterhouse
Firm Registration Number-301112E
Chartered Accountants

For and on behalf of the Board of Directors

ABHISHEK RARA
Partner
Membership Number F-77779

AJAI CHOWDHRY
Chairman & Whole Time Director

HARSH CHITALE
Chief Executive Officer & Whole Time Director

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

Place : Noida
Dated : August 17, 2011

SANDEEP KANWAR
Chief Financial Officer

SUSHIL KUMAR JAIN
Company Secretary

Profit & Loss Account for the year ended June 30, 2011

	Schedule (Note No.)	Year ended 30.06.2011 ₹/Crores		Year ended 30.06.2010 ₹/Crores	
Income					
Business Income	13	**11059.14**		12061.78	
Less: Excise Duty		**122.19**	**10936.95**	108.77	11953.01
Other Income	14		**87.19**		58.90
			11024.14		12011.91
Expenditure					
Cost of Goods and Services Sold	15		**9828.74**		10869.63
Personnel	16		**448.31**		368.41
Administration, Selling, Distribution and Others	17		**386.55**		333.40
Repairs	18		**16.27**		12.65
Finance Charges	19		**73.97**		37.44
Depreciation and Amortisation	5		**33.20**		21.73
			10787.04		11643.26
Profit before Tax			**237.10**		368.65
Tax Expense/(Credit)	21 (5)				
Current - for the year [Wealth tax ₹ 0.02 Crores (2010 - ₹ 0.01 Crores)]		**65.94**		111.96	
Current - for earlier years		**1.79**		-	
Deferred		**(7.86)**	**59.87**	(4.86)	107.10
Profit after Tax			**177.23**		261.55
Add: Balance in Profit and Loss Account brought forward			**833.32**		801.34
Profit available for appropriation			**1010.55**		1062.89
Less: Appropriations:					
Debenture Redemption Reserve	2		**4.00**		4.00
Proposed Dividend			**44.58**		43.65
Corporate Dividend Tax on Proposed Dividend			**7.23**		7.25
Interim Dividend [including ₹ 0.00 Crores (2010 - ₹ Nil) paid for previous year]			**131.72**		127.08
Corporate Dividend Tax on Interim Dividend			**21.88**		21.43
Transfer to General Reserve			**17.72**		26.16
Balance Carried to the Balance Sheet			**783.42**		833.32
			1010.55		1062.89
Earning per equity share (in ₹)					
Basic (of ₹ 2/- each)	21 (20)		**8.08**		12.86
Diluted (of ₹ 2/- each)	21 (20)		**8.08**		12.84
Significant Accounting Policies	20				
Notes to Accounts	21				

This is the Profit and Loss Account referred to in our report of even date
For Price Waterhouse
Firm Registration Number-301112E
Chartered Accountants

The schedules referred to above form an integral part of the Profit and Loss Account
For and on behalf of the Board of Directors

ABHISHEK RARA
Partner
Membership Number F-77779

AJAI CHOWDHRY
Chairman & Whole Time Director

HARSH CHITALE
Chief Executive Officer & Whole Time Director

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

Place : Noida
Dated : August 17, 2011

SANDEEP KANWAR
Chief Financial Officer

SUSHIL KUMAR JAIN
Company Secretary

Cash Flow Statement for the year ended June 30, 2011

	Year ended 30.06.2011 ₹/Crores		Year ended 30.06.2010 ₹/Crores	
1. Cash Flow from Operating Activities:				
Net profit before tax		**237.10**		368.65
Adjustments for:				
Depreciation and Amortisation	**33.20**		21.73	
Interest Expense	**73.97**		37.44	
Interest Income	**(15.74)**		(4.38)	
Dividend Income	**(28.91)**		(15.36)	
Loss on Sale of Fixed Assets	**0.16**		0.04	
Fixed Assets Written Off	**0.00**		0.05	
(Profit)/Loss on disposal of Current Investments	**(9.37)**		(10.55)	
Provision for Doubtful Debts	**35.72**		23.61	
Provision for Doubtful Loans and Advances	**7.52**		0.39	
Provision for Doubtful Other Current Assets	**0.41**		0.38	
Provisions/Liabilities no longer required Written Back	**(17.17)**		(11.68)	
Provision for Gratuity and Other Employee Benefits	**2.72**		3.14	
Diminution in the value of Current Investments	**2.41**		0.20	
Unrealised Foreign Exchange (Gain)/Loss	**(6.03)**		(5.93)	
Provision for Warranty Liability	**(1.17)**	**77.72**	(1.97)	37.11
Operating profit before working capital changes		**314.82**		405.76
Adjustments for changes in working capital:				
- (Increase)/Decrease in Sundry Debtors	**(22.71)**		(484.08)	
- (Increase)/Decrease in Other Current Assets, Loans and Advances	**(120.76)**		(216.49)	
- (Increase)/Decrease in Inventories	**249.15**		52.86	
- Increase/(Decrease) in Current Liabilities	**(360.60)**	**(254.92)**	308.75	(338.96)
Cash generated from operation		**59.90**		66.80
- Taxes (Paid)/Received (Net of Tax Deducted at Source)		**(41.78)**		(42.21)
Net cash from operating activities (A)		**18.12**		24.59
2. Cash flow from Investing activities:				
Adjustments for changes in :				
Purchase of Fixed Assets	**(82.67)**		(44.39)	
Capital Work-In-Progress	**5.74**		(16.18)	
Proceeds from Sale of Fixed Assets	**0.44**		0.09	
Proceeds from Sale of Current Investments	**4937.14**		7485.55	
Lease Rental Recoverable	**(98.91)**		(66.37)	
Purchase of Current Investments	**(4683.20)**		(8068.88)	
Interest Received	**14.16**		5.45	
Dividend Received on Current Investments	**28.91**		15.36	
Purchase of Investment in Subsidiary	**(40.84)**	**80.77**	(41.41)	(730.78)
Net cash from/(used in) investing activities (B)		**80.77**		(730.78)

Cash Flow Statement for the year ended June 30, 2011

	Year ended 30.06.2011 ₹/Crores		Year ended 30.06.2010 ₹/Crores	
3. Cash Flow from Financing Activities:				
Share Capital issued	**0.93**		9.41	
Share Warrants issued	**-**		17.67	
Share Premium Received (Net)	**52.02**		700.68	
Secured Loans			-	
- Short term received/(paid)	**(36.38)**		55.20	
- Long term paid	**(5.21)**		(5.02)	
Unsecured Loans			-	
- Short term received	**55.00**		168.73	
- Long term received	**79.34**		64.18	
- Long term paid	**(25.14)**		-	
Interest Paid	**(73.38)**		(36.55)	
Dividend Paid	**(174.87)**		(152.70)	
Corporate Dividend Tax Paid	**(29.13)**	**(156.81)**	(25.79)	795.81
Net cash from/(used in) financing activities (C)		**(156.81)**		795.81
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		**(57.92)**		89.62
Opening Balance of Cash and Cash Equivalents		**292.61**		202.99
Closing Balance of Cash and Cash Equivalents [Includes exchange rate fluctuation of ₹ 0.08 Crores (2010 - ₹ 0.25 Crores)]		**234.69**		292.61
Cash and cash equivalents comprise		**234.69**		292.61
Cash, Cheques and Drafts (in hand)		**60.40**		79.91
Balance with Scheduled Banks in Current Accounts		**173.49**		206.48
Balance with Scheduled Banks in Deposits Accounts		**0.22**		1.69
Balance with Non-Scheduled Banks in Current Accounts		**0.58**		4.53

Notes:

1. The above Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard-3, notified u/s 211(3C) of Companies Act, 1956.
2. Cash and cash equivalents include the following balances with scheduled banks which are not available for use by the Company:

	Year ended 2011 ₹/Crores	Year ended 2010 ₹/Crores
Deposit Accounts	**-**	1.40
Unclaimed Dividend	**3.79**	3.29
Margin Money for Bank Guarantee	**3.97**	1.06

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

For and on behalf of the Board of Directors

ABHISHEK RARA
Partner
Membership Number F-77779

AJAI CHOWDHRY
Chairman & Whole Time Director

HARSH CHITALE
Chief Executive Officer & Whole Time Director

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

Place : Noida
Dated : August 17, 2011

SANDEEP KANWAR
Chief Financial Officer

SUSHIL KUMAR JAIN
Company Secretary

Schedules to the Balance Sheet as at June 30, 2011

	As at 30.06.2011 ₹/Crores	As at 30.06.2010 ₹/Crores
1- Capital		
[Schedule-21, Notes 18 and 24]		
Authorised:		
55,00,00,000 (2010 - 55,00,00,000) Equity Shares of ₹ 2/- each	**110.00**	110.00
5,00,000 (2010 - 5,00,000) Preference Shares of ₹100/- each	**5.00**	5.00
	115.00	115.00
Issued, Subscribed and Paid up:		
22,28,79,629 (2010 - 21,82,58,502) Equity Shares of ₹ 2/- each, fully paid up	**44.58**	43.65
Add: Shares Forfeited	**0.00**	0.00
[Represents ₹ 1,000 (2010 - ₹ 1,000)]		
	44.58	43.65

Notes:
1. Paid up share capital includes:
a) 5,04,47,295 (2010 - 5,04,47,295) Equity Shares of ₹ 2/- each issued pursuant to contract without payment being received in cash.
b) 5,31,82,765 (2010 - 5,31,82,765) Equity Shares of ₹ 2/- each Bonus shares issued from Securities Premium Account.
c) 1,16,29,885 (2010 - 1,16,29,425) Equity Shares of ₹ 2/- each issued pursuant to the exercise of options granted under Employee Stock Option Scheme 2000.
d) 87,221 (2010 - 87,221) Equity Shares of ₹ 2/- each issued pursuant to the exercise of options granted under Employee Stock Based Compensation Plan 2005.
2. Of the above subscribed shares, 9,55,00,651 Equity Shares of ₹ 2/- each are held by Guddu Investments (Pondi) Private Limited (GIPPL). HCL Corporation Limited held 9,08,79,984 Equity Shares of ₹ 2/- each as on June 30, 2010, these shares pursuant to a composite scheme of amalgamation and arrangement between HCL Corporation Limited, Slocum Investment (Delhi) Private Limited (SIDPL) and GIPPL and their respective shareholders stand transferred to GIPPL.

2- Reserves and Surplus
[Schedule-21, Notes 18 and 24]

	As at 01.07.2010 ₹/Crores	Additions/ ₹/Crores	Deductions/ ₹/Crores	**As at 30.06.2011 ₹/Crores**
Capital Reserve	**0.00**	**-**	**-**	**0.00**
[Represents ₹ 37,135 (2010 - ₹ 37,135)]	(0.00)	(-)	(-)	(0.00)
Securities Premium Account	**826.30**	**69.74**	**0.04**	**896.00**
	(125.62)	(715.19)	(14.51)	(826.30)
General Reserve	**193.32**	**17.72**	**-**	**211.04**
	(167.16)	(26.16)	(-)	(193.32)
Debenture Redemption Reserve	**8.00**	**4.00**	**-**	**12.00**
	(4.00)	(4.00)	(-)	(8.00)
Profit and Loss Account	**833.32**	**-49.90**	**-**	**783.42**
	(801.34)	(31.98)	(-)	(833.32)
	1860.94	**41.56**	**0.04**	**1902.46**
	(1098.12)	(777.33)	(14.51)	(1860.94)

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

Schedules to the Balance Sheet as at June 30, 2011

	As at 30.06.2011 ₹/Crores	As at 30.06.2010 ₹/Crores
3- Secured Loans		
Debentures	**80.00**	80.00
Loans from Banks		
- Short Term Loan	**-**	30.00
- Cash Credits	**18.61**	24.99
Other Long Term Loan	**11.82**	17.03
	110.43	152.02

Notes:

1. The Company issued 800 Rated Taxable Secured Redeemable Non- Convertible Debentures of face value of ₹ 10 lakhs each, aggregating to ₹ 80.00 Crores, at a coupon rate of 12.75% per annum payable annually on private placement basis to Life Insurance Corporation of India on December 19, 2008. These Debentures are redeemable at par at the end of 5th year from the date of allotment, with a call option excercisable 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.
2. 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.
3. Other Long Term Loan is secured by way of first charge on identified Information Technology and Telcommunication assets.
4. Short Term Loan from Bank was secured by way of subservient charge on the current assets of the Company.
5. Amount payable within one year ₹ 5.63 Crores (2010 - ₹ 5.03 Crores).

4- Unsecured Loans		
[Schedule-21, Notes 19 (b) and 19 (c)]		
Short Term:		
From Banks		
- Term Loan	**55.00**	15.00
From Others		
- Commercial Paper	**280.00**	265.00
Long Term:		
From Others		
- Finance Lease Obligations	**87.43**	73.51
- Term Loan (Interest - Free)	**44.68**	4.40
	467.11	357.91

Note:

1. Amount payable within one year ₹ 14.23 Crores (2010 - ₹ 13.73 Crores).

Schedules to the Balance Sheet as at June 30, 2011

5- Fixed Assets

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

₹/Crores

Particulars	Gross Block				Depreciation/Amortisation				Net Block	
	As at 01.07.2010	Additions during the year	Deductions during the year	As at 30.06.2011	As at 01.07.2010	Additions during the year	Deductions during the year	As at 30.06.2011	As at 30.06.2011	As at 30.06.2010
Tangible:										
Land - Leasehold	12.95	2.29	-	**15.24**	0.92	0.07	-	**0.99**	**14.25**	12.03
Land - Freehold	25.71	-	-	**25.71**	-	-	-	**-**	**25.71**	25.71
Buildings	88.47	3.68	-	**92.15**	17.45	2.09	-	**19.54**	**72.61**	71.02
Plant & Machinery and Air Conditioners	50.26	28.31	2.41	**76.16**	29.89	8.53	2.02	**36.40**	**39.76**	20.37
Furniture, Fixtures and Office Equipment	81.70	17.12	2.93	**95.89**	49.70	12.84	2.74	**59.80**	**36.09**	32.00
Vehicles	1.72	0.29	0.13	**1.88**	1.11	0.22	0.11	**1.22**	**0.66**	0.61
Intangible:										
Goodwill	1.25	-	-	**1.25**	0.26	0.42	-	**0.68**	**0.57**	0.99
Software	7.82	37.58	-	**45.40**	3.50	7.79	-	**11.29**	**34.11**	4.32
Exclusive Marketing Rights	5.00	5.37	-	**10.37**	0.83	1.24	-	**2.07**	**8.30**	4.17
TOTAL	**274.88**	**94.64**	**5.47**	**364.05**	**103.66**	**33.20**	**4.87**	**131.99**	**232.06**	**171.22**
Previous Year	234.10	42.50	1.72	274.88	83.47	21.73	1.54	103.66	171.22	
Capital Work-In-Progress									**19.95**	25.69
[Including capital advances of ₹1.50 Crores (2010 - ₹0.91 Crores)]									**252.01**	196.91

Notes:

1. Land-Freehold and Building at Ambattur amounting to ₹ 0.57 Crores (2010 - ₹ 0.57 Crores) are pending registration in the name of the Company.
2. Software comprise cost of acquiring licences and SAP implementation charges.
3. Exclusive Marketing Rights comprise of irrevocable rights to exclusively market and licence a software to customers.

6- Investments

[Schedule-21, Notes 15 and 25]

	As at 30.06.2011 Units	As at 30.06.2010 Units	Face Value	As at 30.06.2011 ₹/Crores	As at 30.06.2010 ₹/Crores
Unquoted (Trade): Long Term in Subsidiary Companies In Equity Shares:					
Digilife Distribution and Marketing Services Limited (Formerly known as HCL Security Limited)	**19,050,000**	4,050,000	₹ 10	**19.05**	4.05
HCL Investments Pte. Limited	**1 in SGD* and 1,275,000 in USD***	-	SGD 1 and USD 1	**5.83**	-
HCL Infinet 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	**6,199,991**	199,991	SGD 1	**20.62**	0.66
RMA Software Park Private Limited	**10,000**	10,000	₹ 10	**40.74**	40.74
Pimpri Chinchwad eServices Limited	**50,000**	-	₹ 10	**0.05**	-
Sub - Total (a)				**98.30**	57.46

Schedules to the Balance Sheet as at June 30, 2011

	As at 30.06.2011 Units	As at 30.06.2010 Units	Face Value	As at 30.06.2011 ₹/Crores	As at 30.06.2010 ₹/Crores
Unquoted (Others): Current Dividend Options					
Kotak Floater Long Term	**37,136,064**	41,802,670	₹ 10	**37.47**	42.13
Birla Sunlife Savings Fund	**35,014,480**	40,065,127	₹ 10	**35.05**	40.10
IDFC Money Manager Fund - Treasury Plan - Super Institutional Plan C Growth	**34,072,931**	86,496,315	₹ 10	**34.25**	86.64
Religare Ultra Short Term Fund - Institutional	**280,224**	-	₹ 1000	**28.07**	-
ICICI Prudential Flexible Income Plan	**2,422,243**	4,768,984	₹ 100	**25.55**	50.29
Tata Floater Fund	**9,919,946**	46,676,947	₹ 10	**10.00**	47.06
UTI Treasury Advantage Fund Institutional Weekly	**99,559**	299,112	₹ 1000	**10.00**	30.04
HDFC Cash Management Fund - Treasury Advantage Plan	**8,977,471**	87,986,636	₹ 10	**9.01**	88.18
Reliance Money Manager Fund - Institutional Option - Weekly Dividend	**50,116**	-	₹ 1000	**5.01**	-
BNP Paribas Money Plus Institutional Growth	-	65,126,484	₹ 10	-	65.15
ICICI Prudential Interval Fund II	-	50,000,000	₹ 10	-	50.00
Kotak Quarterly Interval Plan - Series-7	-	15,222,433	₹ 10	-	15.22
Kotak Quarterly Interval Plan - Series-8	-	57,034,499	₹ 10	-	57.04
Principal Floating Rate Fund - Flexible Maturity Plan	-	40,052,645	₹ 10	-	40.06
Reliance Quarterly Interval Fund - Series III	-	51,453,932	₹ 10	-	51.47
Reliance Monthly Interval Fund - Series I	-	50,018,633	₹ 10	-	50.03
Religare Ultra Short Term Fund - Institutional	-	72,043,599	₹ 10	-	72.18
SBI-SHF Ultra Short Term Fund	-	24,854,212	₹ 10	-	25.06
Templeton India Ultra Short Bond Fund	-	42,661,829	₹ 10	-	43.08
Sub - Total (b)				**194.41**	**853.73**
Unquoted (Others): Current Growth Options					
Reliance Quarterly Interval Fund - Series III	**40,762,439**	-	₹ 10	**53.81**	-
IDFC Money Manager Fund - Treasury Plan - Super Institutional Plan C Growth	**45,214,127**	-	₹ 10	**53.00**	-
Kotak Floater Long Term	**26,161,703**	-	₹ 10	**41.14**	-
Birla Sunlife Savings Fund	**21,488,508**	-	₹ 10	**40.97**	-
HDFC Floating Rate Income Fund - Short Term	**24,035,573**	-	₹ 10	**40.00**	-
ICICI Prudential Floating Rate Plan D	**2,764,693**	-	₹ 100	**40.00**	-
IDFC Fixed Maturity Plan - 100 Days Series 3	**29,572,535**	-	₹ 10	**29.57**	-
Tata Floater Fund	**16,400,137**	-	₹ 10	**24.50**	-
Templeton Floating Rate Income Fund Super Institutional	**13,409,919**	-	₹ 10	**18.00**	-
Religare Ultra Short Term Fund - Institutional	**112,230**	-	₹ 1000	**15.10**	-
Sub - Total (c)				**356.09**	-

Schedules to the Balance Sheet as at June 30, 2011

	As at 30.06.2011 Units	As at 30.06.2010 Units	Face Value	As at 30.06.2011 ₹/Crores	As at 30.06.2010 ₹/Crores
Quoted (Others): Current					
Bonds					
6.85% India Infra Finance Company Limited 2014	**1,000**	-		**10.38**	-
9.02% Indian Renewable Energy Development Agency Limited 2025	**100**	-		**10.23**	-
8.64% Power Grid Corporation of India Limited - 2020	**40**	-		**5.03**	-
8.87% Indian Renewable Energy Development Agency Limited - 2020	**100**	-		**10.29**	-
8.90% NABARD - 2013	**100**	-		**10.45**	-
8.80% Rural Electrification Corporation Limited - 2020	**100**	-		**10.21**	-
Sub - Total (d)				**56.59**	**-**
Less: Permanent Diminution in the value of investment in HCL Infinet Limited **(e)**				**0.34**	-
Grand Total (a+b+c+d-e)				**705.05**	**911.19**

* SGD = Singapore dollar; USD = United States dollar.
Note : Net assets value of Current Investments in Mutual Funds as on June 30, 2011 is ₹ 557.72 Crores (2010 - ₹ 854.44 Crores).

Aggregate amount of Quoted Investments (Market value ₹ 56.59 Crores (2010 - ₹ Nil))	**56.59**	**-**
Aggregate amount of Unquoted Investments	**648.46**	**911.19**

	As at 30.06.2011 ₹/Crores	As at 30.06.2010 ₹/Crores
7- Inventories		
[Schedule-21, Note 8 (c)]		
Raw Materials and Components [Including in Transit ₹ 4.23 Crores (2010 - ₹ 16.73 Crores)]	**145.85**	166.80
Stores and Spares	**79.68**	77.08
Finished Goods [Including in Transit ₹ 70.17 Crores (2010 - ₹ 105.34 Crores)]	**359.26**	591.52
Work-In-Progress	**1.46**	-
	586.25	835.40

Schedules to the Balance Sheet as at June 30, 2011

	As at 30.06.2011 ₹/Crores		As at 30.06.2010 ₹/Crores	
8- Sundry Debtors - Unsecured				
Debts outstanding for a period exceeding six months:				
- Considered Good	**1121.78**		831.40	
- Considered Doubtful	**42.42**		27.14	
	1164.20		858.54	
Other debts				
- Considered Good	**962.48**		1,265.93	
	2126.68		2124.47	
Less: Provision for Doubtful Debts	**42.42**	**2084.26**	27.14	2097.33
		2084.26		2097.33
9- Cash and Bank Balances				
Cash balance on hand		**0.09**		0.26
Cheques in hand		**60.31**		79.65
Balances with Scheduled Banks:				
- On Current Account	**165.74**		202.14	
Less - Money held in Trust	**0.01**	**165.73**	0.01	202.13
- On Dividend Account		**3.79**		3.29
- On Margin Account		**3.97**		1.06
- On Fixed Deposits				
[Includes Escrow Account ₹ Nil (2010 - ₹ 1.40 Crores)]	**0.54**		2.01	
Less - Money held in Trust	**0.32**	**0.22**	0.32	1.69
Balances with Non-Scheduled Banks:				
- On Current Account				
Standard Chartered Bank, Singapore-USD #	**0.54**		4.52	
[Maximum amount outstanding during the year ₹ 10.43 Crores (2010 - ₹ 10.74 Crores)]				
Standard Chartered Bank, Singapore-SGD #	**0.04**	**0.58**	0.01	4.53
[Maximum amount outstanding during the year ₹ 0.53 Crores (2010 - ₹ 0.02 Crores)]				
		234.69		292.61
# SGD = Singapore dollar; USD = United States dollar.				
10- Other Current Assets - Unsecured				
[Schedule-21, Notes 19 (a) and 19 (b)]				
Considered Good				
Deposits		**53.86**		41.59
Lease Rental Recoverable		**185.37**		86.46
Unbilled Revenue		**148.83**		121.24
Deposits Considered Doubtful	**0.50**		0.38	
Less: Provision for Doubtful Deposits	**0.50**	**-**	0.38	-
		388.06		249.29

Schedules to the Balance Sheet as at June 30, 2011

	As at 30.06.2011 ₹/Crores		As at 30.06.2010 ₹/Crores	
11- Loans and Advances - Unsecured				
[Schedule-21, Note 17 and 25 (e)]				
Considered Good				
- Amounts recoverable in cash or in kind or for value to be received		**194.22**		188.04
- Advances and Loans to Subsidiaries		**58.67**		39.83
- Balances with Customs, Port Trust, Excise and Sales Tax Authorities		**45.86**		54.84
Advance Recoverable in cash or in kind				
Considered Doubtful	**7.75**		0.39	
Less: Provision for Doubtful Loans and Advances	**7.75**	**-**	0.39	-
		298.75		282.71
12- Current Liabilities and Provisions				
[Schedule-21, Notes 4, 5, 6, 22 and 30]				
Current Liabilities:				
Acceptances		**380.45**		454.80
Sundry Creditors:				
- Outstanding due to Subsidiaries	**43.78**		13.89	
- Outstanding due to Micro and Small Enterprises	**1.17**		0.97	
- Outstanding due to other than Micro and Small Enterprises	**1107.14**	**1152.09**	1382.19	1397.05
Sundry Deposits		**3.17**		3.00
Interest accrued but not due:				
- On Secured Loans		**5.45**		5.50
- On Unsecured Loans		**1.20**		0.56
Investor Education and Protection Fund:				
- Unclaimed Dividend *		**3.79**		3.29
Advances from Customers		**110.01**		83.47
Deferred Revenue		**205.39**		280.67
Other Liabilities		**76.32**		79.80
		1937.87		2308.14
Provisions:				
Proposed Dividend		**44.58**		43.65
Corporate Dividend Tax on Proposed Dividend		**7.23**		7.25
For Income Tax [Net of Advance Income Tax of ₹ 706.93 Crores (2010 - ₹ 606.11 Crores)]		**16.39**		49.48
For Warranty Liability		**5.08**		6.25
For Gratuity and Other Employee Benefits		**30.14**		27.42
		103.42		134.05
		2041.29		2442.19

* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at June 30, 2011. These shall be credited and paid to the fund as and when due.

Schedules to the Profit and Loss Account for the year ended June 30, 2011

	Year ended 30.06.2011 ₹/Crores		Year ended 30.06.2010 ₹/Crores	
13- Business Income				
[Schedule-21, Note 8 (c)]				
Sales and Related Income		**10420.46**		11411.63
Services		**638.68**		650.15
		11059.14		12061.78
14- Other Income				
[Schedule-21, Notes 19 (a), 19 (b) and 29]				
Interest:				
- On Income Tax Refund	**-**		0.16	
- On Lease Rental	**12.68**		3.04	
- On Fixed Deposits (Gross)	**0.05**		0.15	
[Tax deducted at source ₹ 0.01 Crores (2010 - ₹ 0.03 Crores)]				
- On Bonds from quoted (Others) Current Investments	**3.01**		**-**	
- On Others	**-**	**15.74**	1.03	4.38
Dividend from unquoted (Others) Current Investments		**28.91**		15.36
Insurance Claims		**0.03**		0.10
Provisions/Liabilities no longer required written back		**17.17**		11.68
Profit on disposal of unquoted (Others) Current Investments		**9.37**		10.55
Profit on Foreign Exchange Fluctuation		**9.68**		11.87
Miscellaneous Income		**6.29**		4.96
		87.19		58.90
15- Cost of Goods and Services Sold				
[Schedule-21, Notes 8 (b), 8 (c), 9, 10 and 19 (e)]				
Raw Materials and Components Consumed		**1626.56**		1828.66
Purchase of Traded Goods		**7596.53**		8448.82
Purchase of Services		**144.84**		262.11
Stores and Spares Consumed		**107.87**		72.07
Power and Fuel		**1.88**		1.78
Labour and Processing Charges		**7.17**		10.75
Royalty		**113.09**		104.59
		9597.94		10728.78
Closing Stock				
- Finished Goods (Including in Transit)		**359.26**		591.52
[Including excise duty of ₹ 2.71 Crores (2010 - ₹ 5.00 Crores)]				
- Work-In-Progress		**1.46**		**-**
		360.72		591.52
Opening Stock				
- Finished Goods (Including in Transit)		**591.52**		731.21
[Including excise duty of ₹ 5.00 Crores (2010 - ₹ 3.97 Crores)]				
- Work-In-Progress		**-**		1.16
		591.52		732.37
(Increase)/Decrease in Stocks of Finished Goods and Work-In-Progress		**230.80**		140.85
		9828.74		10869.63

Schedules to the Profit and Loss Account for the year ended June 30, 2011

	Year ended 30.06.2011 ₹/Crores	Year ended 30.06.2010 ₹/Crores
16- Personnel		
[Schedule-21, Note 22]		
Salaries, Wages, Allowances, Bonus and Gratuity	**421.93**	343.26
Contribution to Provident and Other Funds	**18.21**	13.85
Staff Welfare Expenses	**8.17**	11.30
	448.31	368.41
17- Administration, Selling, Distribution and Others		
[Schedule-21, Notes 19 (d) and 29]		
Rent	**24.94**	22.34
Rates and Taxes	**7.16**	10.72
Printing and Stationery	**4.11**	4.33
Communication	**12.47**	9.76
Travelling and Conveyance	**41.37**	35.45
Packing, Freight and Forwarding	**50.32**	45.96
Legal and Professional	**43.81**	29.34
Training and Conference	**4.36**	4.96
Office Electricity and Water	**8.23**	7.48
Insurance	**8.33**	7.10
Advertisement, Publicity and Entertainment	**74.90**	77.16
Hire Charges	**3.15**	2.04
Commission on Sales	**19.73**	15.17
Bank Charges	**12.78**	13.60
Provision for Doubtful Debts	**35.72**	23.61
Provision for Doubtful Loans and Advances	**7.52**	0.39
Provision for Doubtful Other Current Assets	**0.41**	0.38
Loss on Sale of Fixed Assets	**0.16**	0.04
Fixed Assets Written Off	**0.00**	0.05
Diminution in the value of unquoted/quoted (Others)		
Current Investments	**2.41**	0.20
Miscellaneous	**26.05**	23.86
	387.93	333.94
Less: Operating Cost Recovered from Subsidiaries	**1.38**	0.54
	386.55	333.40
18- Repairs		
Plant and Machinery	**0.96**	0.65
Buildings	**3.25**	2.69
Others	**12.06**	9.31
	16.27	12.65
19- Finance Charges		
Interest on:		
- Debentures	**10.20**	10.20
- Other Fixed Loans	**40.90**	14.97
- On Others	**22.87**	12.27
	73.97	37.44

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	4-8	years
Buildings		
- Factory	25-28	years
- Others	50-58	years
- Capitalised prior to 1.5.1986	As per Section 205(2)(b) of the Companies Act, 1956	
Furniture and Fixture	4-6	years
Air Conditioners	3-6	years
Vehicles	4-6	years
Office Equipment	3-6	years
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 tested for impairment at each balance sheet date.

(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 and for bonds is based on market quote.

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

c) 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 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.

Company's contributions towards recognised Provident Fund is 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.

Schedules to the Balance Sheet & Profit and Loss Account

Defined Contribution:

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

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

Other Benefit:

Liability for 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.

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 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/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.

Schedules to the Balance Sheet & 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:

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.

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
Buildings	June 30, 1992	6.44
Buildings	November 1, 2006	0.25
Plant and Machinery	June 30, 1992	(1.01)
Total		**29.43**
Less: Goodwill		5.70
Transferred to Revaluation Reserve		**23.73**
Less:		
-Expenditure incurred on acquisition of business in 1992		0.86
-Loss on sale of Land		0.15
-Depreciation and Amortisation		0.33
-Adjusted on amalgamation of Subsidiaries in earlier years		22.39
Balance as at June 30, 2011		**-**

2. Estimated value of contracts on capital account, excluding capital advances, remaining to be executed and not provided for amount to ₹ 3.69 Crores (2010 - ₹ 7.24 Crores).

3. **Contingent Liabilities:**

   a) Claims against the Company not acknowledged as debts:

	2011 ₹/Crores	2010 ₹/Crores
Sales Tax*	**54.12**	30.98
Excise*	**9.32**	10.91
Income Tax*	**3.95**	2.94
Industrial Disputes, Civil Suits and Consumer Disputes	**8.60**	8.89

   * Includes sum of ₹ 9.12 Crores (2010 - ₹ 7.65 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 ₹ 35.88 Crores (2010 - ₹ 32.77 Crores) was given to a Bank for working capital facilities sanctioned to a 100% subsidiary, HCL Insys Pte. Limited, Singapore against which the total amount utilised as at June 30, 2011 is ₹ 9.85 Crores (2010 - ₹ 0.25 Crores).

   (ii) Corporate Guarantee of ₹ 20.00 Crores (2010 - ₹ 15.00 Crores) has been given to a Bank for working capital facilities sanctioned to a 100% subsidiary, Digilife Distribution and Marketing Services Limited (Formerly known as HCL Security Limited) against which the total amount utilised as at June 30, 2011 is ₹ 8.58 Crores (2010 - ₹ 12.85 Crores).

   (iii) Corporate Guarantee of ₹ 6.50 Crores (2010 - ₹ 6.50 Crores) was given to a Bank for working capital facilities and ₹ 6.10 Crores (2010 - ₹ 6.07 Crores) was given to a non-banking finance company for operating lease sanctioned to a 100% subsidiary, HCL Infinet Limited against which the total amount utilised as at June 30, 2011 is ₹ 4.79 Crores (2010 - ₹ 3.89 Crores) and ₹ 6.07 Crores (2010 - ₹ 6.07 Crores) respectively.

Schedules to the Balance Sheet & Profit and Loss Account

(iv) Corporate Guarantee of ₹ 73.11 Crores (2010 - ₹ Nil) was given to Banks for working capital facilities sanctioned to HCL Infosystems MEA FZCO, Dubai (subsidiary of HCL Insys Pte. Limited, a subsidiary company) against which the total amount utilised as at June 30, 2011 is ₹ 35.33 Crores (2010 - ₹ Nil).

(v) Corporate Guarantee of ₹ 132.93 Crores (2010 - ₹ Nil) was given to Banks for working capital facilities sanctioned to Techmart Telecom Distribution FZCO, Dubai (joint venture of HCL Investments Pte. Limited, a subsidiary company) against which the total amount utilised as at June 30, 2011 is ₹ 110.78 Crores (2010 - ₹ Nil).

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, 2011 is ₹ Nil (2010 - ₹ 10.87 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:

	2011 ₹/Crores	2010 ₹/Crores
Opening Balance as on July 1	**6.25**	4.28
Additions during the year	**12.11**	15.55
Utilised/Reversed during the year	**13.28**	13.58
Closing Balance as on June 30	**5.08**	6.25

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, 2011, although the actual tax liability of the Company has to be computed each year by reference to the taxable profit for each fiscal year ended March 31.

b) Deferred Tax:

Major Components of Deferred Tax arising on account of timing difference along with their movement as at June 30, 2011 are:

₹/Crores

	As at 30.06.10	**Movement during the year**	**As at 30.06.11**
Assets			
Allowances for Doubtful Debts/Advances/Other Current Assets	8.12	4.90	13.02
Expense accruals (Bonus, Gratuity, Leave Encashment and Provision for Warranty)	12.98	2.12	15.10
Depreciation	2.21	(2.21)	-
Cenvat balances with excise authorities	-	0.06	0.06
Total (A)	**23.31**	**4.87**	**28.18**
Liabilities			
Lease rental recoverable	0.56	(0.45)	0.11
Cenvat balances with excise authorities	5.94	(5.94)	-
Depreciation	-	3.72	3.72
Taxes deposited under protest for excise duty, custom duty and sales tax	6.28	(3.28)	3.00
Other timing differences	1.59	2.96	4.55
Total (B)	**14.37**	**(2.99)**	**11.38**
Net Deferred Tax Assets/(Liability) (A)-(B)	**8.94**	**7.86**	**16.80**
Previous Year	4.08	4.86	8.94

Schedules to the Balance Sheet & Profit and Loss Account

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

			2011 ₹/Crores	2010 ₹/Crores
a.	(i)	Principal amount remaining unpaid to any supplier as at the end of the year.	1.17	0.97
	(ii)	Interest due on the above amount.	-	0.03
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.	13.01	3.02
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.	0.12	0.03
e.		Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises.	0.12	0.03

7. **Expenditure on Research and Development:**

	2011 ₹/Crores	2010 ₹/Crores
Capital	**0.03**	0.03
Revenue (Depreciation, Personnel, Travel and Other Administration expenses)	**5.37**	4.66
Total	**5.40**	4.69

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)	**706382** (657964)
Data Graphic/Display Monitor/Terminals, Hubs, etc.	Nos.	**451000** (846600)	**235317** (428258)

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

b) Information in respect of purchase of traded goods:

	Numbers	Value ₹/Crores
Computers/Micro processor based systems	**20807** (1100)	**120.10** (3.05)
Photocopiers/Electronic Equipments	**53510** (23485)	**211.86** (166.74)
Printers/Scanners/UPS/CVT	**217310** (173999)	**217.10** (185.31)
Cellular Phones	**25018616** (27183972)	**6163.06** (6920.34)
EPABX Systems	**608** (574)	**46.78** (47.44)
Others*		**837.63** (1125.94)
Total		**7596.53** (8448.82)

* 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.

Schedules to the Balance Sheet & Profit and Loss Account

8. c) Stocks and Sales:

Class of Products	Unit	Sales/Adjustments Qty	Sales/Adjustments Value# ₹/Crores	Opening Stock Qty	Opening Stock Value ₹/Crores	Closing Stock Qty	Closing Stock Value ₹/Crores
Computers/Micro processor based systems	Nos.	**728382**	**1577.25**	**33693**	**58.06**	**32500**	**71.86**
		(672385)	(1460.41)	(47014)	(97.23)	(33693)	(58.06)
Photocopiers/Electronic Equipments	Nos.	**48907**	**258.58**	**3325**	**32.82**	**7928**	**40.90**
		(25070)	(202.20)	(4910)	(31.93)	(3325)	(32.82)
Printers/Scanners/UPS/CVT	Nos.	**214037**	**207.38**	**12546**	**14.14**	**15819**	**18.11**
		(174912)	(205.09)	(13459)	(11.88)	(12546)	(14.14)
Cellular Phones	Nos.	**25054425**	**6433.53**	**849784**	**250.11**	**813975**	**140.81**
		(27844336)	(7277.01)	(1510148)	(384.56)	(849784)	(250.11)
EPABX Systems	Nos.	**666**	**83.22**	**91**	**18.88**	**33**	**7.52**
		(654)	(71.34)	(171)	(10.97)	(91)	(18.88)
Others*			**1860.50**		**217.51**		**80.06**
			(2195.58)		(194.64)		(217.51)
Total			**10420.46**		**591.52**		**359.26**
			(11411.63)		(731.21)		(591.52)

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.

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:

	2011 ₹/Crores	**2011** % of Consumption	2010 ₹/Crores	2010 % of Consumption
Imported	**1398.84**	**86%**	1411.98	77%
Indigenous	**227.72**	**14%**	416.68	23%
Total	**1626.56**	**100%**	1828.66	100%

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

	2011 Quantity (Nos.)	**2011 ₹/Crores**	2010 ₹/Crores
Mother Boards and Assemblies	**801651**	**495.06**	440.40
Hard Disk Drives	**695819**	**120.52**	176.52
Processors	**681577**	**283.65**	266.28
Monitors	**503126**	**182.30**	217.17
CRT Key Tops PCBs and Cabinets	**4808782**	**12.96**	11.05
Networking Products	**15420687**	**318.05**	488.97
Others*		**214.02**	228.27
Total		**1626.56**	1828.66

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

Note: Separate quantitative numbers of raw material and components (including for resale) for the year ended June 30, 2010 are not readily ascertainable.

Schedules to the Balance Sheet & Profit and Loss Account

11. **Value of Imports calculated on CIF basis:**

	2011 ₹/Crores	2010 ₹/Crores
a) Raw materials and components	**1326.56**	1686.01
b) Stores and spares	**42.19**	46.24
c) Capital goods	**2.21**	0.02
d) Traded items	**486.26**	462.37
Total	**1857.22**	2194.64

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

	2011 ₹/Crores	2010 ₹/Crores
a) Travel	**1.36**	0.71
b) Royalty*	**113.09**	104.59
c) Interest on Acceptances	**9.59**	4.74
d) Technical Fee	**0.46**	0.65
e) Others (includes consultancy, certification charges, license)	**1.91**	2.11
Total	**126.41**	112.80

* Gross of tax deducted at source.

13. **Earnings in Foreign Currency:**

	2011 ₹/Crores	2010 ₹/Crores
a) Commission	**6.11**	1.53
b) FOB value of exports (including deemed exports)	**9.79**	57.88
c) Others (including reimbursement of expenses)	**64.77**	43.78
Total	**80.67**	103.19

14. **Remuneration to Auditor*:**

	2011 ₹/Crores	2010 ₹/Crores
a) Statutory Audit	**1.40**	1.30
b) Other Audit Service/Certifications	**0.31**	0.68
c) Others	**0.09**	-
d) Out-of-Pocket Expenses	**0.08**	0.06
Total	**1.88**	2.04

* Excluding service tax.

15. (a) Details of Investments purchased, reinvested and sold during the financial year ended June 30, 2011 are as follows:

Name of the Fund	Face Value ₹/unit	No. of Units*	Cost ₹/Crores
Dividend Options			
Birla Sunlife Cash Plus - Institutional Premium	10	80394683	80.56
Birla Sunlife Floating Rate Fund - Long Term - Institutional	10	41785858	41.80
BNP Paribas Overnight Fund - Institutional	10	115703926	115.74
BNP Paribas Short Term Income Fund - Institutional	10	40872373	40.93
Fidelity FMP Series 4 - Plan C	10	24000000	24.00
HDFC FMP 100D September 2010 (2) - Dividend - Series XIV	10	20000000	20.00
HDFC Liquid Fund - Premium Plan	10	133726940	163.95
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale	10	41300120	41.87
IDFC Cash Fund - Super Institutional Plan C	10	189546789	189.59

Schedules to the Balance Sheet & Profit and Loss Account

Name of the Fund	Face Value ₹/unit	No. of Units*	Cost ₹/Crores
IDFC Fixed Maturity Quarterly Series - 59	10	15000000	15.00
IDFC FMP - Quarterly Series 61	10	29572535	29.57
IDFC Money Manager Fund -Investment Plan - Institutional Plan B	10	66761941	67.01
ICICI Prudential Liquid Institutional Plus Plan	100	10117689	120.02
ICICI Prudential Floating Rate Plan D	100	4173840	41.79
ICICI Prudential Ultra Short Term Plan Premium Plus	10	10317759	10.37
Kotak Liquid Institutional Premium	10	107550046	119.59
Principal Cash Management Fund - Liquid Option	10	90248500	90.49
Principal PNB Fixed Maturity Plan 91 Days - Series XXVII - Dec 10	10	20209517	20.21
Reliance Liquid Fund - Treasury Plan - Institutional	10	33125064	50.69
Reliance Floating Rate Fund - Short Term Plan	10	50832064	51.25
Religare Liquid Fund - Super Institutional	10	236711648	236.84
SBI-Magnum Insta Cash Fund	10	31292554	38.36
Templeton India Treasury Management Account Super Institutional Plan	1000	1149941	116.35
Templeton Floating Rate Income Fund - Long Term Plan Super Institutional	10	18744605	18.78
Tata Liquid Super High Investment Fund	1000	761916	86.55
UTI Liquid Cash Plan Institutional	1000	295713	30.41
Total - A			**1861.72**
Growth Options			
Birla Sunlife Floating Rate Fund - Long Term - Institutional	10	34657540	40.00
BNP Paribas Money Plus Institutional	10	43361204	64.00
Fidelity FMP Series 5 - Plan D	10	24000000	24.00
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale	10	35254614	76.00
IDFC Fixed Maturity Plan - Quarterly Series 62	10	53029106	53.03
ICICI Prudential Flexible Income Plan Premium	100	5141051	94.00
Kotak Quarterly Interval Plan - Series-8	10	21841616	25.50
Principal Near Term Fund Conservative Plan	10	13075516	20.21
Reliance Interval Fund - Quarterly Plan - Series I Institutional	10	48927503	51.33
Reliance Money Manager Fund - Institutional Option	1000	525343	70.49
SBI-SHF Ultra Short Term Fund - Institutional Plan	10	19625391	25.00
Templeton India Ultra Short Term Bond	10	7814209	10.00
UTI Treasury Advantage Fund - Institutional Plan	1000	418109	55.00
Total - B			**608.56**
Grand Total (A)+(B)			**2470.28**

* Includes transactions on account of renewals and reinvestments.

Schedules to the Balance Sheet & Profit and Loss Account

15. (b) 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
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 - A			**2158.37**
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
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 - B			**1687.88**
Grand Total (A)+(B)			**3846.25**

* Includes transactions on account of renewals and reinvestments.

Schedules to the Balance Sheet & Profit and Loss Account

16. **Managerial Remuneration:**

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

		2011 ₹/Crores		2010 ₹/Crores
Profit before Tax		**237.10**		368.65
Add:				
Managerial remuneration paid/payable	**5.09**		5.42	
Depreciation and Amortisation	**33.20**		21.73	
Loss on Sale of Fixed Assets (Net)	**0.16**		0.04	
Fixed Assets Written Off	**0.00**		0.05	
Provision for Doubtful Debts, Loans and Advances and Other Current Assets	**43.65**		24.38	
		82.10		51.62
		319.20		420.27
Less:				
Depreciation under Section 350 of the Companies Act, 1956	**33.20**		21.73	
Profit on disposal of Current Investments (Net)	**9.37**		10.55	
		42.57		32.28
Net Profit under Section 349		**276.63**		387.99
Calculation of Commission under Section 309 of the Companies Act, 1956 @ 1%		**2.77**		3.88
Restricted to		**0.39**		0.23
(ii) Paid/payable to the Whole Time Directors				
a) Salaries, Allowances and Bonus*		**3.95**		4.45
Contribution to Provident and Superannuation Funds**		**0.26**		0.23
Perquisites		**0.41**		0.45
		4.62		5.13
b) Directors' Sitting Fees		**0.08**		0.06
c) Commission to Non Whole Time Directors		**0.39**		0.23
Managerial remuneration under Section 198 of the Companies Act, 1956		**5.09**		5.42

* 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 for the Company as a whole and separate figures applicable to individual employees are not readily available.

17. The unaccrued forward exchange cover as on June 30, 2011 of ₹ 1.50 Crores (2010 - ₹ 2.62 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").

Schedules to the Balance Sheet & Profit and Loss Account

Details of Grants made under Employee Stock Option Scheme 2000

Date of grant	Exercise price of the option for five equity shares of ₹ 2/- each	Options outstanding at the beginning of the year	Options granted during the year	Options forfeited during the year	Options exercised during the year	Options expired during the year	Options outstanding at the end of the year	Options exercisable at the end of the year
28-Jan-04	538.15	175400	-	-	92	46343	128965	128965
		(214163)	(-)	(-)	(7962)	(30801)	(175400)	(175400)
25-Aug-04	603.95	46978	-	-	-	9994	36984	36984
		(50933)	(-)	(-)	(380)	(3575)	(46978)	(46978)
18-Jan-05	809.85	168082	-	-	-	46654	121428	121428
		(172082)	(-)	(-)	(-)	(4000)	(168082)	(168082)
15-Feb-05	809.30	-	-	-	-	-	-	-
		(1600)	(-)	(-)	(-)	(1600)	(-)	(-)
15-Mar-05	834.40	24298	-	-	-	6035	18263	18263
		(26072)	(-)	(-)	(-)	(1774)	(24298)	(24298)
15-Apr-05	789.85	4760	-	-	-	1428	3332	3332
		(5784)	(-)	(-)	(-)	(1024)	(4760)	(4760)
14-May-05	770.15	4540	-	-	-	885	3655	3655
		(8270)	(-)	(-)	(-)	(3730)	(4540)	(4540)
15-Jun-05	756.15	675	-	-	-	-	675	675
		(675)	(-)	(-)	(-)	(-)	(675)	(675)
15-Jul-05	978.75	11722		-	-	1242	10480	10480
		(11722)	(-)	(-)	(-)	(-)	(11722)	(11722)
13-Aug-05	1144.00	17630	-	-	-	1600	16030	16030
		(17630)	(-)	(-)	(-)	(-)	(17630)	(17630)
15-Sep-05	1271.25	9140	-	-	-	-	9140	9140
		(9140)	(-)	(-)	(-)	(-)	(9140)	(9140)
15-Mar-07	648.75	136700	-	-	-	-	136700	136700
		(141300)	(-)	(1600)	(600)	(2400)	(136700)	(79100)
23-Jan-08	898.25	61125	-	3060	-	5670	52395	32078
		(72825)	(-)	(6706)	(-)	(4994)	(61125)	(37748)
18-Aug-09	627.25	20000	-	-	-	-	20000	6000
		(-)	(20000)	(-)	(-)	(-)	(20000)	(-)
26-Oct-10	586.75	-	80000	-	-	-	80000	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)
2-Feb-11	516.50	-	12000	-	-	-	12000	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)
	Total	**681050**	**92000**	**3060**	**92**	**119851**	**650047**	**523730**
		(732196)	(20000)	(8306)	(8942)	(53898)	(681050)	(580073)

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	1877002	-	1430	-	137422	1738150	1738150
		(1982125)	(-)	(23764)	(-)	(81359)	(1877002)	(1507514)
19-Oct-05	1157.50	42090	-	480	-	6350	35260	35260
		(46780)	(-)	(1316)	(-)	(3374)	(42090)	(34072)
15-Nov-05	1267.75	16800	-	-	-	800	16000	16000
		(16950)	(-)	(150)	(-)	(-)	(16800)	(13560)
15-Dec-05	1348.25	13290	-	190	-	2400	10700	10700
		(14650)	(-)	(640)	(-)	(720)	(13290)	(10760)
14-Jan-06	1300.00	10130	-	278	-	1112	8740	8740
		(17810)	(-)	(2892)	(-)	(4788)	(10130)	(8104)
15-Feb-06	1308.00	4040	-	120	-	680	3240	3240
		(5050)	(-)	(434)	(-)	(576)	(4040)	(3272)
16-Mar-06	1031.00	17280	-	650	-	4280	12350	12350
		(23100)	(-)	(1610)	(-)	(4210)	(17280)	(14040)
17-Apr-06	868.75	6900	-	600	-	2400	3900	3900
		(6900)	(-)	(-)	(-)	(-)	(6900)	(5520)
15-May-06	842.50	14250	-	750	-	5650	7850	7850
		(15700)	(-)	(1090)	(-)	(360)	(14250)	(11930)
15-Jun-06	620.50	13950	-	460	-	3160	10330	10330
		(17950)	(-)	(2080)	(-)	(1920)	(13950)	(11520)
17-Jul-06	673.75	17240	-	1578	-	5360	10302	8504
		(21790)	(-)	(1900)	(-)	(2650)	(17240)	(10488)
15-Mar-07	648.75	366760	-	8380	-	17300	341080	274100
		(387960)	(-)	(13080)	(1440)	(6680)	(366760)	(221920)
23-Jan-08	898.25	178665	-	16650	-	15345	146670	89550
		(210990)	(-)	(26235)	(-)	(6090)	(178665)	(73680)
	Total	**2578397**	**-**	**31566**	**-**	**202259**	**2344572**	**2218674**
		(2767755)	(-)	(75191)	(1440)	(112727)	(2578397)	(1926380)

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	42% to 68%	44% to 65%
Risk free rate	4.57% to 8.18%	6.49% to 7.98%
Exercise Price	₹ 516.50 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 29%
Life of options	8.5 Years	10 Years
Fair Value of options as at the grant date	₹ 17.17 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, 2011 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

	2011 ₹/Crores	2010 ₹/Crores
Profit after tax as per Profit and Loss Account (a)	**177.23**	261.55
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 ₹ 0.02 Crores (2010 - ₹ 0.35 Crores)]	**0.70**	1.91
Profit after tax recomputed for recognition of employee stock compensation expense under fair value method (b)*	**176.53**	259.64
Earning Per Share based on earnings as per (a) above: (Refer Note 20)		
- Basic	**₹ 8.08**	₹ 12.86
- Diluted	**₹ 8.08**	₹ 12.84
Earning Per Share had fair value method been employed for accounting of employee stock options:		
- Basic	**₹ 8.05**	₹ 12.76
- Diluted	**₹ 8.05**	₹ 12.75

* 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, radio terminals and office equipments, etc. These leases have a primary period, which is fixed and non-cancelable. There are no exceptional/restrictive covenants in the lease agreements.

(ii) The gross investment in the assets given on finance leases as at June 30, 2011 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	**18.79** (9.73)	**4.81** (1.78)	**13.98** (7.95)
Later than one year and not later than five years	**107.59** (4.17)	**10.31** (0.92)	**97.28** (3.25)
Later than five years	**5.45** (-)	**0.24** (-)	**5.21** (-)
Total	**131.83** (13.90)	**15.36** (2.70)	**116.47** (11.20)

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, 2011 and its present value as at that date are as follows:

	Payable on sale and leaseback			Receivable on Sub-lease		
	Total minimum lease payable ₹/Crores	Interest included in minimum lease payable ₹/Crores	Present value of minimum lease payable ₹/Crores	Total minimum lease receivable ₹/Crores	Interest included in minimum lease receivable ₹/Crores	Present value of minimum lease receivable ₹/Crores
Not later than one year	**22.91** (18.89)	**6.84** (6.23)	**16.07** (12.66)	**18.63** (19.11)	**6.01** (6.45)	**12.62** (12.66)
Later than one year and not later than five years	**67.15** (72.22)	**11.73** (11.37)	**55.42** (60.85)	**66.13** (75.26)	**9.85** (12.66)	**56.28** (62.60)
Total	**90.06** (91.11)	**18.57** (17.60)	**71.49** (73.51)	**84.76** (94.37)	**15.86** (19.11)	**68.90** (75.26)

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

c) Sale and Leaseback

As Lessee:

	Total minimum lease payable ₹/Crores	Interest included in minimum lease payable ₹/Crores	Present value of minimum lease payable ₹/Crores
Not later than one year	**3.45**	**1.53**	**1.92**
	(-)	(-)	(-)
Later than one year and not later than five years	**16.87**	**2.85**	**14.02**
	(–)	(–)	(–)
Total	**20.32**	**4.38**	**15.94**
	(-)	(-)	(-)

d) Cancelable Operating Leases

As Lessee:

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

(ii) The rental expense in respect of operating leases is ₹ 24.94 Crores (2010 - ₹ 22.34 Crores) which is disclosed as Rent expense under Schedule 17 'Administration, Selling, Distribution and Others'.

As Lessee:

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 :

	2011 ₹/Crores	2010 ₹/Crores
Gross Block	**41.42**	17.58
Accumulated Depreciation	**11.79**	7.41
Net Block	**29.63**	10.07
Depreciation Expense	**4.38**	2.20

e) Non-Cancelable Operating Leases

As Lessee:

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

	2011 ₹/Crores	2010 ₹/Crores
Not later than one year	**1.92**	1.91
Later than one year and not later than five years	**1.73**	1.82
Total	**3.65**	3.73

(ii) 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, 2011 are ₹ 2.47 Crores (2010 - ₹ 1.93 Crores) which is included in Purchase of Service under Schedule 15 'Cost of Goods and Services Sold'.

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.

Schedules to the Balance Sheet & Profit and Loss Account

Calculation of EPS:

Particulars	2011	2010
Profit after tax (₹/Crores)	**177.23**	261.55
Weighted average number of shares considered as outstanding in computation of Basic EPS	**219,350,542**	203,412,268
Add: Dilutive impact of stock options and share warrants		
- Exercised	**-**	3,737
- Lapsed	**-**	15,319
- Issued for no consideration	**152**	217,649
Weighted average number of shares outstanding in computation of Diluted EPS	**219,350,694**	203,648,973
Basic EPS (of ₹ 2/- each)	**₹ 8.08**	₹ 12.86
Diluted EPS (of ₹ 2/- each)	**₹ 8.08**	₹ 12.84

21. **Segment Reporting**

The Company recognises the following segments as its primary segments.

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

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

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, 2011 ₹/ Crores

Primary Segments	Computer Systems and Other Related Products and Services	Telecommunication and Office Automation	Inter-segment Elimination	Total
(i) Revenue				
External Revenue	**3447.67**	**7611.47**		**11059.14**
	(3569.25)	(8492.53)		(12061.78)
Intersegment Revenue	-	-	-	
	(52.15)	(23.83)	(-75.98)	
Total Gross Revenue	**3447.67**	**7611.47**	**-**	**11059.14**
	(3621.40)	(8516.36)	(-75.98)	(12061.78)
Less: Excise Duty	**122.19**			**122.19**
	(108.77)			(108.77)
Total Net Revenue	**3325.48**	**7611.47**	**-**	**10936.95**
	(3512.63)	(8516.36)	(-75.98)	(11953.01)
(ii) Results	**112.45**	**198.01**		**310.46**
	(188.54)	(225.63)		(414.17)
Less: Unallocable Expenditure				**57.05**
				(40.54)
Operating Profit				**253.41**
				(373.63)
Add: Other Income (Excluding Operational Income)				**57.66**
				(32.46)
Less: Finance Charges				**73.97**
				(37.44)

Primary Segments	Computer Systems and Other Related Products and Services	Telecommunication and Office Automation	Inter-segment Elimination	Total
Profit Before Tax				**237.10**
				(368.65)
Less: Tax Expense				
Current - for the year				**65.94**
				(111.96)
Current - for the earlier years				**1.79**
				(-)
Deferred Tax				**(7.86)**
				(-4.86)
Profit After Tax				**177.23**
				(261.55)
(iii) Segment Assets	**2789.68**	**752.07**		**3541.75**
	(2601.50)	(1004.36)		(3605.86)
Unallocated Corporate Assets				
a) Liquid Assets				**607.62**
				(855.74)
b) Others				**399.70**
				(263.46)
c) Deferred Tax Asset				**16.80**
				(8.94)
Total Assets				**4565.87**
				(4734.00)
(iv) Segment Liabilities	**1483.37**	**466.20**		**1949.57**
	(1388.95)	(800.59)		(2189.54)
Unallocated Corporate Liabilities				
a) Current Liabilities				**91.72**
				(112.28)
b) Loan Funds				**577.54**
				(509.93)
Total Liabilities				**2618.83**
				(2811.75)
(v) Capital Expenditure	**65.29**	**27.36**		**92.65**
	(32.85)	(5.81)		(38.66)
(vi) Depreciation	**24.35**	**6.88**		**31.23**
	(16.12)	(4.22)		(20.34)
(vii) Other Non Cash Expenses	**25.25**	**7.49**		**32.74**
	24.75	3.14		27.89

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:

	2011 ₹/Crores	2010 ₹/Crores
Employers Contribution to Provident Fund*	**5.45**	4.58
Employers Contribution to Superannuation Fund*	**1.76**	1.23

Schedules to the Balance Sheet & Profit and Loss Account

(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:

	2011 ₹/Crores	2010 ₹/Crores
Employers contribution to Employee State Insurance*	**4.04**	2.78
Employers contribution to Employee's Pension Scheme 1995*	**6.96**	5.26

* Included in Contribution to Provident and Other Funds under Personnel Cost (Refer Schedule-16).

(c) Defined Benefit and Other Long Term Benefit

(i) Gratuity

(ii) Other Long Term Benefit - Leave Encashment

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

	Employees Gratuity Fund		**Leave Encashment**	
	2011	2010	**2011**	2010
Discount rate (per annum)	**8.00%**	7.80% to 8.00%	**8.00%**	7.80% to 8.00%
Rate of increase in compensation levels	**7.00%**	5.00% to 7.00%	**7.00%**	5% to7.00%
Rate of return on plan assets	**Not Applicable**	Not Applicable	**Not Applicable**	Not Applicable
Expected average remaining working lives of employees (years)	**24.35**	22.30 to 25.39	**24.35**	22.30 to 25.39

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

₹/Crores

	2011		2010	
	Gratuity	**Leave Encashment**	**Gratuity**	**Leave Encashment**
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	**16.98**	**10.44**	14.90	9.39
Current service cost	**2.08**	**4.10**	1.67	1.85
Past service cost	**-**	**-**	1.38	-
Interest cost	**1.34**	**0.74**	1.15	0.64
Actuarial (gain)/loss	**0.84**	**(3.51)**	(1.32)	(0.06)
Benefits (paid)	**(1.28)**	**(1.59)**	(0.80)	(1.38)
Present value of obligation at the end of the year	**19.96**	**10.18**	16.98	10.44

	2011		2010	
Cost recognised for the year (included under Salaries, Wages, Allowances, Bonus and Gratuity):	**Gratuity**	**Leave Encashment**	**Gratuity**	**Leave Encashment**
Current service cost	**2.08**	**4.10**	1.67	1.85
Past service cost	**-**	**-**	1.38	-
Interest cost	**1.34**	**0.74**	1.15	0.64
Actuarial (gain)/loss	**0.84**	**(3.51)**	(1.32)	(0.06)
Net cost recognised for the year*	**4.26**	**1.33**	2.88	2.43

* 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: ₹/Crores

	Gratuity				
	2011	**2010**	**2009**	**2008**	**2007**
Present value of the obligation as at the end of the year	**19.96**	**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	**(19.96)**	**(16.98)**	**(14.90)**	**(12.20)**	**(10.76)**

	Leave Encashment				
	2011	**2010**	**2009**	**2008**	**2007**
Present value of the obligation as at the end of the year	**10.18**	**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	**(10.18)**	**(10.44)**	**(9.39)**	**(7.92)**	**(6.76)**

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

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:

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

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

Schedules to the Balance Sheet & Profit and Loss Account

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

Particulars	As on June 30, 2011 (₹/Crores)	As on June 30, 2010 (₹/Crores)
Gross Proceeds		
- Preferential Issue	322.00	269.01
- Qualified Institutions Placement	472.67	472.67
Less: Share Expenses incurred adjusted with Securities Premium account during the year	(14.55)	(14.51)
Net Proceeds	**780.12**	**727.17**
Utilisation towards		
- Capital expenditure	73.34	56.50
- Acquisition [Refer Note 25]	25.30	1.40
- Working Capital	303.10	-
Total Utilisation	**401.74**	**57.90**
Unutilised		
Currently held in Unquoted (Others) Current Investments	378.38	669.27
Total Unutilised	**378.38**	**669.27**

25. (a) **Details of long term investments made during the year:**

(i) Pimpri Chinchwad eServices Limited was incorporated as a wholly owned subsidiary of the Company on September 21, 2010, to provide e-Services and other related services within the territorial jurisdiction of the Pimpri Chinchwad Municipal Corporation (PCMC) and to the citizens of PCMC.

(ii) HCL Investments Pte. Limited, Singapore was incorporated as a wholly owned subsidiary on November 29, 2010, to manage the Company's overseas investments.

(iii) HCL Infosystems South Africa Pty. Limited, South Africa was incorporated as a wholly owned subsidiary of HCL Investments Pte. Limited, Singapore (wholly owned subsidiary of the Company) on May 9, 2011, to engage in business operations in System Integration (SI) and Services with particular focus on Banking and Financial Services and Insurance, Utilities, e-Governance and Infrastructure Services.

(b) During the year, 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 (₹28.65 Crores).

(c) During the year, the Company through its wholly owned subsidiary, HCL Investments Pte. Limited, Singapore, has on February 3, 2011 acquired 20% equity shares in Techmart Telecom Distribution FZCO, Dubai, which is a distributor of Nokia Smartphones in Middle-East and Africa for US$ 0.8 million (3.55 Crores) paid upfront and US$ 0.4 million (1.77 Crores) to be paid over a period, subject to fulfilment of certain conditions.

(d) (i) Pursuant to the approval of the shareholders obtained in accordance with Section 293(1)(a) of the Companies Act, 1956, on July 28, 2011 the Company has, with effect from August 1, 2011, transferred its Digital Entertainment business as a going concern on slump sale basis, to Digilife Distribution and Marketing Services Limited (Formerly known as HCL Security Limited), the wholly owned subsidiary, for a consideration of ₹ 35 Crores.

As on June 30, 2011, the carrying amount of assets and liabilities of Digital Entertainment business is ₹ 73.54 Crores and ₹ 71.56 Crores respectively and its turnover and gross profit for the year ended on that date is ₹ 407.96 Crores and ₹ 21.84 Crores respectively.

(ii) The Company has acquired the Security and Surveillance business of Digilife Distribution and Marketing Services Limited (Formerly known as HCL Security Limited) as a going concern on slump sale basis for a consideration of ₹ 6 Crores.

As on June 30, 2011, the carrying amount of assets and liabilities of Security and Surveillance business is ₹ 33.37 Crores and ₹ 25.17 Crores respectively and its turnover and loss before tax for the year ended on that date is ₹ 56.61 Crores and ₹ 8.07 Crores respectively.

(e) The Company has signed a Share Purchase Agreement (SPA) with a Buyer in January 2011 for the sale of its entire equity stake in HCL Infinet Limited, the wholly owned subsidiary.

During the current year, the Company has made a provision of ₹ 0.34 Crores as permanent diminution in the value of long term investment and ₹7.52 Crores as a provision for loan (inter corporate deposit) given to HCL Infinet Limited. The sale/transfer of the entire equity stake in HCL Infinet Limited shall be given effect on receipt of necessary regulatory approvals.

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)*	1.24	0.13	2002-2003	Commercial Tax Tribunal, Noida.
1.2		Sales Tax (including interest)*	0.07	0.07	2002-2003	High Court, Allahabad.
1.3		Sales Tax (including interest)*	0.71	0.35	2003-2004	Commercial Tax Tribunal, Noida.
1.4		Sales Tax (including interest)*	2.54	0.67	2004-2005	Joint Commissioner (Appeals) of Commercial Tax, Noida.
1.5		Sales Tax (including interest)*	3.62	1.30	2005-2006	Joint Commissioner (Appeals) of Commercial Tax, Noida.
1.6		Sales Tax (including interest)*	7.37	1.79	2006-2007	Additional Commissioner (Appeals) of Commercial Tax, Noida.
1.7		Sales Tax (including interest)*	8.30	0.80	2007-2008	Additional Commissioner (Appeals) of Commercial Tax, Noida.
1.8	**Uttar Pradesh Value Added Tax Act, 2008****	Commercial Tax (including Penalty)*	0.08	0.18	2008-2009	Joint Commissioner (Appeals) of Commercial Tax, Noida.
1.9		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	Assisstant Commissioner of Sales Tax, Delhi.
2.2		Sales Tax*	0.04	0.00	2003-2004	Joint Commissioner (Appeals) of Sales Tax, Delhi.
2.3		Sales Tax	0.17	-	2003-2004	Deputy Commissioner (Appeals) of Sales Tax, Delhi.
2.4		Sales Tax*	0.01	0.01	2004-2005	Joint Commissioner (Appeals) of Sales Tax, Delhi.
2.5		Sales Tax	0.04	-	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	2.46	-	2006-2007	Additional Commissioner (Appeals) of Sales Tax, Delhi.
2.8		Trade Tax	2.98	-	2007-2008	Additional 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.
3.5		Sales Tax	0.10	-	2006-2007	Commercial Tax Officer, Chennai.
3.6		Sales Tax	0.02	-	2007-2008	Commercial Tax Officer, Chennai.
3.7		Sales Tax	0.07	-	2008-2009	Commercial Tax Officer, Chennai.
4.1	**West Bengal 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	2.97	-	2007-2008	Joint Commissioner (Appeals) of Sales Tax, Kolkata.
5.1	**Assam General Sales Tax Act, 1993****	Sales Tax	0.01	-	2001-2002	Superintendent of Sales Tax, Guwahati.
5.2		Sales Tax*	0.03	0.00	2002-2003	Superintendent of Sales Tax, Guwahati.
5.3		Sales Tax*	0.01	0.01	2003-2004	Superintendent of Sales Tax, Guwahati.
5.4		Sales Tax	0.01	-	2005-2006	Deputy Commissioner Sales Tax, Guwahati.
5.5		Sales Tax	0.12	-	2006-2007	Deputy Commissioner 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.

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
6.3	**Rajasthan Value Added Tax Act, 2003****	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)*	0.14	0.05	2008-2009; 2009-2010; 2010-2011	Check post authorities, Kerala.
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*	0.36	0.19	2005-2006	Joint Commisisoner Appeal Sales Tax, Bengaluru.
10.2		Sales Tax*	1.26	0.40	2006-2007	Joint Commisisoner Appeal Sales Tax, Bengaluru.
10.3		Sales Tax*	0.00	0.00	2007-2008	Joint Commisisoner Appeal Sales Tax, Bengaluru.
11.1	**Andhra Pradesh Value Added Tax Act, 2005****	Sales Tax*	0.25	0.02	2005-2006; 2006-2007	Commissioner (Appeals) of Commercial Tax, Hyderabad.
11.2		Sales Tax*	0.00	0.10	2007-2008	Assistant Commissioner, Hyderabad.
12.1	**Punjab General Sales Tax Act, 1948****	Sales Tax (including Penalty)	0.06	-	2004-2005	Assistant Commissioner, Mohali.
12.2	**Punjab Value Added Tax Act, 2005****	Sales Tax (including Penalty)*	0.91	0.45	2007-2008	Assistant Commissioner, Mohali.
12.3		Sales Tax (including Penalty)*	0.21	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	Deupty Commissioner Appeals, Jammu.
14.1	**Uttrakhand Value Added Tax Act, 2005****	Sales Tax (including Penalty)*	12.97	0.12	2007-2008; 2008-2009	Joint Commisisoner Commercial Tax, Dehradun.
	Sub Total (a)		**54.12**	**7.38**		
15.1	**Central Excise Act, 1944**	Excise Duty (Including Penalty)	0.95	-	2002-2003; 2003-2004	Central Excise & Service Tax Appellate Tribunal, Chennai.
15.2		Excise Duty (Including Penalty)	0.01	-	August 2006; November 2006; December 2006	Commissioner (Appeals), Chennai.
15.3		Excise Duty (Including Penalty)	0.25	0.15	March 2006	Central Excise & Service Tax Appellate Tribunal, Chennai.
15.4		Excise Duty (Including Penalty)	1.08	0.10	March 2006	Central Excise & Service Tax Appellate Tribunal, Chennai.
15.5		Excise Duty (Including Penalty)	0.08	-	July 2006 to December 2006	Commissioner (Appeals), Chennai.
15.6		Excise Duty (Including Penalty)	0.01	-	March 2006	Commissioner (Appeals), Chennai.
15.7		Excise Duty (Including Penalty)	0.04	-	January 2007 to March 2007	Commissioner (Appeals), Chennai.
15.8		Excise Duty (Including Penalty)	0.04	-	April 2007 to July 2007	Commissioner (Appeals), Chennai.
15.9		Excise Duty (Including Penalty)	0.00	-	October 2006 to December 2006	Commissioner (Appeals), Chennai.
15.10		Excise Duty (Including Penalty)	0.00	-	August 2007 to January 2008	Commissioner (Appeals), Chennai.
15.11		Excise Duty (Including Penalty)	0.04	-	April 2008 to December 2008	Commissioner (Appeals), Chennai.
15.12		Excise Duty (Including Penalty)	0.06	-	September 2007 to March 2008	Central Excise & Service Tax Appellate Tribunal, Chennai.
15.13		Excise Duty (Including Penalty)	3.24	0.60	1980-1981; 1981-1982; 1982-1983; 1983-1984	Central Excise & Service Tax Appellate Tribunal, Delhi.
15.14	**Central Excise Act, 1944**	Excise Duty (Including Penalty)	1.03	0.00*	July 2003 to September 2005	Central Excise & Service Tax Appellate Tribunal, Chennai.
15.15		Excise Duty (Including Penalty)	1.63	0.00*	July 2003 to March 2006	Central Excise & Service Tax Appellate Tribunal, Chennai.
15.16		Excise Duty (Including Penalty)	0.03	-	2009-2010	Commissioner (Appeals), Chennai.
15.17		Excise Duty (Including Penalty)	0.34	-	September 2005 to September 2006	Commissioner (Appeals), Chennai.
15.18		Excise Duty (Including Penalty)	0.34	-	September 2005 to September 2006	Commissioner (Appeals), Chennai.
15.19		Excise Duty (Including Penalty)	0.13	-	January to June 2007	Commissioner (Appeals), Chennai.
15.20		Excise Duty (Including Penalty)	0.02	-	July 2008	Commissioner (Appeals), Mumbai.
	Sub Total (b)#		**9.32**	**0.85**		

SL. No.	Name of the Statute	Nature of the dues	Amount (₹/crores)	Amount Deposited (₹/crores)	Period to which the amount relates	Forum where dispute is pending
16.1	Income Tax Act, 1961	Income Tax (Representative Assessee)	0.37	-	1989-1990	High Court, Delhi.
16.2		Income Tax (Representative Assessee)	0.16	0.16	1990-1991	High Court, Delhi.
16.3		Income Tax (Regular Assessment of erstwhile HCL Infinet Limited)	0.87	-	2005-2006	Commissioner (Appeals), Delhi.
16.4		Income Tax (Regular Assessment of erstwhile HCL Infinet Limited)	1.54	-	2006-2007	Commissioner (Appeals), Delhi.
16.5		Income Tax (Representative Assessee)	0.27	-	2007-2008	Commissioner (Appeals), Delhi.
16.6		Income Tax (Representative Assessee)	0.74	0.73	2008-2009	Commissioner (Appeals), Delhi.
	Sub Total (c)		**3.95**	**0.89**		
	Total (a) + (b) + (c)		**67.39**	**9.12**		

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:
Guddu Investments (Pondi) Private Limited (Refer Note 2 on Schedule 1)

b) List of parties where control exists/existed:

Wholly owned Subsidiaries:
HCL Infinet Limited
HCL Infocom Limited
Digilife Distribution and Marketing Services Limited (Formerly known as HCL Security Limited)
RMA Software Park Private Limited
HCL Insys Pte. Limited, Singapore
Pimpri Chinchwad eServices Limited
HCL Investments Pte. Limited, Singapore
HCL Infosystems South Africa Pty. Limited

Others Subsidiaries:
HCL Infosystems MEA FZCO, Dubai (Subsidiary of HCL Insys Pte. Limited - 60% Shareholding)
NTS Technology LLC, Dubai (49% Shareholding of HCL Infosystems MEA FZCO)
HCL Infosystems MEA LLC, Abu Dhabi (49% Shareholding of HCL Infosystems MEA FZCO)

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 Siva Subramaniam Nadar Educational and Charitable Trust)

d) Key Management Personnel
Mr. Ajai Chowdhry
Mr. Harsh Chitale
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-11	Jun-10	**Jun-11**	Jun-10	**Jun-11**	Jun-10	**Jun-11**	Jun-10	**Jun-11**	Jun-10
Sales and Related Income	**0.00**	(0.81)	**8.55**	3.27	**116.14**	83.28			**124.69**	85.74
- HCL Technologies Limited					**106.67**	67.34				
- HCL Infosystems MEA FZCO			**6.76**	-						
- HCL Comnet Systems and Services Limited					**3.95**	11.37				
- HCL Infinet Limited			**0.03**	1.52						
Services	**0.01**	0.01	**0.82**	0.66	**9.26**	6.41			**10.09**	7.08
- HCL Technologies Limited					**8.02**	4.82				
- HCL BPO Services (NI) Limited					**0.20**	0.77				
Other Income					-	1.11			-	1.11
- HCL Technologies Limited					-	1.11				
Purchase of Goods			**94.15**	34.08					**94.15**	34.08
- Digilife Distribution and Marketing Services Limited			**31.33**	34.06						
- HCL Insys Pte. Limited			**62.82**	-						
Purchase of Services			**5.44**	2.83	**3.92**	2.81			**9.36**	5.64
- HCL Infinet Limited			**5.42**	2.83						
- HCL Technologies Limited					**2.77**	2.51				
Purchase of Investment			**40.84**	41.41					**40.84**	41.41
- Pimpri Chinchwad eServices Limited			**0.05**	-						
- HCL Investments Pte. Limited			**5.83**	-						
- HCL Insys Pte. Limited			**19.96**	-						
- Digilife Distribution and Marketing Services Limited*			**15.00**	-						
- RMA Software Park Private Limited			-	40.74						
Loans and Advances Refunded/Adjusted			**29.53**	-					**29.53**	-
- HCL Infinet Limited			**1.43**	-						
- HCL Insys Pte. Limited			**11.10**	-						
- Digilife Distribution and Marketing Services Limited*			**17.00**	-						
Loans and Advances Given			**45.86**	36.71					**45.86**	36.71
- HCL Infinet Limited			**9.00**	11.00						
- Digilife Distribution and Marketing Services Limited*			**18.60**	10.00						
- RMA Software Park Private Limited			**7.16**	15.71						
- HCL Insys Pte. Limited			**11.10**	-						
Assets Purchased			**1.73**	0.14	**4.30**	4.79			**6.03**	4.93
- HCL Infinet Limited			**1.46**	-						
- HCL Technologies Limited					**4.30**	4.79				
Remuneration							**7.02**	6.26	**7.02**	6.26
- Mr. Ajai Chowdhry							**3.32**	3.70		
- Mr. Harsh Chitale							**1.38**	-		
- Mr. J.V. Ramamurthy							**1.30**	1.43		
- Mr. Sandeep Kanwar							**1.02**	1.13		
Reimbursements towards expenditure										
a) Received	**0.02**	0.06	**1.02**	0.72	**0.02**	0.06			**1.06**	0.84
- HCL Infinet Limited			**0.98**	0.72						
b) Made	**0.04**	0.07	**0.94**	0.02	**2.95**	1.81			**3.93**	1.90
- HCL Technologies Limited					**2.95**	1.12				
- Digilife Distribution and Marketing Services Limited			**0.72**	-						
B. Amount due to/from related parties										
Investment			**98.30**	57.46					**98.30**	57.46
Accounts Receivables	**0.09**	0.03	**2.29**	1.46	**67.06**	65.81			**69.44**	67.30
Other Recoverables**	**0.35**	-	**58.67**	39.83	**0.50**	0.42			**59.52**	40.25
Creditors			**43.78**	13.89	**2.01**	2.24			**48.29**	16.13
Other Payables					-	0.41			-	0.41

* ₹ 15 Crores of Inter Corporate Deposit given to Digilife Distribution and Marketing Services Limited (Formerly known as HCL Security Limited) converted into equity share capital.

** Including ₹ 7.52 Crores Inter Corporate Deposit given to HCL Infinet Limited which has been provided for as a doubtful advance during the year under Schedule 11 `Loans and Advances - Unsecured'.

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, 2011

		2011 ₹/Crores					2010 ₹/Crores			
A.	**Loans and Advances in the nature of Loans to Subsidiary**									
	Name	RMA Software Park Private Ltd.	HCL Insys Pte. Ltd.	HCL Infocom Ltd.	Digilife Distribution and Marketing Service Ltd.	HCL Infinet Ltd.	RMA Software Park Private Ltd.	HCL Infocom Ltd.	Digilife Distribution and Marketing Service Ltd.	HCL Infinet Ltd.
	a. Balance outstanding at the year end	**22.87**	**-**	**0.03**	**11.60**	**18.57**	**15.71**	**0.01**	**10.00**	**11.00**
	b. Maximum amount outstanding during the year ended June 30, 2011	**22.87**	**11.10**	**0.03**	**19.75**	**20.00**	**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**	Nil
	c. Maximum amount outstanding during the year ended June 30, 2011	**Nil**	Nil
C.	**Loans and Advances in the nature of Loans where there is no repayment schedule**		
	a. Name	-	-
	b. Balance outstanding at the year end	**Nil**	Nil
	c. Maximum amount outstanding during the year ended June 30, 2011	**Nil**	Nil

		2011 ₹/Crores					2010 ₹/Crores			
D.	**Loans and Advances in the nature of loans where no interest or interest below Section 372A of Companies Act, 1956 is charged**									
	Name	RMA Software Park Private Ltd.	HCL Insys Pte. Ltd.	HCL Infocom Ltd.	Digilife Distribution and Marketing Service Ltd.	HCL Infinet Ltd.	RMA Software Park Private Ltd.	HCL Infocom Ltd.	Digilife Distribution and Marketing Service Ltd.	HCL Infinet Ltd.
	a. Balance outstanding at the year end	**22.87**	**-**	**0.03**	**11.60**	**18.57**	**15.71**	**0.01**	**10.00**	**11.00**
	b. Maximum amount out standing during the year ended June 30, 2011	**22.87**	**11.10**	**0.03**	**19.75**	**20.00**	**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**	Nil
F.	**Disclosure of Investment in the Company's own shares**		
	a. Name of the Loanee	-	-
	b. Balance outstanding at the year end	**Nil**	Nil
	c. Maximum amount outstanding during the year ended June 30, 2011	**Nil**	Nil
	d. Investments made by the Loanee	**Nil**	Nil
	e. Maximum amount of Investment during the year ended June 30, 2011	**Nil**	Nil

29. a) An amount of ₹ 0.16 Crores (2010 - ₹ 0.01 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.

30. **Derivative Instruments outstanding at the Balance Sheet date:**

The Company has following outstanding forward contracts to buy foreign currency as at June 30, 2011:

Currency	Foreign Currency Value / Crores		Average Rate		Maximum Maturity Period	
	2011	2010	**2011**	2010	**2011**	2010
USD	**$3.54**	$4.96	**45.41**	46.41	**3 Months**	10 Months

The above forward contracts have been undertaken to hedge the foreign currency exposures on Import/Royalty payables as at June 30, 2011.
As on June 30, 2011, the foreign currency exposure that is not hedged by a derivative instrument or otherwise is ₹ 316.77 Crores (2010 - ₹ 405.78 Crores).

31. **Amount due from companies under the same management under section 370(IB) of the Companies Act, 1956:**

Debtors	2011 ₹/Crores	2010 ₹/Crores
HCL Technologies Limited	**55.79**	55.54
HCL Comnet Limited	**2.87**	4.60
HCL Comnet Systems and Services Limited	**2.16**	2.58
HCL BPO Services (NI) Limited	**4.59**	2.19
Guddu Investments (Pondi) Private Limited (Refer Note 2 on Schedule 1)	**0.09**	0.08
HCL America Inc.	**-**	0.45
Loans and Advances and Other Recoverables		
HCL Technologies Limited	**0.50**	-
Guddu Investments (Pondi) Private Limited (Refer Note 2 on Schedule 1)	**0.35**	0.42

32. Previous year's figures have been regrouped/recasted, where necessary, to confirm to current year's presentation.

For Price Waterhouse
Firm Registration Number-301112E
Chartered Accountants

For and on behalf of the Board of Directors

ABHISHEK RARA
Partner
Membership Number F-77779

AJAI CHOWDHRY
Chairman & Whole Time Director

HARSH CHITALE
Chief Executive Officer & Whole Time Director

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

Place : Noida
Dated : August 17, 2011

SANDEEP KANWAR
Chief Financial Officer

SUSHIL KUMAR JAIN
Company Secretary

HCL INFOSYSTEMS LTD.

Balance Sheet Abstract And Company's General Business Profile

Registration Details

Corporation Identity Number (CIN)

L72200DL1986PLC023955

State Code

55

Balance Sheet Date

30 06 2011

D D M M Y Y Y Y

Capital Raised During the Year (Amount in ₹ Thousands)

Public Issue	Rights Issue
NIL	NIL
Bonus Issue	**Private Placement**
NIL	9241#

Represents shares allotted on conversion of warrants issued on preferential basis

Position of Mobilisation and Deployment of funds (Amount in ₹ Thousands)

	Total Liabilities	Total Assets
Sources of Funds	252458 21	252458 21
	Paid-up Capital	Reserves and Surplus
	445760	1902456 4
	Secured Loans	Unsecured Loans
	1104257	4671240
Application of Funds	Net Fixed Assets	Investments
	2520144	7050449
	Net Current Assets	Misc. Expenditure
	15507225	NIL
	Accumulated Losses	Deferred Tax Assets
	NIL	168003
Performance of Company	Turnover	Total Expenditure
	1102413 79	1078703 69
(Please tick Appropriate box	Profit/ Loss before Tax	Profit/ Loss After Tax
+ for Profit, - for Loss)	+ 2371010	+ 1772346
	Earning Per Share in ₹	Dividend Rate (%)
	8.08	400

Generic Name of Three Principal Products/ Services of Company (as per monetary terms.)

Item Code No. (ITC Code) 8471
Product Description COMPUTERS

Item Code No. (ITC Code) 8517
Product Description TELECOMMUNICATION PRODUCTS

Item Code No. (ITC Code) 8443
Product Description OFFICE AUTOMATION PRODUCTS

Auditors' Report on the Consolidated Financial Statements

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

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

1. We have audited the attached consolidated Balance Sheet of HCL Infosystems Limited (the "Company") and its subsidiaries and joint ventures of its subsidiaries, hereinafter referred to as the "Group" (refer Note 1 on Schedule 20 to the attached consolidated financial statements) as at June 30, 2011, 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 eight subsidiaries and two jointly controlled entities of its subsidiary included in the consolidated financial statements, which constitute total assets of ₹ 215.68 Crores and net assets of ₹ 21.65 Crores as at June 30, 2011, total revenue of ₹ 401.19 Crores, net profit of ₹ 4.05 Crores and net cash flows amounting to ₹ 20.71 Crores for the year then ended. The financial statements and other financial information have been audited by other auditors for seven subsidiaries and one jointly controlled entity of its subsidiary whose reports have been furnished to us, and one subsidiary and one jointly controlled entity of a subsidiary have been certified by the respective directors of these entities, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors and those management certified financial statements.

4. Refer to note 18 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, 2011;

   (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 17, 2011

Consolidated Balance Sheet as at June 30, 2011

	Schedule (Note No.)	As at 30.06.2011 ₹/Crores		As at 30.06.2010 ₹/Crores	
Sources of Funds:					
Shareholders' Funds:					
Capital	1		**44.58**		43.65
Share Warrant Application Money	21 (13)		**-**		17.67
Reserves and Surplus	2		**1862.64**		1831.35
Minority Interest			**4.00**		-
Loan Funds:					
Secured Loans	3		**152.92**		162.68
Unsecured Loans	4		**475.39**		357.91
			2539.53		2413.26
Application of Funds:					
Fixed Assets:					
Gross Block	5	**513.30**		402.62	
Less: Depreciation/Amortisation		**175.98**		142.61	
Net Block		**337.32**		260.01	
Capital Work-In-Progress (Including Capital Advances)		**26.42**	**363.74**	27.27	287.28
Investments	6		**607.09**		853.73
Deferred Tax Assets (Net)	21 (5 b)		**21.38**		13.51
Current Assets, Loans and Advances:					
Inventories	7	**614.26**		839.57	
Sundry Debtors	8	**2152.83**		2107.72	
Cash and Bank Balances	9	**265.18**		300.19	
Other Current Assets	10	**391.54**		252.51	
Loans and Advances	11	**277.93**		254.99	
		3701.74		3754.98	
Less: Current Liabilities and Provisions	12				
Current Liabilities		**2055.58**		2367.67	
Provisions		**98.84**		128.57	
		2154.42		2496.24	
Net Current Assets			**1547.32**		1258.74
			2539.53		2413.26
Consolidated Significant Accounting Policies	20				
Consolidated Notes to Accounts	21				

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

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

For Price Waterhouse
Firm Registration Number-301112E
Chartered Accountants

For and on behalf of the Board of Directors

ABHISHEK RARA
Partner
Membership Number F-77779

AJAI CHOWDHRY
Chairman & Whole Time Director

HARSH CHITALE
Chief Executive Officer & Whole Time Director

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

Place : Noida
Dated : August 17, 2011

SANDEEP KANWAR
Chief Financial Officer

SUSHIL KUMAR JAIN
Company Secretary

Consolidated Profit and Loss Account for the year ended June, 2011

	Schedule (Note No.)	Year ended 30.6.2011 ₹/Crores		Year ended 30.6.2010 ₹/Crores	
Income					
Business Income	13	**11542.11**		12158.59	
Less: Excise Duty		**122.19**	**11419.92**	108.77	12049.82
Other Income	14		**100.91**		64.62
			11520.83		12114.44
Expenditure					
Cost of Goods and Services Sold (Including ₹ 1.86 Crores related to prior period)	15		**10262.57**		10941.89
Personnel	16		**486.90**		391.24
Administration, Selling, Distribution and Others	17		**401.34**		350.33
Repairs	18		**18.95**		15.67
Finance Charges	19		**79.38**		39.21
License Fees			**3.89**		4.13
Depreciation and Amortisation	5		**38.36**		25.51
			11291.39		11767.98
Profit before Tax and Minority Interest			**229.44**		346.46
Tax Expense/(Credit)	21 (5 b)				
Current - for the year [Wealth tax ₹ 0.02 Crores (2010 - ₹ 0.01 Crores)]		**66.19**		111.95	
Current - for earlier years		**1.79**		-	
Deferred		**(7.87)**	**60.11**	(7.87)	104.08
Profit after Tax and before Minority Interest			**169.33**		242.38
Minority Interest			**1.14**		-
Profit after Tax and Minority Interest			**168.19**		242.38
Add: Balance in Profit and Loss Account brought forward			**803.76**		790.95
Profit available for appropriation			**971.95**		1,033.33
Less: Appropriations:					
Debenture Redemption Reserve			**4.00**		4.00
Proposed Dividend			**44.58**		43.65
Corporate Dividend Tax on Proposed Dividend			**7.23**		7.25
Interim Dividend [Including ₹ 0.00 Crores (2010 - Nil) paid for previous year]			**131.72**		127.08
Corporate Dividend Tax on Interim Dividend			**21.88**		21.43
Transfer to General Reserve			**17.72**		26.16
Balance Carried to the Balance Sheet			**744.82**		803.76
			971.95		1033.33
Earning per equity share (in ₹)					
Basic (of ₹ 2/- each)	21 (9)		**7.67**		11.92
Diluted (of ₹ 2/- each)	21 (9)		**7.67**		11.90
Consolidated Significant Accounting Policies	20				
Consolidated Notes to Accounts					

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
Chairman & Whole Time Director

HARSH CHITALE
Chief Executive Officer & Whole Time Director

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

Place : Noida
Dated : August 17, 2011

SANDEEP KANWAR
Chief Financial Officer

SUSHIL KUMAR JAIN
Company Secretary

Consolidated Cash Flow Statement for the year ended June, 2011

	Year ended 2011 ₹/Crores		Year ended 2010 ₹/Crores	
1. Cash Flow from Operating Activities:				
Net profit before tax		**229.44**		346.46
Adjustments for:				
Depreciation and Amortisation	**38.36**		25.51	
Interest Expense	**79.38**		39.21	
Interest Income	**(18.31)**		(6.77)	
Dividend Income	**(28.91)**		(15.36)	
Loss on Sale of Fixed Assets	**0.13**		0.04	
Fixed Assets Written Off	**0.00**		0.08	
(Profit)/Loss on disposal of Current Investments	**(9.37)**		(10.55)	
Provision for Doubtful Debts	**36.36**		24.38	
Provision for Doubtful Loans and Advances	**-**		0.39	
Provision for Doubtful Other Current Assets	**0.41**		0.38	
Provisions/Liabilities no longer required Written Back	**(20.10)**		(14.32)	
Provision for Gratuity and Other Employee Benefits	**5.62**		3.59	
Diminution in the value of Current Investments	**2.07**		0.20	
Unrealised Foreign Exchange (Gain)/Loss	**(5.98)**		(5.82)	
Provision for Warranty Liability	**(0.99)**	**78.67**	(2.17)	38.79
Operating profit before working capital changes:		**308.11**		385.25
Adjustments for changes in working capital:				
- (Increase)/Decrease in Sundry Debtors	**(81.60)**		(487.00)	
- (Increase)/Decrease in Other Current Assets, Loans and Advances	**(116.38)**		(179.94)	
- (Increase)/Decrease in Inventories	**225.31**		49.52	
- Increase/(Decrease) in Current Liabilities	**(299.45)**	**(272.12)**	318.89	(298.53)
Cash generated from operations		**35.99**		86.72
- Taxes (Paid) / Received (Net of Tax Deducted at Source)		**(45.12)**		(42.21)
Net cash from operating activities (A)		**(9.13)**		44.51
2. Cash flow from Investing activities:				
Adjustments for changes in:				
Purchase of Fixed Assets	**(108.39)**		(120.43)	
Capital Work-In-Progress	**0.85**		(10.02)	
Proceeds from Sale of Fixed Assets	**3.29**		0.13	
Proceeds from Sale of Current Investments	**4937.14**		7485.54	
Lease Rental Recoverable	**(98.84)**		(66.51)	
Purchase of Current Investments	**(4683.20)**		(8068.88)	
Interest Received	**16.48**		5.00	
Dividend Received on Current Investments	**28.91**		15.36	
		96.24		(759.81)
Net cash from / (used in) investing activities (B)		**96.24**		(759.81)

Consolidated Cash Flow Statement for the year ended June, 2011

	Year ended 2011 ₹/Crores		Year ended 2010 ₹/Crores	
3. Cash Flow from Financing Activities:				
Share Capital issued	**0.93**		9.41	
Share Warrants issued	**-**		17.67	
Share Premium Received (Net)	**52.03**		700.68	
Secured Loan				
Short term received/(paid)	**(2.59)**		58.95	
Long term received/(paid)	**(7.18)**		1.89	
Unsecured Loan				
Short term received	**55.00**		168.73	
Long term received	**79.35**		64.18	
Long term paid	**(16.87)**		-	
Interest Paid	**(78.78)**		(37.60)	
Dividend Paid	**(174.88)**		(152.70)	
Corporate Dividend Tax Paid	**(29.13)**	**(122.12)**	(25.79)	805.42
Net cash from / (used in) financing activities (C)		**(122.12)**		805.42
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)		**(35.01)**		90.12
Opening Balance of Cash and Cash Equivalent		**300.19**		210.07
Closing Balance of Cash and Cash Equivalent		**265.18**		300.19
[Includes exchange rate fluctuation of ₹ 0.08 Crores (2010 - ₹ 0.25 Crores)]				
Cash and cash equivalents comprise		**265.18**		300.19
Cash, Cheques and Drafts (in hand)		**61.14**		80.65
Balance with Scheduled Banks in Current Accounts		**178.08**		208.43
Balance with Scheduled Banks in Deposits Accounts		**0.22**		1.75
Balance with Non-Scheduled Banks in Current Accounts		**25.74**		9.36

Notes:

1 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.

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

	Year ended 2011 ₹/Crores	Year ended 2010 ₹/Crores
Deposit Accounts	**-**	1.40
Unclaimed Dividend	**3.79**	3.29
Margin Money for Bank Guarantee	**3.97**	1.06

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

For and on behalf of the Board of Directors

ABHISHEK RARA
Partner
Membership Number F-77779

AJAI CHOWDHRY
Chairman & Whole Time Director

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Chief Executive Officer & Whole Time Director

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

Place : Noida
Dated : August 17, 2011

SANDEEP KANWAR
Chief Financial Officer

SUSHIL KUMAR JAIN
Company Secretary

Schedules to the Consolidated Balance Sheet as at June 30, 2011

	As at 30.06.2011 ₹/Crores	As at 30.06.2010 ₹/Crores
1. Capital		
[Schedule-21, Notes 6 and 13]		
Authorised:		
55,00,00,000 (2010 - 55,00,00,000) Equity Shares of ₹ 2/- each	**110.00**	110.00
5,00,000 (2010 - 5,00,000) Preference Shares of ₹ 100/- each	**5.00**	5.00
	115.00	115.00
Issued, Subscribed and Paid up:		
22,28,79,629 (2010 - 21,82,58,502) Equity Shares of ₹ 2/- each, fully paid up	**44.58**	43.65
Add: Shares Forfeited [Represents ₹ 1,000 (2010 - ₹ 1,000)]	**0.00**	0.00
	44.58	43.65

Notes:

1. Paid up share capital includes:
   a) 5,04,47,295 (2010 - 5,04,47,295) Equity Shares of ₹ 2/- each issued pursuant to contract without payment being received in cash.
   b) 5,31,82,765 (2010 - 5,31,82,765) Equity Shares of ₹ 2/- each Bonus Shares issued from Securities Premium Account.
   c) 1,16,29,885 (2010 - 1,16,29,425) Equity Shares of ₹ 2/- each issued pursuant to the exercise of options granted under Employee Stock Option Scheme 2000.
   d) 87,221 (2010 - 87,221) Equity Shares of ₹ 2/- each issued pursuant to the exercise of options granted under Employee Stock Based Compensation Plan 2005.
2. Of the above subscribed shares, 9,55,00,651 Equity Shares of ₹ 2/- each are held by Guddu Investments (Pondi) Private Limited (GIPPL). HCL Corporation Limited held 9,08,79,984 Equity shares of ₹ 2/- each as on June 30, 2010, these shares pursuant to a composite scheme of amalgamation and arrangement between HCL Corporation Limited, Slocum Investment (Delhi) Private Limited (SIDPL) and GIPPL and their respective shareholders stand transferred to GIPPL.

2. Reserves and Surplus

[Schedule-21, Notes 6 and 13]

	As at 01.07.2010 ₹/Crores	Additions ₹/Crores	Deductions ₹/Crores	**As at 30.06.2011 ₹/Crores**
Capital Reserve	**0.04**	**-**	**-**	**0.04**
[Represents ₹ 472,076 (2010 - ₹ 472,076)]	(-)	(0.04)	(-)	(0.04)
Foreign Currency Translation Reserve	**-**	**-1.19**	**-**	**-1.19**
	(-)	(-)	(-)	(-)
Securities Premium Account	**826.30**	**69.74**	**0.04**	**896.00**
	(125.62)	(715.19)	(14.51)	(826.30)
General Reserve	**193.25**	**17.72**	**-**	**210.97**
	(167.09)	(26.16)	(-)	(193.25)
Debenture Redemption Reserve	**8.00**	**4.00**	**-**	**12.00**
	(4.00)	(4.00)	(-)	(8.00)
Profit and Loss Account	**803.76**	**-58.94**	**-**	**744.82**
	(790.95)	(12.81)	(-)	(803.76)
	1831.35	**31.33**	**0.04**	**1862.64**
	(1087.66)	(758.20)	(14.51)	(1831.35)

Note

1. Previous year's figures are given in brackets.

Schedules to the Consolidated Balance Sheet as at June 30, 2011

	As at 30.06.2011 ₹/Crores	As at 30.06.2010 ₹/Crores
3. Secured Loans		
Debentures	**80.00**	80.00
Loans from Banks		
- Short Term Loan	**4.00**	30.00
- Cash Credits	**48.41**	24.99
Long Term Loans		
- Deferred Credit	**8.29**	10.66
- Others	**12.22**	17.03
	152.92	162.68

Notes:

1. The Company issued 800 Rated Taxable Secured Redeemable Non- Convertible Debentures of face value of ₹ 10 lakhs each, aggregating to ₹ 80.00 Crores, at a coupon rate of 12.75% per annum payable annually on private placement basis to Life Insurance Corporation of India on December 19, 2008. These Debentures are redeemable at par at the end of 5th year from the date of allotment, with a call option excercisable 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.
2. Cash Credits amounting to ₹ 18.61 Crores (2010 - ₹ 24.99 Crores) 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.
3. Cash Credits amounting to ₹ 29.80 Crores (2010 - ₹ Nil) is secured by way of hypothecation of stock-in-trade, book debts and lien over fixed deposits of a subsidiary.
4. Other Long Term Loan is secured by way of first charge on identified Information Technology and Telcommunication assets.
5. Short Term Loan from Bank ₹ 4.00 Crores (2010 - ₹ Nil) is secured by the specific property of a subsidiary purchased against this loan.
6. Short Term Loan from Bank ₹ Nil (2010 - ₹ 30.00 Crores) was secured by way of subservient charge on the current assets of the Company.
7. 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.
8. Amount payable within one year ₹ 8.11 Crores (2010 - ₹ 7.40 Crores).

	As at 30.06.2011 ₹/Crores	As at 30.06.2010 ₹/Crores
4. Unsecured Loans [Schedule-21, Note 7]		
Short Term:		
From Banks		
- Term Loan	**55.00**	15.00
From Others		
- Commercial Paper	**280.00**	265.00
Long Term:		
- Finance Lease Obligations	**88.02**	73.51
- Term Loan (Interest - Free)	**52.37**	4.40
	475.39	357.91

Note:

1. Amount payable within one year ₹ 16.51 Crores (2010 - ₹ 13.73 Crores).

Schedules to the Consolidated Balance Sheet as at June 30, 2011

5. Fixed Assets

[Schedule-21, Notes 1, 2 and 7 (d)]

₹/Crores

Particulars	Gross Block				Depreciation/Amortisation				Net Block	
	As at 01.07.2010	Additions during the year	Deductions during the year	As at 30.06.2011	As at 01.07.2010	Additions during the year	Deductions during the year	As at 30.06.2011	As at 30.06.2011	As at 30.06.2010
Tangible:										
Land - Leasehold	77.65	2.29	0.68	**79.26**	1.20	0.79	-	**1.99**	**77.27**	76.45
Land - Freehold	25.71	-	-	**25.71**	-	-	-	**-**	**25.71**	25.71
Leasehold Premises	1.82	-	-	**1.82**	0.15	-	-	**0.15**	**1.67**	1.67
Buildings	88.52	3.70	1.82	**90.40**	17.43	2.11	0.18	**19.36**	**71.04**	71.09
Plant & Machinery, Air Conditioners, Networking Equipments and related Capital Spares	99.51	30.93	3.34	**127.10**	63.26	10.74	2.75	**71.25**	**55.85**	36.25
Furniture, Fixtures and Office Equipment	86.09	18.92	3.48	**101.53**	52.67	14.98	2.98	**64.66**	**36.87**	33.42
Vehicles	1.72	1.18	0.36	**2.54**	1.14	0.64	0.34	**1.44**	**1.10**	0.58
Intangible:										
Goodwill	1.33	-	-	**1.33**	0.26	0.42	-	**0.68**	**0.65**	1.07
Software	12.77	37.68	-	**50.45**	5.16	8.58	-	**13.74**	**36.71**	7.61
Exclusive Marketing Rights	5.00	5.37	-	**10.37**	0.83	1.24	-	**2.07**	**8.30**	4.17
License Fees	2.50	-	-	**2.50**	0.51	0.13	-	**0.64**	**1.86**	1.99
Goodwill on Consolidation	-	20.29	-	**20.29**	-	-	-	**-**	**20.29**	-
TOTAL	402.62	120.36	9.67	**513.30**	142.61	39.61	6.26	**175.98**	**337.32**	260.01
Previous Year	290.16	117.82	5.36	**402.62**	122.21	25.51	5.11	**142.61**	**260.01**	
Capital Work-In-Progress [Including Capital Advances of ₹ 6.88 Crores (2010 - ₹ 0.91 Crores)]									**26.42**	27.27
									363.74	287.28

Notes:

1. Land-Freehold and Building at Ambattur amounting to ₹ 0.57 Crores (2010 - ₹ 0.57 Crores) are pending registration in the name of the Company.
2. Software comprise cost of acquiring licences and SAP implementation charges.
3. Exclusive Marketing Rights comprise of irrevocable rights to exclusively market and licence a software to customers.
4. Additions for the current year to the Gross Block and Depreciation included ₹ 1.76 Crores and ₹ 1.25 Crores respectively on account of the assets acquired on the purchase of business (Refer Note 14 on Schedule 21)

6. Investments

	As at 30.06.2011 Units	As at 30.06.2010 Units	Face Value	As at 30.06.2011 ₹/Crores	As at 30.06.2010 ₹/Crores
Unquoted (Others): Current Dividend Options					
Kotak Floater Long Term	**37,136,064**	41,802,670	₹ 10	**37.47**	42.13
Birla Sunlife Savings Fund	**35,014,480**	40,065,127	₹ 10	**35.05**	40.10
IDFC Money Manager Fund - Treasury Plan - Super Institutional Plan C Growth	**34,072,931**	86,496,315	₹ 10	**34.25**	86.64
Religare Ultra Short Term Fund - Institutional	**280,224**	-	₹ 1000	**28.07**	-
ICICI Prudential Flexible Income Plan	**2,422,243**	4,768,984	₹ 100	**25.55**	50.29
Tata Floater Fund	**9,919,946**	46,676,947	₹ 10	**10.00**	47.06
UTI Treasury Advantage Fund Institutional Weekly	**99,559**	299,112	₹ 1000	**10.00**	30.04
HDFC Cash Management Fund - Treasury Advantage Plan	**8,977,471**	87,986,636	₹ 10	**9.01**	88.18
Reliance Money Manager Fund - Institutional Option - Weekly Dividend	**50,116**	-	₹ 1000	**5.01**	-
BNP Paribas Money Plus Institutional Growth	-	65,126,484	₹10	-	65.15
ICICI Prudential Interval Fund II	-	50,000,000	₹ 10	-	50.00
Kotak Quarterly Interval Plan - Series-7	-	15,222,433	₹10	-	15.22

Schedules to the Consolidated Balance Sheet as at June 30, 2011

	As at 30.06.2011 Units	As at 30.06.2010 Units	Face Value ₹	As at 30.06.2011 ₹/Crores	As at 30.06.2010 ₹/Crores
Kotak Quarterly Interval Plan - Series-8	-	57,034,499	₹ 10	-	57.04
Principal Floating Rate Fund - Flexible Maturity Plan	-	40,052,645	₹ 10	-	40.06
Reliance Quarterly Interval Fund - Series III	-	51,453,932	₹ 10	-	51.47
Reliance Monthly Interval Fund - Series I	-	50,018,633	₹ 10	-	50.03
Religare Ultra Short Term Fund - Institutional	-	72,043,599	₹ 10	-	72.18
SBI-SHF Ultra Short Term Fund	-	24,854,212	₹ 10	-	25.06
Templeton India Ultra Short Bond Fund	-	42,661,829	₹ 10	-	43.08
Sub - Total (a)				**194.41**	**853.73**
Unquoted (Others): Current					
Growth Options					
Reliance Quarterly Interval Fund - Series III	**40,762,439**	-	₹ 10	**53.81**	-
IDFC Money Manager Fund - Treasury Plan - Super Institutional Plan C Growth	**45,214,127**	-	₹ 10	**53.00**	-
Kotak Floater Long Term	**26,161,703**	-	₹ 10	**41.14**	-
Birla Sunlife Savings Fund	**21,488,508**	-	₹ 10	**40.97**	-
HDFC Floating Rate Income Fund - Short Term	**24,035,573**	-	₹ 10	**40.00**	-
ICICI Prudential Floating Rate Plan D	**2,764,693**	-	₹ 100	**40.00**	-
IDFC Fixed Maturity Plan - 100 Days Series 3	**29,572,535**	-	₹ 10	**29.57**	-
Tata Floater Fund	**16,400,137**	-	₹ 10	**24.50**	-
Templeton Floating Rate Income Fund Super Institutional	**13,409,919**	-	₹ 10	**18.00**	-
Religare Ultra Short Term Fund - Institutional	**112,230**	-	₹ 1000	**15.10**	-
Sub - Total (b)				**356.09**	-
Quoted (Others): Current					
Bonds					
6.85% India Infra Finance Company Limited 2014	**1,000**	-		**10.38**	-
9.02% Indian Renewable Energy Development Agency Limited 2025	**100**	-		**10.23**	-
8.64% Power Grid Corporation of India Limited - 2020	**40**	-		**5.03**	-
8.87% Indian Renewable Energy Development Agency Limited - 2020	**100**	-		**10.29**	-
8.90% NABARD - 2013	**100**	-		**10.45**	-
8.80% Rural Electrification Corporation Limited - 2020	**100**	-		**10.21**	-
Sub - Total (c)				**56.59**	-
Grand Total (a+b+c)				**607.09**	**853.73**

* SGD = Singapore dollar; USD = United States dollar.
Note : Net assets value of Current Investments in Mutual Funds as on June 30, 2011 is ₹ 557.72 Crores (2010 - ₹ 854.44 Crores).

Aggregate amount of Quoted Investments (Market value ₹ 56.59 Crores 2010 - ₹ Nil))	56.59	-
Aggregate amount of Unquoed Investments	550.50	853.73

	As at 30.06.2011 ₹/Crores	As at 30.06.2010 ₹/Crores
7. Inventories		
Raw materials and Components [Including in Transit ₹ 4.23 Crores (2010 - ₹ 16.73 Crores)]	**145.84**	166.80
Stores and Spares	**79.74**	77.15
Finished Goods [Including in Transit ₹ 73.91 Crores (2010 - ₹ 106.95 Crores)]	**387.22**	595.62
Work-In-Progress	**1.46**	-
	614.26	839.57

Schedules to the Consolidated Balance Sheet as at June 30, 2011

	As at 30.06.2011 ₹/Crores		As at 30.06.2010 ₹/Crores	
8. Sundry Debtors - Unsecured				
Debts outstanding for a period exceeding six months:				
- Considered Good	**1160.24**		832.93	
- Considered Doubtful	**43.71**		28.25	
	1203.95		861.18	
Other debts:				
- Considered Good	**992.59**		1274.79	
	2196.54		2135.97	
Less: Provision for Doubtful Debts	**43.71**		28.25	
		2152.83		2107.72
		2152.83		2107.72
9. Cash and Bank Balances				
Cash balance on hand		**0.09**		0.26
Cheques in hand		**61.05**		80.39
Balances with Scheduled Banks:				
- On Current Account	**170.33**		204.09	
Less - Money held in Trust	**0.01**	**170.32**	0.01	204.08
- On Dividend Account		**3.79**		3.29
- On Margin Account		**3.97**		1.06
- On Fixed Deposits				
[Includes Escrow Account ₹ Nil (2010 - ₹ 1.40 Crores)]	**0.54**		2.07	
Less - Money held in Trust	**0.32**	**0.22**	0.32	1.75
Balances with Non-Scheduled Banks:				
- On Current Account		**14.52**		9.36
- On Deposit Account		**11.22**		-
		265.18		300.19

10. Other Current Assets- Unsecured
[Schedule - 21, Notes 7 (a) and 7(b)]

	As at 30.06.2011 ₹/Crores		As at 30.06.2010 ₹/Crores	
Considered Good				
Deposits		**56.52**		44.33
Lease Rental Recoverable		**185.44**		86.60
Unbilled Revenue		**149.58**		121.58
Deposits Considered Doubtful	**0.50**		0.38	-
Less: Provision for Doubtful Deposits	**0.50**	**-**	0.38	-
		391.54		252.51

Schedules to the Consolidated Balance Sheet as at June 30, 2011

	As at 30.06.2011 ₹/Crores		As at 30.06.2010 ₹/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		**231.15**		197.78
-Balances with Customs, Port Trust, Excise and Sales Tax Authorities		**46.78**		57.21
Advances Recoverable in cash or in kind				
Considered Doubtful	**0.18**		0.39	
Less: Provision for Doubtful Loans and Advances	**0.18**	**-**	0.39	-
		277.93		254.99
12. Current Liabilities and Provisions				
[Schedule-21, Notes 4, 5, 12 and 16]				
Current Liabilities:				
Acceptances		**382.64**		455.11
Sundry Creditors:				
- Due to Micro and Small Enterprises	**1.17**		1.01	
- Other than Micro and Small Enterprises	**1244.22**	**1245.39**	1432.55	1433.56
Sundry Deposits		**3.17**		3.00
Interest accrued but not due:				
- On Secured Loans		**5.45**		5.50
- On Unsecured Loans		**1.20**		0.56
Investor Education and Protection Fund:				
- Unclaimed Dividend *		**3.79**		3.29
Advances from Customers		**113.49**		87.81
Deferred Revenue		**221.79**		292.31
Other Liabilities		**78.66**		86.53
		2055.58		2367.67
Provisions:				
Proposed Dividend		**44.58**		43.65
Corporate Dividend Tax on Proposed Dividend		**7.23**		7.25
For Income Tax				
[Net of Advance Income Tax of ₹ 720.67 Crores (2010 - ₹ 617.42 Crores)]		**7.34**		42.61
For Warranty Liability		**5.47**		6.46
For Gratuity and other Employee Benefits		**34.22**		28.60
		98.84		128.57
		2154.42		2496.24

* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at June 30, 2011. 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, 2011

	Year ended 30.06.2011 ₹/Crores		Year ended 30.06.2010 ₹/Crores	
13. Business Income				
Sales and Related Income		**10832.87**		11436.37
Services		**709.24**		722.22
		11542.11		12158.59
14. Other Income				
[Schedule-21, Note 7 (a) and 7(b)]				
Interest :				
- On Income Tax Refund	**-**		0.16	
- On Lease Rental	**12.72**		3.11	
- On Fixed Deposits (Gross)	**0.05**		0.20	
[Tax deducted at source ₹ 0.01 Crores (2010 - ₹ 0.05 Crores)]				
- On Bonds from quoted (Others) Current Investments	**3.01**		0.01	
- On Others	**2.53**	**18.31**	3.29	6.77
Dividend from unquoted (Others) Current Investments		**28.91**		15.36
Insurance Claims		**0.05**		0.10
Provisions/Liabilities no longer required written back		**20.10**		14.32
Profit on disposal of unquoted (Others) Current Investments		**9.37**		10.55
Profit on Foreign Exchange Fluctuation		**10.23**		11.89
Miscellaneous Income		**13.94**		5.63
		100.91		64.62
15. Cost of Goods and Services Sold				
[Schedule-21, Note 7 (e)]				
Raw Materials and Components Consumed		**1626.56**		1848.97
Purchase of Traded Goods		**7985.01**		8453.07
Purchase of Services and Network Operating Cost		**194.21**		312.94
Stores and Spares Consumed		**107.94**		72.18
Power and Fuel		**1.88**		1.78
Labour and Processing Charges		**7.17**		10.78
Royalty		**113.09**		104.59
		10035.86		10804.31
Closing Stock				
- Finished Goods (Including in Transit)		**387.22**		595.62
[Including excise duty of ₹ 2.71 Crores (2010 - ₹ 5.00 Crores)]				
- Work-In-Progress		**1.46**		-
		388.68		595.62
Opening stock				
- Finished Goods (Including in Transit)		**595.62**		732.04
[Including excise duty of ₹ 5.00 Crores (2010 - ₹ 3.97 Crores)]				
- Work-In-Progress		**-**		1.16
- Finished Goods acquired on the purchase of business		**19.77**		-
		615.39		733.20
(Increase)/Decrease in stocks of Finished Goods and Work-In-Progress		**226.71**		137.58
		10262.57		10941.89

Schedules to the Consolidated Profit and Loss Account for the year ended June 30, 2011

	Year ended 30.06.2011 ₹/Crores	Year ended 30.06.2010 ₹/Crores
16. Personnel		
[Schedule-21, Note 12]		
Salaries, Wages, Allowances, Bonus and Gratuity	**459.06**	364.80
Contribution to Provident and Other Funds	**19.00**	14.52
Staff Welfare Expenses	**8.84**	11.92
	486.90	391.24
17. Administration, Selling, Distribution and Others		
[Schedule-21, Notes 7(c) and 15]		
Rent	**30.77**	27.38
Rates and Taxes	**7.65**	11.26
Printing and Stationery	**4.37**	4.45
Communication	**8.44**	8.13
Travelling and Conveyance	**44.52**	37.52
Packing, Freight and Forwarding	**50.85**	46.07
Legal and Professional	**45.26**	28.91
Training and Conference	**4.41**	5.11
Office Electricity and Water	**12.26**	11.84
Insurance	**9.16**	7.19
Advertisement, Publicity and Entertainment	**76.65**	77.31
Hire Charges	**5.00**	5.51
Commission on Sales	**20.61**	15.20
Bank Charges	**14.28**	13.73
Provision for Doubtful Debts	**36.36**	24.38
Provision for Doubtful Loans and Advances	**-**	0.39
Provision for Doubtful Other Current Assets	**0.41**	0.38
Loss on Sale of Fixed Assets	**0.13**	0.04
Fixed Assets Written Off	**0.00**	0.08
Diminution in the value of unquoted/quoted (Others) Current Investments	**2.07**	0.20
Miscellaneous	**28.14**	25.25
	401.34	350.33
18. Repairs		
Plant and Machinery	**2.30**	2.09
Buildings	**3.43**	2.92
Others	**13.22**	10.66
	18.95	15.67
19. Finance Charges		
Interest on:		
- Debentures	**10.20**	10.20
- Other Fixed Loans	**42.08**	14.99
- On Others	**27.10**	14.02
	79.38	**39.21**

Schedules to the Consolidated Balance Sheet & Profit and Loss Account

SCHEDULE 20 - CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

1. GROUP COMPANIES

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

Name of the Subsidiary/JV	Country of Incorporation	Extent of holding (%) as at June 30	
		2011	2010
Subsidiary			
HCL Infinet Limited	India	**100**	100
HCL Infocom Limited	India	**100**	100
Digilife Distribution and Marketing Services Limited (Formerly known as HCL Security Limited)	India	**100**	100
RMA Software Park Private Limited	India	**100**	100
HCL Insys Pte. Limited	Singapore	**100**	100
HCL Investments Pte. Limited (Refer Note 14 on Schedule 21)	Singapore	**100**	-
Pimpri Chinchwad eServices Limited (Refer Note 14 on Schedule 21)	India	**100**	-
Step-down Subsidiary of HCL Insys Pte. Limited			
HCL Infosystems MEA FZCO (Refer Note 14 on Schedule 21)	Dubai	**60**	-
Step-down Subsidiary of HCL Infosystems MEA FZCO			
NTS Technology LLC	Dubai	**49**	-
HCL Infosystems MEA LLC	Abu Dhabi	**49**	-
Step-down Subsidiary of HCL Investments Pte. Limited			
HCL Infosystems South Africa Pty. Limited (Refer Note 14 on Schedule 21)	South Africa	**100**	-
Joint Venture through HCL Infocom Limited			
Nokia HCL Mobile Internet Services Limited	India	**49**	49
Joint Venture through HCL Investments Pte. Limited			
Techmart Telecom Distribution FZCO, Dubai (Refer Note 14 on Schedule 21)	Dubai	**20**	-

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.

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

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

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

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

Schedules to the Consolidated Balance Sheet & Profit and Loss Account

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

Accounting policies 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.

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

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

* For HCL Infinet 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 tested for impairment at each balance sheet date.

(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 and bonds is baseds on market quotes.

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

c) 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.

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

8. EMPLOYEE BENEFITS

Defined Benefit:

Liability for gratuity 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.

Group's contributions towards recognised Provident Fund are accounted for on accrual basis. The Group 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.

Defined Contribution:

For Indian Entities

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

Schedules to the Consolidated Balance Sheet & Profit and Loss Account

The Group makes defined contribution to a superannuation trust established for the purpose. The Group has no further obligations beyond its monthly contributions.

For Entities outside India

Group's contributions towards Provident Fund are accounted for on accrual basis. Contributions are made to the fund approved by the Government of the respective country and there is no obligation other than the payment to the approved fund.

Other Benefit:

Liability for 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.

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 and information technology solution 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.

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 Group'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.

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

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

20. IMPAIRMENT OF ASSETS

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

	Date of Revaluation	₹/Crores
Land	June 30, 1992	4.44
Land	November 1, 2006	16.78
Leasehold Land	March 27, 2006 and August 13, 2007	2.53
Buildings	June 30, 1992	6.44
Buildings	November 1, 2006	0.25
Plant and Machinery	June 30, 1992	(1.01)
Total		**29.43**
Less: Goodwill		5.70
Transferred to Revaluation Reserve		**23.73**
Less:		
- Expenditure incurred on acquisition of business in 1992		0.86
- Loss on sale of Land		0.15
- Depreciation and Amortisation		0.33
- Adjusted on amalgamation of Subsidiaries in earlier years		22.39
Balance as at June 30, 2011		-

2. Estimated value of contracts on capital account, excluding capital advances, remaining to be executed and not provided for amount to ₹ 14.01 Crores (2010 - ₹ 7.97 Crores).

3. **Contingent Liabilities:**

a) Claims against the Group not acknowledged as debts:

	2011 ₹/Crores	2010 ₹/Crores
Sales Tax*	**54.14**	31.00
Excise*	**9.32**	10.91
Income Tax*	**3.95**	2.94
Industrial Disputes, Civil Suits and Consumer Disputes	**8.64**	8.95

* Includes sum of ₹ 9.20 Crores (2009 - ₹ 7.67 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 Group or the claimants as the case may be and therefore cannot be predicted accurately.

b) Corporate Guarantee of ₹ 132.93 Crores (2010 - ₹ Nil) was given by the Company to Banks for working capital facilities sanctioned to Techmart Telecom Distribution FZCO, Dubai (joint venture of HCL Investments Pte. Limited, a subsidiary company) against which the total amount utilised as at June 30, 2011 is ₹ 110.78 Crores (2010 - ₹ Nil).

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, 2011 is ₹ Nil (2010 - ₹ 10.87 Crores). The transfer of these Financial Assets is with recourse to the Company.

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

	2011 ₹ /Crores	2010 ₹ /Crores
Opening Balance as on July 1	**6.46**	4.28
Additions during the year	**12.28**	15.76
Utilised/Reversed during the year	**13.27**	13.58
Closing Balance as on June 30	**5.47**	6.46

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 and other relevant tax regulations in the jurisdiction where the Group conducts the business to the profit for the financial year ended June 30, 2011, although the actual tax liability of the Group has to be computed each year by reference to taxable profit for each fiscal year ended March 31.

b) Deferred Tax:

Major Components of Deferred Tax arising on account of timing difference along with their movement as at June 30, 2011 are:

₹/Crores

	As at 30.06.10	Movement during the year	As at 30.06.11
Assets			
Allowances for Doubtful Debts/Advances/Other Current Assets	8.15	4.90	13.05
Expense accruals (Bonus, Gratuity, Leave Encashment and Provision for Warranty)	13.13	2.12	15.25
Depreciation	2.24	(2.24)	-
Other timing differences	0.01	-	0.01
Income Tax Losses	4.35	-	4.35
Total (A)	**27.88**	**4.78**	**32.66**
Liabilities			
Lease rental recoverable	0.56	(0.45)	0.11
Cenvat balances with excise authorities	1.59	(6.00)	(4.41)
Taxes deposited under protest for excise duty, custom duty and sales tax	4.18	(3.28)	0.90
Depreciation	-	3.69	3.69
Other timing differences	8.04	2.95	10.99
Total (B)	**14.37**	**(3.09)**	**11.28**
Net Deferred Tax Assets/(Liability) (A)-(B)	**13.51**	**7.87**	**21.38**
Previous Year	5.64	7.87	13.51

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 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.

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

Details of Grants made under Employee Stock Option Scheme 2000

Date of grant	Exercise price of the option for five equity shares of ₹ 2/- each	Options outstanding at the beginning of the year	Options granted during the year	Options forfeited during the year	Options exercised during the year	Options expired during the year	Options outstanding at the end of the year	Options exercisable at the end of the year
28-Jan-04	538.15	175,400 (214,163)	- (-)	- (-)	92 (7,962)	46,343 (30,801)	128,965 (175,400)	128,965 (175,400)
25-Aug-04	603.95	46,978 (50,933)	- (-)	- (-)	- (380)	9,994 (3,575)	36,984 (46,978)	36,984 (46,978)
18-Jan-05	809.85	168,082 (172,082)	- (-)	- (-)	- (-)	46,654 (4,000)	121,428 (168,082)	121,428 (168,082)
15-Feb-05	809.30	- (1,600)	- (-)	- (-)	- (-)	- (1,600)	- (-)	- (-)
15-Mar-05	834.40	24,298 (26,072)	- (-)	- (-)	- (-)	6,035 (1,774)	18,263 (24,298)	18,263 (24,298)
15-Apr-05	789.85	4,760 (5,784)	- (-)	- (-)	- (-)	1,428 (1,024)	3,332 (4,760)	3,332 (4,760)
14-May-05	770.15	4,540 (8,270)	- (-)	- (-)	- (-)	885 (3,730)	3,655 (4,540)	3,655 (4,540)
15-Jun-05	756.15	675 (675)	- (-)	- (-)	- (-)	- (-)	675 (675)	675 (675)
15-Jul-05	978.75	11,722 (11,722)	- (-)	- (-)	- (-)	1,242 (-)	10,480 (11,722)	10,480 (11,722)
13-Aug-05	1144.00	17,630 (17,630)	- (-)	- (-)	- (-)	1,600 (-)	16,030 (17,630)	16,030 (17,630)
15-Sep-05	1271.25	9,140 (9,140)	- (-)	- (-)	- (-)	- (-)	9,140 (9,140)	9,140 (9,140)
15-Mar-07	648.75	136,700 (141,300)	- (-)	- (1,600)	- (600)	- (2,400)	136,700 (136,700)	136,700 (79,100)
23-Jan-08	898.25	61,125 (72,825)	- (-)	3,060 (6,706)	- (-)	5,670 (4,994)	52,395 (61,125)	32,078 (37,748)
18-Aug-09	627.25	20,000 (-)	- (20,000)	- (-)	- (-)	- (-)	20,000 (20,000)	6,000 (-)
26-Oct-10	586.75	- (-)	80,000 (-)	- (-)	- (-)	- (-)	80,000 (-)	- (-)
2-Feb-11	516.50	- (-)	12,000 (-)	- (-)	- (-)	- (-)	12,000 (-)	- (-)
	Total	**681,050** (732,196)	**92,000** (20,000)	**3,060** (8,306)	**92** (8,942)	**119,851** (53,898)	**650,047** (681,050)	**523,730** (580,073)

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	1,877,002 (1,982,125)	- (-)	1,430 (23,764)	- (-)	137,422 (81,359)	1,738,150 (1,877,002)	1,738,150 (1,507,514)
19-Oct-05	1157.50	42,090 (46,780)	- (-)	480 (1,316)	- (-)	6,350 (3,374)	35,260 (42,090)	35,260 (34,072)
15-Nov-05	1267.75	16,800 (16,950)	- (-)	- (150)	- (-)	800 (-)	16,000 (16,800)	16,000 (13,560)
15-Dec-05	1348.25	13,290 (14,650)	- (-)	190 (640)	- (-)	2,400 (720)	10,700 (13,290)	10,700 (10,760)
14-Jan-06	1300.00	10,130 (17,810)	- (-)	278 (2,892)	- (-)	1,112 (4,788)	8,740 (10,130)	8,740 (8,104)
15-Feb-06	1308.00	4,040 (5,050)	- (-)	120 (434)	- (-)	680 (576)	3,240 (4,040)	3,240 (3,272)
16-Mar-06	1031.00	17,280 (23,100)	- (-)	650 (1,610)	- (-)	4,280 (4,210)	12,350 (17,280)	12,350 (14,040)
17-Apr-06	868.75	6,900 (6,900)	- (-)	600 (-)	- (-)	2,400 (-)	3,900 (6,900)	3,900 (5,520)
15-May-06	842.50	14,250 (15,700)	- (-)	750 (1,090)	- (-)	5,650 (360)	7,850 (14,250)	7,850 (11,930)
15-Jun-06	620.50	13,950 (17,950)	- (-)	460 (2,080)	- (-)	3,160 (1,920)	10,330 (13,950)	10,330 (11,520)
17-Jul-06	673.75	17,240 (21,790)	- (-)	1,578 (1,900)	- (-)	5,360 (2,650)	10,302 (17,240)	8,504 (10,488)
15-Mar-07	648.75	366,760 (387,960)	- (-)	8,380 (13,080)	- (1,440)	17,300 (6,680)	341,080 (366,760)	274,100 (221,920)
23-Jan-08	898.25	178,665 (210,990)	- (-)	16,650 (26,235)	- (-)	15,345 (6,090)	146,670 (178,665)	89,550 (73,680)
	Total	**2,578,397** (2,767,755)	**-** (-)	**31,566** (75,191)	**-** (1,440)	**202,259** (112,727)	**2,344,572** (2,578,397)	**2,218,674** (1,926,380)

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
Volatility	42% to 68%	44% to 65%
Risk free rate	4.57% to 8.18%	6.49% to 7.98%
Exercise Price	₹ 516.50 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 29%
Life of options	8.5 Years	10 Years
Fair Value of options as at the grant date	₹ 17.17 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, 2011 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

	2011 ₹/Crores	2010 ₹/Crores
Profit after tax as per Profit and Loss Account [Net of Minority Interest] (a)	**168.19**	242.38
Add: Employee Stock Compensation Expense as per Intrinsic Value Method	**-**	-
Less: Employee Stock Compensation Expense as per Fair Value Method	**0.72**	2.26
Profit after tax recomputed for recognition of employee stock compensation expense under fair value method (b)*	**167.47**	240.12
Earning Per Share based on earnings as per (a) above: (Refer Note 9)		
- Basic	**₹ 7.67**	₹ 11.92
- Diluted	**₹ 7.67**	₹ 11.90
Earning Per Share had fair value method been employed for accounting of employee stock options:		
- Basic	**₹ 7.63**	₹ 11.80
- Diluted	**₹ 7.63**	₹ 11.79

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

7. **Leases :**

a) Finance Leases:

As Lessor:

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

(ii) The gross investment in the assets given on finance leases as at June 30, 2011 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	**18.89**	**4.83**	**14.06**
	(9.84)	(1.82)	(8.02)
Later than one year and not later than five years	**107.59**	**10.31**	**97.28**
	(4.26)	(0.94)	(3.32)
Later than five years	**5.45**	**0.24**	**5.21**
	(-)	(-)	(-)
Total	**131.93**	**15.38**	**116.55**
	(14.10)	(2.76)	(11.34)

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

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

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

(ii) Details of mimimum lease payments and mimimum sub-lease receivables as at June 30, 2011 and its present value as at that date are as follows:

Schedules to the Consolidated Balance Sheet & Profit and Loss Account

₹/Crores

		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	**23.43** (18.89)	**6.86** (6.23)	**16.57** (12.66)	**18.63** (19.11)	**6.02** (6.45)	**12.62** (12.66)
Later than one year and not later than five years	**67.22** (72.22)	**11.73** (11.37)	**55.49** (60.85)	**66.13** (75.26)	**9.85** (12.66)	**56.28** (62.60)
Total	**90.66** (91.11)	**18.59** (17.60)	**72.07** (73.51)	**84.76** (94.37)	**15.86** (19.11)	**68.90** (75.26)

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

c) Sale and Leaseback

₹/Crores

	Total minimum lease payable	Interest included in minimum lease payable	Present value of minimum lease payable
Not later than one year	**3.46** (-)	**1.53** (-)	**1.93** (-)
Later than one year and not later than five years	**16.87** (-)	**2.84** (-)	**14.03** (-)
Total	**20.33** (-)	**4.37** (-)	**15.96** (-)

d) Cancelable Operating Leases

As Lessee:

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

(ii) The rental expense in respect of operating leases is ₹ 30.77 Crores (2010 - ₹ 27.38 Crores) which is disclosed as Rent expense under Schedule 17 "Administration, Selling, Distribution and Others".

As Lessor:

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

	2011 ₹/Crores	2010 ₹/Crores
Gross Block	**41.42**	17.58
Accumulated Depreciation	**11.79**	7.41
Net Block	**29.63**	10.17
Depreciation Expense	**4.38**	2.20

e) Non-Cancelable Operating Leases

As Lessee:

(i) 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:

	2011 ₹/Crores	2010 ₹/Crores
Not later than one year	**4.04**	4.15
Later than one year and not later than five years	**4.15**	4.77
Total	**8.19**	8.92

(ii) 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, 2011 are ₹ 4.10 Crores (2010 - ₹ 5.45 Crores) which is included in Purchase of Services and Network Operating Cost under Schedule 15 "Cost of Goods and Services Sold".

8. The unaccrued forward exchange cover as on June 30, 2011 of ₹ 1.50 Crores (2010 - ₹ 2.62 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.

Calculation of EPS:

Particulars	2011	2010
Profit after tax (₹/Crores) [Net of Minority Interest]	**168.19**	242.38
Weighted average number of shares considered as outstanding in computation of Basic EPS	**219,350,542**	203,412,268
Add: Dilutive impact of stock options		
- Exercised	**-**	3,737
- Lapsed	**-**	15,319
- Issued for no consideration	**152**	217,649
Weighted average number of shares outstanding in computation of Diluted EPS	**219,350,694**	203,648,973
Basic EPS (of ₹ 2/- each)	**₹ 7.67**	11.92
Diluted EPS (of ₹ 2/- each)	**₹ 7.67**	11.90

10. **Segment Reporting**

The Group recognises the following segments as its primary segments.

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

b) The businesses of Telecommunication and Office Automation comprise of distribution of telecommunication and other digital lifestyle products, office automation products and related comprehensive maintenance and allied services, and Homeland security & surveillance through its subsidiary Digilife Distribution and Marketing Services Limited (Formerly known as HCL Security Limited).

c) 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 Indian domestic market.

Schedules to the Consolidated Balance Sheet & Profit and Loss Account

Consolidated Segment wise performance for the year ended June 30, 2011 ₹/Crores

	Primary Segments	Computer Systems & Other Related Products and services	Telecommunication & Office Automation	Internet & Related Services (Refer Note 14 (e) below) (Discontinuing operation)	Inter-segment Elimination	Total
(i)	**Revenue**					
	External Revenue	**3690.40**	**7782.41**	**69.30**		**11542.11**
		(3587.83)	(8496.32)	(74.44)		(12158.59)
	Intersegment Revenue	**1.01**	**22.46**	**5.42**	**-28.89**	
		(54.95)	(32.65)	(2.23)	(-89.83)	
	Total Gross Revenue	**3691.41**	**7804.87**	**74.72**	**-28.89**	**11542.11**
		(3642.78)	(8528.97)	(76.67)	(-89.83)	(12158.59)
	Less: Excise Duty	**122.19**				**122.19**
		(108.77)				(108.77)
	Total Net Revenue	**3569.22**	**7804.87**	**74.72**	**-28.89**	**11419.92**
		(3534.01)	(8528.97)	(76.67)	(-89.83)	(12049.82)
(ii)	**Results**	**117.82**	**192.76**	**-10.71**		**299.87**
		(190.44)	(215.91)	(-13.80)		(392.55)
	Less: Unallocable Expenditure					**51.46**
						(41.70)
	Operating Profit					**248.41**
						(350.85)
	Add: Other Income (Excluding Operational Income)					**60.41**
						(34.82)
	Less: Finance Charges					**79.38**
						(39.21)
	Profit Before Tax					**229.44**
						(346.46)
	Less: Tax Expense					
	- Current Tax					**67.98**
						(111.95)
	- Deferred Tax					**-7.87**
						(-7.87)
	Profit After Tax					**169.33**
						(242.38)
(iii)	**Segment Assets**	**2918.50**	**829.28**	**40.30**		**3788.08**
		(2613.66)	(1027.76)	(40.91)		(3682.33)
	Unallocated Corporate Assets					
	a) Liquid Assets					**607.62**
						(855.79)
	b) Others					**276.87**
						(217.46)
	c) Deferred Tax Asset					**21.38**
						(13.51)
	Total Assets					**4693.95**
						(4769.09)
(iv)	**Segment Liabilities**	**1555.09**	**519.34**	**48.33**		**2122.76**
		(1398.55)	(824.37)	(45.68)		(2268.60)
	Unallocated Corporate Liabilities					
	a) Current Liabilities					**31.67**
						(87.23)
	b) Loan Funds					**628.31**
						(520.59)
	Total Liabilities					**2782.74**
						(2876.42)
(v)	**Capital Expenditure**	**82.45**	**33.02**	**2.89**		**118.36**
		(33.58)	(6.46)	(9.21)		(49.25)
(vi)	**Depreciation**	**24.73**	**7.18**	**3.77**		**35.68**
		(16.45)	(4.50)	(3.18)		(24.13)
(vii)	**Other Non Cash Expenses**	**25.96**	**7.97**	**0.22**		**34.15**
		(24.75)	(3.49)	(1.29)		(29.53)

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:

Guddu Investments (Pondi) Private Limited (Refer Note 2 on Schedule 1)

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 and Charitable Trust)

Joint Venture

Techmart Telecom Distribution FZCO, Dubai

c) Key Management Personnel

Mr. Ajai Chowdhry
Mr. Harsh Chitale
Mr. J.V. Ramamurthy
Mr. Sandeep Kanwar
Mr. Rothin Bhattacharyya

d) Summary of Consolidated Related Party disclosures

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

(₹/Crores)

A. Transactions	Company having Substantial interest		Others		Key Management Personnel		Total	
	June-11	June-10	**June-11**	June-10	**June-11**	June-10	**June-11**	June-10
Sales and Related Income	**0.00**	(0.81)	**130.88**	85.20			**130.88**	84.39
- HCL Technologies Limited			**121.26**	67.72				
- HCL Comnet Systems and Services Limited			**3.95**	11.37				
Services	**0.01**	0.01	**27.83**	24.37			**27.84**	24.38
- HCL Technologies Limited			**9.90**	4.82				
- HCL BPO Services (NI) Limited			**0.20**	0.77				
- HCL Comnet Limited			**16.73**	16.39				
Other Income			**1.81**	1.11			**1.81**	1.11
- Techmart Telecom Distribution FZCO, Dubai			**1.81**	-				
- HCL Technologies Limited			**-**	1.11				
Purchase of Services			**3.92**	2.81			**3.92**	2.81
- HCL Technologies Limited			**2.77**	2.51				
Assets Purchased			**4.30**	4.81			**4.30**	4.81
- HCL Technologies Limited			**4.30**	4.79				
Remuneration					**8.05**	7.50	**8.05**	7.50
- Mr. Ajai Chowdhry					**3.32**	3.70		
- Mr. Harsh Chitale					**1.38**	-		
- Mr. J. V. Ramamurthy					**1.30**	1.43		
- Mr. Sandeep Kanwar					**1.02**	1.13		
- Mr. Rothin Bhattacharyya					**1.03**	1.24		

Schedules to the Consolidated Balance Sheet & Profit and Loss Account

₹/Crores

A. Transactions	Company having		Others Substantial interest		Key Management		Total Personnel	
	June-11	June-10	**June-11**	June-10	**June-11**	June-10	**June-11**	June-10
Reimbursements towards expenditure								
a) Received	**0.02**	0.06	**0.02**	0.06			**0.04**	0.12
- HCL Technologies Limited			**-**	0.06				
b) Made	**0.04**	0.07	**3.81**	1.81			**3.85**	1.88
- HCL Technologies Limited			**2.95**	1.12				
- HCL Comnet Limited			**0.85**	-				
B. Amount due to/from related parties								
Accounts Receivables	**0.09**	0.03	**74.83**	68.35			**74.92**	68.38
Other Recoverables	**0.35**	-	**1.03**	0.42			**1.38**	0.42
Creditors			**2.02**	2.24			**2.02**	2.24
Other Payables	**-**	0.03	**-**	0.42			**-**	0.42

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:

	2011 ₹/Crores	2010 ₹/Crores
Employers Contribution to Provident Fund*	**5.80**	4.82
Employers Contribution to Superannuation Fund*	**1.85**	1.34

(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:

	2011 ₹/Crores	2010 ₹/Crores
Employers contribution to Employee State Insurance*	**4.14**	2.87
Employers contribution to Employee's Pension Scheme 1995*	**7.21**	5.49

* Included in Contribution to Provident Fund and Other Funds under Personnel Cost (Refer Schedule-16)

(c) Defined Benefit and Other Long Term Benefit

(i) Gratuity

(ii) Other Long Term Benefit - Leave Encashment

In accordance with Accounting Standard 15 (revised 2005), an actuarial valuation was carried out in respect of the aforesaid defined benefit plans and other long term benefits based on the following assumptions.

	Employees Gratuity Fund		Leave Encashment	
	2011	2010	**2011**	2010
Discount Rate (per annum)	**8.00%**	7.80% to 8.00%	**8.00%**	7.80 % to 8.00%
Rate of increase in compensation levels	**7.00%**	5.00% to 7.00%	**7.00%**	5.00% to 7.00%
Rate of return on plan assets	**Not Applicable**	Not Applicable	**Not Applicable**	Not Applicable
Expected Average remaining working lives of employees (years)	**24.35**	23.32 to 25.39	**24.35**	23.32 to 25.39

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

Schedules to the Consolidated Balance Sheet & Profit and Loss Account

₹/Crores

	2011		2010	
	Gratuity	**Leave Encashment**	Gratuity	Leave Encashment
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	**17.61**	**10.99**	15.34	9.67
Acquired on the purchase of business	**1.32**	**1.41**	-	-
Current service cost	**2.75**	**4.29**	1.76	2.09
Past service cost	**-**	**-**	1.44	-
Interest cost	**1.39**	**0.78**	1.18	0.65
Actuarial (gain)/loss	**0.65**	**(3.74)**	(1.30)	0.02
Benefits (paid)	**(1.51)**	**(1.72)**	(0.81)	(1.44)
Present value of obligation at the end of the year	**22.22**	**12.01**	17.61	10.99

	2011		2010	
	Gratuity	**Leave Encashment**	Gratuity	Leave Encashment
Cost recognised for the period (included under Salaries, Wages, Allowances, Bonus and Gratuity):				
Current service cost	**2.75**	**4.29**	1.76	2.09
Past service cost	**-**	**-**	1.44	**-**
Interest cost	**1.39**	**0.78**	1.18	0.65
Actuarial (gain)/loss	**0.65**	**(3.74)**	(1.30)	0.02
Net cost recognised for the year*	**4.79**	**1.33**	3.08	2.76

* 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:

₹/Crores

	Gratuity				
	2011	**2010**	**2009**	**2008**	**2007**
Present value of the obligation as at the end of the year	**22.22**	**17.61**	**15.34**	**12.36**	**10.93**
Fair value of plan assets at the end of the year	**-**	**-**	**-**	-	-
Assets/(Liabilities) recognised in the Balance Sheet	**(22.22)**	**(17.61)**	**(15.34)**	**(12.36)**	**(10.93)**

	Leave Encashment				
	2011	**2010**	**2009**	**2008**	**2007**
Present value of the obligation as at the end of the year	**12.01**	**10.99**	**9.67**	**8.07**	**6.96**
Fair value of plan assets at the end of the year	**-**	**-**	**-**	**-**	
Assets/(Liabilities) recognised in the Balance Sheet	**(12.01)**	**(10.99)**	**(9.67)**	**(8.07)**	**(6.96)**

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

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

Schedules to the Consolidated Balance Sheet & Profit and Loss Account

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

Particulars	As on June 30, 2011 (₹/Crores)	As on June 30, 2010 (₹/Crores)
Gross Proceeds		
- Preferential Issue	322.00	269.01
- Qualified Institutions Placement	472.67	472.67
Less: Share Expenses incurred adjusted with Securities Premium account during the year	(14.55)	(14.51)
Net Proceeds	**780.12**	**727.17**
Utilisation towards		
- Capital expenditure	73.34	56.50
- Acquisition [Refer Note 14]	25.30	1.40
- Working Capital	303.10	-
Total Utilisation	**401.74**	**57.90**
Unutilised		
Currently held in Unquoted (Others) Current Investments	378.38	669.27
Total Unutilised	**378.38**	**669.27**

14. (a) Details of long term investments made during the year:
    (i) Pimpri Chinchwad eServices Limited was incorporated as a wholly owned subsidiary of the Company on September 21, 2010, to provide e-Services and other related services within the territorial jurisdiction of the Pimpri Chinchwad Municipal Corporation (PCMC) and to the citizens of PCMC.
    (ii) HCL Investments Pte. Limited, Singapore was incorporated as a wholly owned subsidiary on November 29, 2010, to manage the Company's overseas investments.
    (iii) HCL Infosystems South Africa Pty. Limited, South Africa was incorporated as a wholly owned subsidiary of HCL Investments Pte. Limited, Singapore (wholly owned subsidiary of the Company) on May 9, 2011, to engage in business operations in System Integration (SI) and Services with particular focus on Banking and Financial Services and Insurances, Utilities, e-Governance and Infrastructure Services.

    (b) During the year, 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 (₹ 28.65 Crores).

    (c) During the year, the Company through its wholly owned subsidiary, HCL Investments Pte. Limited, Singapore, has on February 3, 2011 acquired 20% equity shares in Techmart Telecom Distribution FZCO, Dubai, which is a distributor of Nokia Smartphones in Middle-East and Africa for US$ 0.8 million (₹ 3.55 Crores) paid upfront and US $ 0.4 million (₹ 1.77 Crores) to be paid over a period subject to fulfilment of certain conditions.

    (d) (i) Pursuant to the approval of the shareholders obtained in accordance with Section 293(1)(a) of the Companies Act, 1956, on July 28, 2011 the Company has, with effect from August 1, 2011, transferred its Digital Entertainment business as a going concern on slump sale basis, to Digilife Distribution and Marketing Services Limited (Formerly known as HCL Security Limited), the wholly owned subsidiary, for a consideration of ₹ 35 crores.

    As on June 30, 2011, the carrying amount of assets and liabilities of Digital Entertainment business is ₹ 73.54 Crores and ₹ 71.56 Crores respectively and its turnover and gross profit for the year ended on that date is ₹ 407.96 Crores and ₹ 21.84 Crores respectively.

    (ii) The Company has acquired the Security and Surveillance business of Digilife Distribution and Marketing Services Limited (Formerly known as HCL Security Limited) as a going concern on slump sale basis for a consideration of ₹ 6 crores.

    As on June 30, 2011, the carrying amount of assets and liabilities of Security and Surveillance business is ₹ 33.37 Crores and ₹ 25.17 Crores respectively and its Turnover and loss before tax for the year ended on that date is ₹ 56.61 Crores and ₹ 8.07 Crores respectively.

    In consolidated financial statements, these transactions are not expected to have a material financial impact.

(e) The Company has signed a Share Purchase Agreement (SPA) with a Buyer in January 2011 for the sale of its entire equity stake in HCL Infinet Limited, the wholly owned subsidiary, reported as Internet and Related Services segment, which is accordingly identified as discontinuing operation and disclosed as discontinuing segment in Note 10 above.

The revenue and loss before tax of HCL Infinet Limited for the year ended June 30, 2011 is ₹ 74.72 Crores and ₹ 11.47 Crores respectively.

The sale/transfer of the entire equity stake in HCL Infinet Limited shall be given effect on receipt of necessary regulatory approvals. Accordingly, gain amounting to ₹ 22.40 Crores as on June 30, 2011 arising on sale of HCL Infinet Limited in consolidated financial statement will be accounted for on consummation of this transaction.

15. a) An amount of ₹ 0.16 Crores (2010 - ₹ 0.01 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.

16. **Derivative Instruments outstanding at the Balance Sheet date:**

The Group has following outstanding forward contracts to buy foreign currency as at June 30, 2011:

Currency	Foreign Currency Value / Crores		Average Rate		Maximum Maturity Period	
	2011	2010	**2011**	2010	**2011**	2010
USD	**$3.54**	$4.96	**45.45**	46.41	**3 Months**	10 Months

The above forward contracts have been undertaken to hedge the foreign currency exposures on Import/Royalty payables as at June 30, 2011.

As on June 30, 2011, the foreign currency exposure that is not hedged by a derivative instrument or otherwise is ₹ 351.10 Crores (2010 - ₹ 416.20 Crores).

17. **The Group has an interest in the following jointly controlled entity:**

Name of the Company	Shareholding	Incorporated in
Nokia HCL Mobile Internet Services Limited	**49%**	India
Techmart Telecom Distribution FZCO, Dubai	**20%**	Dubai

The aggregate amounts of assets, liabilities, income and expenditure to the extent of the interest of the Group in the above jointly controlled entities are given hereunder:

₹/Crores

Particular	Year ended June 30, 2011	Year ended June 30, 2010
Business Income	147.19	-
Other Income	2.21	-
Total	**149.40**	**-**
Cost of Goods and Services Sold	147.19	-
Personnel	0.19	-
Administration, Selling, Distribution and Others	0.98	-
Depreciation and Amortisation	0.03	-
Total	**148.39**	**-**
Profit Before Tax	1.01	-

Schedules to the Consolidated Balance Sheet & Profit and Loss Account

₹/Crores

Particular	As on June 30, 2011	As on June 30, 2010
Assets		
Fixed Assets	0.16	-
Inventories	19.26	-
Sundry Debtors	2.15	-
Cash and Bank Balances	13.45	0.25
Total Assets	**35.02**	0.25
Liabilities		
Current Liabilities and Provisions	**34.08**	-

18. The results of HCL Infosystems South Africa Pty. 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, 2011. It is unlikely that the audited results would be materially different from the unaudited results.

19. 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 17, 2011

For and on behalf of the Board of Directors

AJAI CHOWDHRY
Chairman & Whole Time Director

HARSH CHITALE
Chief Executive Officer & Whole Time Director

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

SANDEEP KANWAR
Chief Financial Officer

SUSHIL KUMAR JAIN
Company Secretary

Statement regarding Subsidiary Companies pursuant to Section 212 of the Companies Act, 1956

S. No.	Name of the subsidiary	Financial year to which accounts relate	Holding Company's interest in the subsidiary at the end of financial year		Net aggregate amount of Subsidiary Company's profits after deducting its losses or vice-versa, so far it concerns members of Holding Company which are not dealt with in the Company's accounts (Amount in ₹ Thousands)		Net aggregate amount of Subsidiary Company's profits after deducting its losses or vice-versa, so far it concerns members of Holding Company which are dealt with in the Company's accounts (Amount in ₹ Thousands)	
			Shareholding No. of shares	Extent of holding (%)	For the year ended June 30, 2011	For previous financial years of the subsidiary since it became the Holding Company's subsidiary	For the year ended June 30, 2011	For previous financial years of the subsidiary since it became the Holding Company's subsidiary
1	HCL Infinet Ltd.	June 30, 2011	2701810	100	(114,665)	(121,251)	Nil	Nil
2	Digilife Distribution and Marketing Services Ltd. (Formerly HCL Security Ltd.)	June 30, 2011	1950000	100	(80,765)	(67,338)	Nil	Nil
3	HCL Infocom Ltd.	June 30, 2011	330000	100	(134)	(136)	Nil	Nil
4	RMA Software Park Pvt. Ltd.	March 31, 2011	10000	100	(20,542)*	(23,745)*	Nil	Nil
5	HCL Insys Pte Ltd., Singapore	June 30, 2011	6199991	100	26,823	19,040	Nil	Nil
6	HCL Investment Pte Ltd., Singapore	June 30, 2011	1 in SGD and 1275000 in USD	100	21,930	N.A	Nil	N.A
7	Pimpri Chinchwad eServices Limited	June 30, 2011	50000	100	(68)	N.A	Nil	N.A
8	HCL Infosystems MEA FZCO, Dubai	June 30, 2011	6 in AED	60	26,938	N.A	Nil	N.A
9	NTS Technology LLC, Dubai	June 30, 2011	49 in AED	29.4	(2,839)	N.A	Nil	N.A
10	HCL Infosystems MEA LLC, Abu Dhabi	June 30, 2011	147 in AED	29.4	(2,054)	N.A	Nil	N.A
11	HCL Infosystems South Africa (Pty) Ltd.	June 30, 2011	1 in ZAR	100	Nil	N.A	Nil	N.A

* Represents the loss for year ended June 30 considered in consolidated Profit and Loss Account

Statement containing information under Setiion 212(5)(a) of the Companies Act, 1956

Statement whether there has been any, and, if so, what change in the Holding Company's interest in the Subsidiary between the end of the financial year or of the last of the financial years of the Subsidiary and the end of the Holding Company's financial year:

S. No.	Name of Subsidiary	Financial Year of Subsidiary	Change in the Holding Company's interest in the Subsidiary between the end of the financial year of the Subsidiary and the end of the Holding Company's financial year
1	RMA Software Park Private Limited	March 31, 2011	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 libilities (Amount in ₹ Thousands)
1	RMA Software Park Private Limited	March 31, 2011	17525

Financial Summary of Subsidiaries as at June 30, 2011

(Amount in ₹ /Lacs)

Particulars	HCL Infinet Ltd.	Digilife Distribution and Marketing Services Ltd. (Formerly HCL Security Ltd.	HCL Infocom Ltd.	Pimpri Chinchwad eServices Ltd.	RMA Software Park Pvt. Ltd.#
Share Capital	2,701.81	1,905.00	33.00	5.00	1.00
Reserves	142.30	Nil	Nil	Nil	4,113.89*
Total Assets	4,759.15	3,065.00	35.55	5.00	7,055.94
Total Liabilities	4,759.15	3,065.00	35.55	5.00	7,055.94
Investments	Nil	Nil	24.50	Nil	Nil
Turnover	7472.48	5661.67	Nil	Nil	Nil
Profit/(Loss) before taxation	(1,146.65)	(807.65)	(1.34)	(0.68)	(205.42)
Provision for taxation (Current/FBT)	Nil	Nil	Nil	Nil	Nil
Profit/(Loss) after taxation	(1,146.65)	(807.65)	(1.34)	(0.68)	(205.42)
Proposed Dividend	Nil	Nil	Nil	Nil	Nil

For the year ended March 31, 2011
* Represents Revaluation Reserves

(Amount in ₹ /Lacs)

Particulars	HCL Insys Pte. Ltd., Singapore	HCL Investments Pte. Ltd., Singapore	HCL Infosystems MEA FZCO, Dubai	NTS Technology LLC, Dubai	HCL Infosystems MEA LLC, Abu Dhabi	HCL Infosystems South Africa (Pty) Ltd.
Share Capital	1981.27	564.95	120.62	36.18	18.09	Nil
Reserves	274.94	219.30	1,520.64	(364.29)	(280.04)	Nil
Total Assets	6122.21	962.12	8,272.35	15.82	157.61	Nil
Total Liabilities	6122.21	962.12	8,272.35	15.82	157.61	Nil
Investments	Nil	Nil	54.28	Nil	Nil	Nil
Turnover	17488.96	225.67	13,490.32	Nil	295.43	Nil
Profit/(Loss) before taxation	268.23	219.30	448.96	(69.85)	(96.58)	Nil
Provision for taxation (Current/FBT)	Nil	Nil	Nil	Nil	Nil	Nil
Profit/(Loss) after taxation	268.23	219.30	448.96	(69.85)	(96.58)	Nil
Proposed Dividend	Nil	Nil	Nil	Nil	Nil	Nil

NOTES

HCL INFOSYSTEMS LTD.
E-4,5 & 6, Sector 11, NOIDA 201 301
UP, INDIA,
Tel: +91 120 2526518/19, 2520977

www.hclinfosystems.com

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