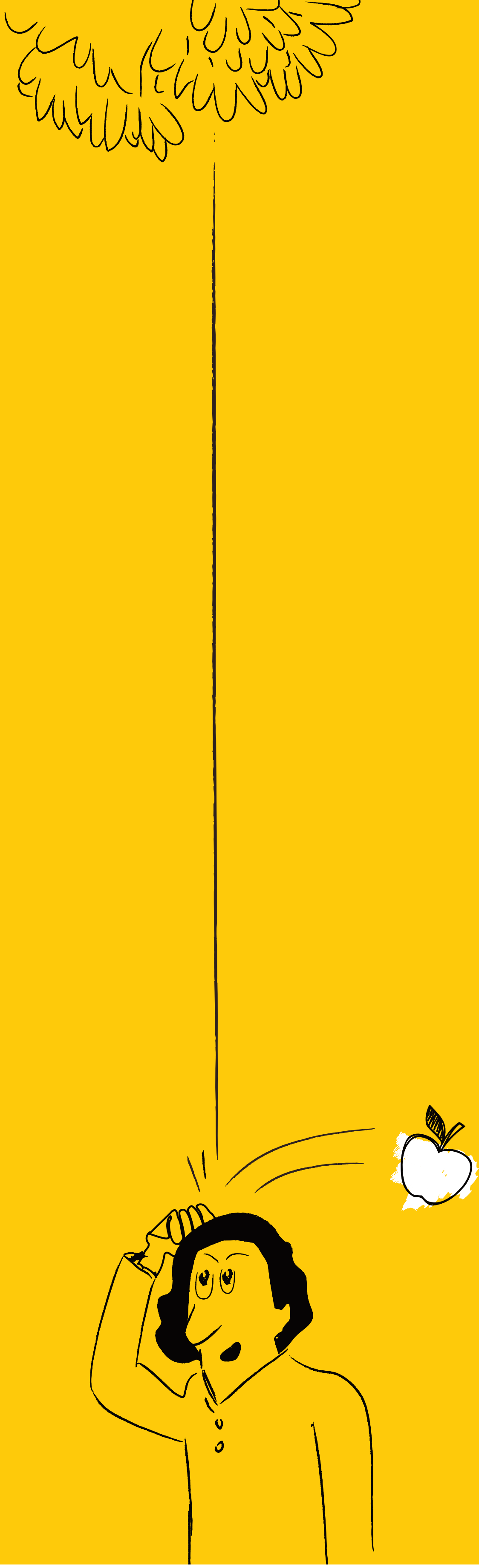


I have an idea

HCL TECHNOLOGIES LIMITED

ANNUAL REPORT 2011-12

CONTENTS

BOARD OF DIRECTORS

MR. SHIV NADAR
Chairman & Chief Strategy Officer

MR. VINEET NAYAR
Vice Chairman & CEO

MS. ROBIN ABRAMS
Non- Executive Director

MR. SUBROTO BHATTACHARYA
Non- Executive Director

MR. AMAL GANGULI
Non- Executive Director

MR. R. SRINIVASAN
Non- Executive Director

MR. SUDHINDAR KRISHAN KHANNA
Non- Executive Director

MR. SRIKANT MADHAV DATAR
Non- Executive Director

MR. SOSALE SHANKARA SASTRY
Non- Executive Director

Auditors
S. R. Batliboi & Co.
Chartered Accountants
Gurgaon

Bankers

Citibank, N.A.
Global Corporate & Investment Banking
DLF Centre, 5th Floor
Parliament Street
New Delhi-110001

Deutsche Bank AG
Corp. Office - DLF Square
4th floor, Jacaranda Marg,
DLF City, Phase - II
Gurgaon-122002

Standard Chartered Bank
Corporate & Institutional Banking
Credit Operations, India
H -2, Connaught Circus
New Delhi-110001

State Bank of India
Corporate Accounts Group Branch
11th /12th Floor, Jawahar Vyapar Bhawan
1, Tolstoy Marg
New Delhi-110001

MANAGEMENT DISCUSSION AND ANALYSIS

Investors are cautioned that this discussion contains forward looking statements that involve risks and uncertainties. When words like 'anticipate', 'believe', 'estimate', 'intend', 'will', and 'expect' and other similar expressions are used in this discussion, they relate to the Company or its business and are intended to identify such forward-looking statements. The Company undertakes no obligations to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such statements. Factors that could cause or contribute to such differences include those described under the heading 'Risk Factors' in the Prospectus filed with the Securities and Exchange Board of India (SEBI) as well as factors discussed elsewhere in this report. Readers are cautioned not to place undue reliance on the forward-looking statements as they speak only as of their dates. The following discussion and analysis should be read in conjunction with the Company's financial statements included herein and the notes thereto.

Current State of the Indian IT Industry

FY 2012 has been a good year for the Indian IT-BPO industry, keeping in view the slowdown in global economic environment and corporate IT spending budgets. As per NASSCOM estimates, aggregate revenues of IT-BPO industry for the FY12 crossed USD 100 Billion. Aggregate IT software and services revenues (excluding hardware) reached USD 88 Billion. Export revenue (excluding hardware) reached USD 69 Billion. As a proportion of India's GDP, aggregate sector revenues have grown from 1.2 % in FY 1998 to an estimated 7.5 % in FY 2012.

The Indian IT Industry can be broadly analyzed from the dimensions of Verticals, Service Lines and Geographies.

- Verticals: As per NASSCOM estimates, amongst the matured verticals such as BFSI, Manufacturing and Telecom, BFSI still remains dominant with a share of 41.2 % in total IT-BPO exports. The share of Telecom segment has declined to 19 % in FY12 from 20% in FY11. Emerging verticals like Retail, Healthcare, Media and Utilities continue to record fast growth.
- Service Lines: Within exports, IT services segment is fastest growing at 19% over FY 2011 with export revenue of USD 40 Billion, accounting for 58% of total exports. The BPO segment is expected to grow by 12% to reach USD 16 Billion in FY 2012.
- Geographies: USA continues to drive growth in IT-BPO exports with export revenue of 17% in FY 2012. APAC region exhibited fastest growth at nearly 18%.

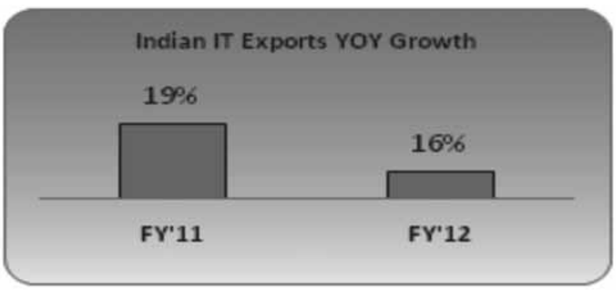
QUICK FACTS

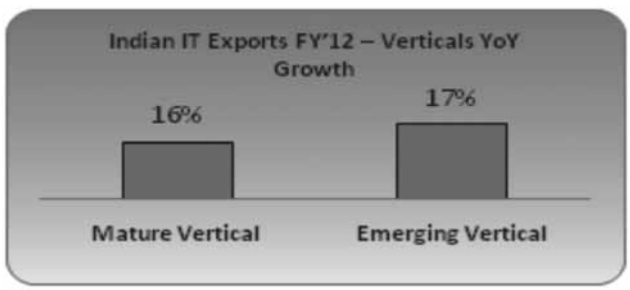
[NASSCOM on the Indian IT Industry]

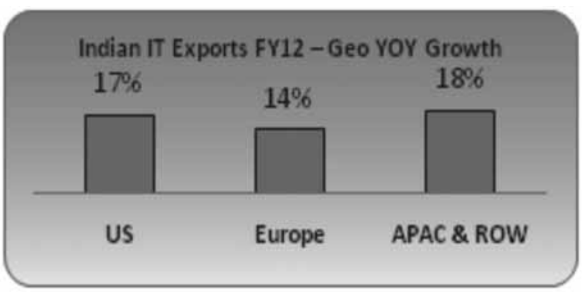
- Milestone year for Indian IT-BPO industry- aggregate revenues crossing USD 100 Billion, exports at USD 69 Billion. IT services exports is one of the fastest growing industry segments, growing by 19% in FY2012 and accounting for exports of USD 40 Billion.
- Domestic revenues (including Hardware) reached USD 31.7 Billion, growing by over 9%.

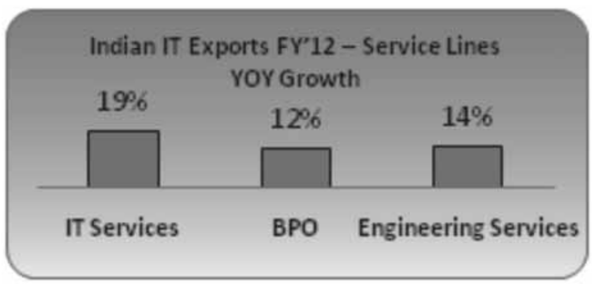
[On Verticals and Service Lines]

- BFSI remains dominant with a share of 41.2%. Share of Telecom declined from 20% in FY 2011 to 19% in FY 2012.
- IT services exports revenue grew by 17% for US, 14 % for Europe and 18% for APAC.

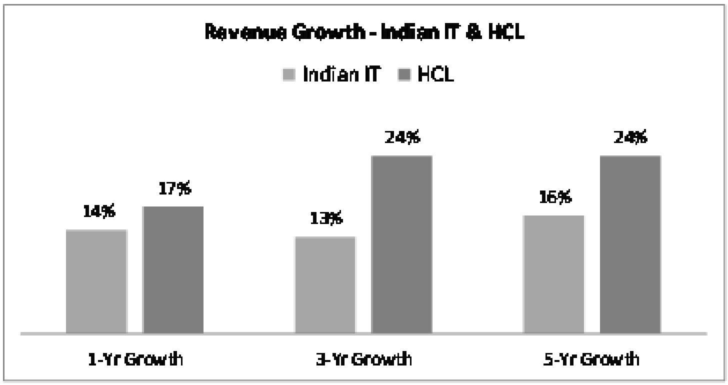








HCL Technologies (HCLT) continues to outperform the Indian IT-BPO industry. During the year ending June' 2012, HCLT's revenues grew by 17% YoY compared to revenue growth of 14% YoY for Indian IT-BPO industry. On a three year CAGR basis, HCLT's revenue grew by 24% whereas the Indian IT-BPO industry revenues grew by 13% during the same period. On a five year CAGR, HCLT's revenue grew by 24.4% as compared to the Indian IT-BPO industry revenue growth of 16%.



HCL revenue numbers based on FY ending June & Indian IT numbers based on FY ending March

Industry Outlook

The IT-BPO industry has been the frontrunner of the Indian technology sector by driving growth for the economy in terms of generating employment, increasing revenues through service exports and enhancing social lifestyles of the burgeoning middle class due to increased disposable income. The Indian IT-BPO industry continues to play a major role in transforming India into a global force to be reckoned with, and is influencing some of the key technology trends that are shaping the future of the industry. Some of these trends are:

- Enterprise Mobility
- Cloud Computing
- Business Intelligence
- Analytics
- Social Networking
- Virtualization

Market Trends

- Private Cloud adoption and cluster based Cloud implementations.
- Social media & networking to be the new age tools for communication.
- Business Intelligence & Analytics to become key strategic initiatives for organizations.

Investment in new technologies will be the key to success for organizations. IT spending on enterprise and mobility will be a huge market. The market for enterprise mobility solutions alone is expected to grow to USD 17 Billion by 2015. Spending on Public Cloud Services is likely to surpass growth of overall IT spends by almost four times between 2012 and 2015. These emerging technology trends are expected to increase industry revenues to an estimated USD 225 Billion by 2020, as per NASSCOM.

Drivers for future growth

The Indian IT industry will continue to redefine and transform itself by establishing new business and global delivery models and partnerships. Global sourcing will be a key growth driver, with organizations trying to reduce operational costs, entering new markets and focusing on innovation.

In the competitive business environment, outsourcing is poised to be a strategic initiative, with many organizations focusing on leveraging existing technology investments. In addition, innovation and operational efficiencies will gain considerable prominence as key competitive differentiators.

Future Outlook

- Indian Government's expected push of USD 1 Trillion during 2013 - 2017 towards infrastructure development will be a key growth driver for the Indian IT Industry.
- Evolution of mobility and its rapid adoption is going to drive IT spending worldwide.
- Enterprise Mobility Solutions alone is expected to reach USD 17 Billion by 2015.
- Emerging markets will be a key growth area for Global IT Outsourcing.

HCLT Strategy and opportunities for growth

HCLT's strategy of focusing on growth, service innovation and value proposition has led to an unmatched competitive standing in the marketplace. The company has acquired new capabilities while adapting to changing market dynamics and competition. With celebrated management philosophy of 'Employees First, Customers Second' at the heart of innovation in organization culture and the first mover advantage in service lines like Engineering and R&D Services, Infrastructure Services, the company has recorded unmatched growth. HCL AXON, the EAS division of HCLT offers world class consulting and solution capabilities. HCL acquired AXON in 2008 which is the biggest acquisition in the Indian IT industry so far. Through Dual-GTM (Go-To-Market), HCLT presented its horizontal and vertical depth to potential customers. With new value offerings, domain depth and consulting capabilities HCLT is a provider of end-to-end services.

HCLT is well positioned to tap the full IT outsourcing market, involving the entire portfolio of applications and infrastructure services. Having strengthened capabilities in this space over the years, HCLT now has a balanced portfolio to target large opportunities in F500 and G2000 organizations. A balanced run-the-business and change-the-business portfolio of services has made HCLT a strategic partner of some of the biggest brands in the world. Going forward HCLT will continue to focus on enthusing, encouraging & enabling employees to deliver unmatched value to customers and maintain momentum of growth through high levels of customer satisfaction.

About HCL Technologies Ltd.

A USD 4.2 Billion global IT services company, HCLT is a leading provider of business transformation, enterprise and custom applications, infrastructure management, business process outsourcing and engineering services.

HCLT brings IT and engineering services expertise under one roof to solve complex business problems for its clients. Leveraging HCLT's extensive global offshore infrastructure and network of offices in 26 countries, it provides holistic, multi-service delivery across industries like financial services, manufacturing, consumer services, public services and healthcare.

A micro-vertical strategy, built on strong domain expertise, ensures that no matter how complex is a company's business problem, HCLT can offer a solution that is sustainable and innovation-driven.

The source of HCLT's success and its ability to deliver high value to clients even during a turbulent economic environment has been a combination of technical expertise and a unique management philosophy that unleashed the innovative thinking of employees called 'Employees First Customers Second' (EFCS). This philosophy was the foundation of HCLT's transformation journey in 2005. Today, the impact of this unique management philosophy which empowers employees to drive growth has made HCLT into one of the fastest growing IT services companies and is being recognized worldwide.

Through EFCS, HCLT empowers employees to innovate and deliver business value by turning technology into a distinct competitive advantage for its customers.

Increasing customer impact

- HCLT crossed USD 4 billion in revenue in FY'12
- HCL exceeds USD 1 billion in revenue in Infrastructure Services in FY'12
- Customer addition of USD 100 million+ quintupled in last one year

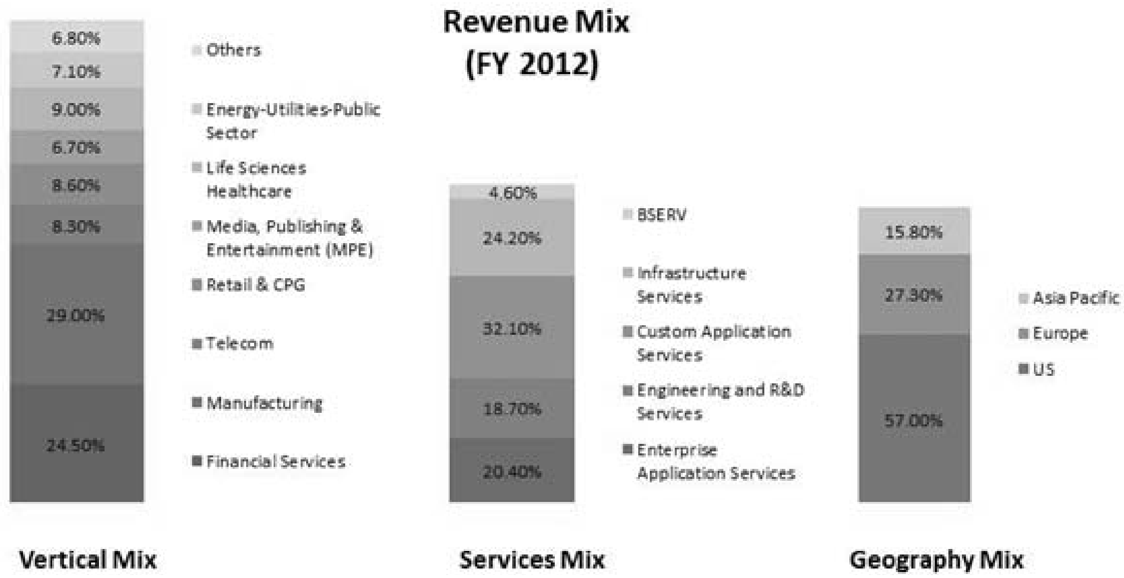
QUICK FACTS

[About HCLT]

- USD 4.2 billion global IT services company
- Leading provider of business transformation, enterprise & custom applications, infrastructure management, BPO, and engineering services
- Of more than 3,000 technology companies in the Bloomberg database, there are only seven companies with revenue of more than USD 2.5 billion, a market capitalization of more than USD 5 billion, and a compounded annual growth rate greater than 25 per cent during the past five years. HCL Technologies is one of those seven companies
- Offices in 26 countries and operations across 35 countries

Service Offerings

HCLT believes in the practice of regularly re-structuring and re-energizing its diversified portfolio of service offerings. By re-evaluating and realigning this portfolio from time to time, HCLT is able to develop a robust business model.



Infrastructure Services Division

HCLT's Infrastructure Services Division (ISD) is the fastest growing service offering business line and contributes 24.2% to HCLT's total revenues. The division manages mission-critical IT environments for global organizations.

HCLT ISD is increasingly recognized by global organizations as a leader for managing and transforming enterprises' mission critical IT Infrastructure. HCLT ISD's engagements are multi-year long term relationships and the renewal rate for existing engagements which come up for rebid is very high. This division has successfully delivered 70+ complex IT infrastructure architecture and operations transformations for its customers. HCLT ISD is positioned to address IT infrastructure requirements through its Cloud Aggregation services for enterprises to consume hybrid cloud environments. It is also transforming enterprises through New Generation Enterprise Architecture which includes HCLT ISD's Next Generation Data Center, Next Generation End User Computing and Next Generation Networking Security Architecture blueprints for Enterprise IT.

HCLT ISD's key service offerings include End User Computing, Data Center & Mainframe Services, Integrated Operations Management, Cross Functional Services, Security & Network and Cloud Computing Services.

HCLT ISD's solutions span major industries including Manufacturing (Process, Discrete and Hi-Tech), Automotive, Life Sciences, Healthcare & Pharmaceuticals, Energy (Oil & Gas) and Utilities, Financial Services, Insurance, Banking, Retail, Travel, Tourism & Logistics, Media, and Publishing & Entertainment & Telecom.

HCLT ISD provides infrastructure management services to customers through a robust delivery network of several service centers across the globe. Infrastructure operations include the standardized management of globally distributed assets of over 3 million mission critical IT devices; resolving numerous helpdesk contacts while supporting over 1.2 million business users' needs.

SNAPSHOT

- Fastest growing business line, constituting 24.2% of HCLT's revenues.
- IT infrastructure operations and transformation leader, managing mission-critical environments for global organizations.
- Offerings: End User Computing, Data Center & Mainframe Services, Integrated Operations Management, Cross Functional Services, Security & Network and Cloud Computing Services.
- Industries served: Manufacturing, Hi-Tech, Automotive, Energy (Oil & Gas) and Utilities, Financial Services, Banking, Insurance, Life Sciences, Healthcare & Pharmaceuticals, Retail, Travel, Tourism & Logistics, Media, Publishing & Entertainment and Telecom.
- Scale of operations: centralized management of globally distributed assets of over 3 million devices; resolving over 15 million helpdesk contacts while supporting over 1.2 million business users' needs.
- Numerous industry recognitions and awards.

This division has received its share of accolades:

- One of the leaders in Magic Quadrant for Desktop Outsourcing Services, North America and Help Desk Outsourcing Services, North America.
- Outsourcing Center Awards "HCLT and Teradyne" with Outsourcing Excellence Award for Best Transition Project.
- Information Week conferred ValueHonors™ Awards to eight HCLT customers including Avago Technologies, Cathay Pacific Airways, Cummins Inc., Electrolux, Old Mutual Wealth Management, Purdue Pharma, Xerox and a Fortune 500 pharmaceutical company.
- HCLT has been recognized as a Leader in Gartner's Magic Quadrant for Data Center Outsourcing and Infrastructure Utility Services, North America, authored by William Maurer, David Edward Ackerman, Bryan Britz and Helen Huntley, published on 20 July 2011.
- ISD has earned Microsoft's Gold Desktop Competency and has become a services delivery leader for the Windows operating system and Microsoft Office suites.
- HP recognized HCLT as the "Alliance ONE Partner of the Year" in the "HP Cloud Computing Service Provider of the Year" category (2010-2011).
- The company's fast growth has prompted several bestselling authors to include the HCLT ISD case study in their books and research.
- HCLT has been rated Positive in Gartner's MarketScope for Managed Security Services in Asia/Pacific, authored by Andrew Walls and Rob McMillan, published on 30 September 2011. Cisco Honored HCL with the Data Center & Virtualization Partner Award in 2012.

Custom Application Services

Business differentiation through IT by creating visibility, reducing IT intensity, operational excellence and distinct focus on transformation makes Custom Application Services division a game changer at HCLT. Today HCLT's customers look at IT not just as a percentage cost to overall spends but more on how it can help increase revenues, reduce overall costs and also enable new business models. The Custom Application Services division boasts of many examples where the teams have enabled customers to achieve strategic control while releasing internal IT bandwidth to focus on strategic initiatives with a partnering approach. This division contributes 32.1% of HCLT's revenues and provides services across verticals like financial services, retail & consumer products, healthcare, insurance, media & publishing, manufacturing, and public services.

This division uses IPs, tools, frameworks and industry best practices to provide differentiated 'change-the-business', 'run-the-business', and 'cross functional IT' services to customers. By focusing on these three aspects of customer IT ecosystem, this division has been successful in providing committed savings on Application Management and increased agility and adoption on Application Build engagements. In some instances the division has successfully re-engineered applications to develop platforms to enable customers to grow faster. Other services within this division include application modernization, migration, independent verification and validation.

With a modular approach to design, development, testing, and roll-out, HCLT's ADeX Practice (Application Development Excellence) leverages best in class development processes and methodologies along with benchmark tools and reference architectures, to ensure that client requirements are met with high productivity and process compliance. The suite of "HCLT Assess-Smart" services uses a variety of automated tools for measuring quality of applications at source code level and generates an analysis of existing size and state of application performance, reliability, maintainability, and security. This helps architects provide solutions to meet the desired "To Be" state in an objective manner with enhanced service levels.

The division's run-the-business approach follows the MASCOT Framework (Managed Appl. Services leading to Continuous Improvement & Transformation) which is also being implemented across all key Application Support & Maintenance engagements by the HCLT's Application Support & Maintenance [ASM] practice. With 42 key service elements, it aims to deliver predictable services at a predictable price for large customers and includes a structured set of key service elements that

SNAPSHOT

- Constitutes 32.1% of HCLT's revenues.
- Offerings: Application development, management, support, re-engineering, modernization, migration, and independent verification & validation.
- Industries served: Retail, banking, insurance, capital markets, media & publishing, manufacturing, and public & healthcare services.
- Investment in the 'Domain Academy' to nurture/ strengthen industry knowledge across verticals.
- ADeX Practice launches "HCLT Assess-Smart" suite of services - leverages a variety of automated tools for measuring quality of applications at source code level.
- MASCOT Framework (Managed Appl. Services leading to Continuous Improvement & Transformation) being implemented across key ASM engagements as a comprehensive 'run the-business' framework.
- Significant investments in niche technologies - eCommerce, Mobility, Cloud and Analytics.

inter-operates to ensure the delivery of managed services. Holistically, MASCOT can help unlock customer's capital which can be deployed into new build projects using ADeX. This approach is very useful at a time when there is no new spend being put into build or Change the Business Projects.

To align IT with business needs, this division provides cross functional services through collaborative governance, flexible commercial models and certain tools which provide customers business differentiation through IT. Our flexible commercial models like onsite, near-shore, offshore facilities, shared delivery centers assist us to define, realize and sustain business change.

HCLT's value-centric focus keeps it continuously investing in and inventing robust methodologies, tools and processes and best-of-breed partnerships. Skills are continuously upgraded within the practice and customers continue to enjoy faster time-to-market as they leverage HCLT's extensive research and development on reusable components and frameworks. Currently, HCLT is investing significantly in niche technologies in areas like eCommerce, Mobility, Cloud and Analytics. HCLT firmly believes that employees, along with customers, bring in the maximum value. In order to continuously empower employees, HCLT has invested in the 'Domain Academy' to nurture and strengthen industry knowledge across verticals.

Engineering and R&D Services

One of the largest global engineering services providers in the world, HCLT's Engineering and R&D Services (ERS) business unit constitutes 18.7% of the company's overall revenues. HCLT ERS works with some of the most innovative and successful organizations in the world. With over two decades of experience operating in complex multi-vendor environments and customer value chains, HCLT ERS is able to seamlessly integrate into a customer's existing R&D ecosystem.

HCLT ERS offers end-to-end engineering services and solutions in hardware, embedded, mechanical and software product engineering to industry leaders across industry verticals like - Aerospace & Defense, Automotive, Consumer Electronics, Industrial Manufacturing, Medical Devices, Networking & Telecom, Office Automation, Semiconductor, Servers & Storage, and Software Products. It successfully collaborates with other innovation partners, captive centers, universities, industry bodies, and manufacturing partners.

HCLT's ERS division believes that the product landscape is undergoing a major and fast paced transformation driven by ever-changing customer needs. User experience and value-centricity are becoming key differentiators for product companies. Market leadership is also no longer associated with only patents and product features but with ecosystem creation and leveraging the right platforms. The division not only provides core product development services but also aids customers in creating ecosystem advantages around their products, either through collaborative strategic services or through HCLT Productized Solutions. This helps in creating impact which can redefine the core of a client's business called "Engineering Out-of-the-Box" or EOOTB. This is core to the division's underlying philosophy.

This division helps customers reduce time to market by leveraging the Global R&D network. It also offers output based business models that are aligned to the R&D goals of the customer. ERS today leverages engineering talent and development capabilities across North America, EMEA and APAC to deliver complex engineering solutions.

HCLT's ERS division not only delivers customer-specific innovation through engineering excellence, but also offers unique risk-reward models such as joint IP development. For example, HCLT has partnered with Cisco, and filed multiple patents in the field of Mobility, Banking and others. Today, HCLT is a strategic partner to key projects at Cisco. The division has executed Faster Product Development with automated testing processes for world's largest anti-virus company. ERS has partnered with one of the world's largest IT management software company to deliver total product development, management and support. It has also developed two applications "Late Arrival Notification" and "Safe Arrival Notification" on OpenXC platform for an American automotive giant.

SNAPSHOT

- Constitutes 18.7% of HCLT's revenues.
- One of the largest independent Engineering and R&D Services organizations in the world.
- Offerings: End-to-end engineering services & solutions in hardware, embedded, mechanical and software product engineering.
- Key differentiator: "Engineering Out-of the- Box" [EOOTB].
- Industries served: Aerospace & defense, automotive, consumer electronics, industrial manufacturing, medical devices, networking & telecom, office automation, semiconductor, servers & storage, and software products.
- Developed two applications "Late Arrival Notification" and "Safe Arrival Notification" on OpenXC platform for an American automotive giant.
- Executed Faster Product Development with automated testing processes for world's largest anti-virus company.
- Filed multiple patents in Mobility and Banking.
- Key IPs: AEGIS, Agora, Cirrus 2.0, ARGOS, Device Mobility Interface Framework, Website Analyzer.

Clients today prefer outsourcing to companies that share their long-term vision, have a risk and rewards business model in place, and have the ability to develop product-based ecosystems. Towards this, HCLT is investing heavily in developing its own IPs and solutions to help clients impact the overall product ecosystem faster and better. Solutions include a unified communication platform, a remote diagnostic reusable module, and telematics & test platforms in multiple verticals. Some key IPs today are: AEGIS (M2M Platform), Agora (HCLT's SaaS platform), Cirrus 2.0 (Microsoft Azure enablement solution), ARGOS (IPV4 to IPV6 migration framework), Device Mobility Interface Framework, Website Analyzer amongst others.

Business Services Division

HCLT pioneered third party Business Process Outsourcing industry in India by launching HCLT Business Services (formerly HCL BPO Services) in 2001. HCLT Business Services provides 24X7, multi-channel and multi-lingual support in eight European languages. HCLT Business Services focuses on key industry segments such as Financial Services, Health Care Services, Telecom, Energy & Utility, Public Services, Manufacturing, Retail & CPG, Media and Publishing, and Logistics. In addition to providing vertical industry specific solutions, HCLT Business Services provides the following cross industry horizontal solutions: Finance & Accounting Outsourcing, Human Resources Outsourcing, Customer Relationship Management, Knowledge Process Outsourcing, Technical Support Services and Supply Chain Management (SCM).

HCLT Business Services pioneered the multi-country delivery and the platform business model. One of the most successful global models is IGDM (Integrated Global Delivery Model) for BPO which reinforces HCLT's commitment to delivering a homogenous experience and single service standards across all its delivery centers. With centers across the world offering uniform international standards of quality & service delivery capability, it transcends time zones and ensures location advantage along with language & cultural alignment. IGDM offers the flexibility to scale up, manage redundancy, and ensure 24/7 optimized operations process standardization, process knowledge and technology assets.

With over a decade of industry experience, HCLT's Business Service Division today pursues a revolutionary maturity level where a new form of BPO called 'Transformational BPO' is evolving, which involves Full Process and Multi-Process outsourcing. HCLT leverages its strengths in IT industry to provide customers the benefits of a complete outsourced experience.

HCLT's Next Generation Business Services

- Vertically aligned strategy with horizontal Centers Of Excellence.
- Innovation and improvement-led solutions with transformation as the 'arrow head'.
- End to end service offering bringing together people, technology and process.
- Delivering through Integrated global delivery centers.
- Flexible business models and value based pricing.
- Collaborative business partnership approach.
- Delivering from Employees First Customers Second (EFCS) platform.

This division has received its share of accolades;

- HCLT ranks in the 'Leaders Category' of IAOP's 2012 Global Outsourcing 100 Service Providers List.
- HCLT won the award for 'Market Facing Innovation' at the NASSCOM Innovation Awards 2012.
- HCLT was conferred with the following recognitions at the Contact Centre World's Top Performers Conference 2011.
  - Best in Customer Service.
  - Best Incentive Scheme.

SNAPSHOT

- 'Transformational BPO' - Full Process and Multiple Process outsourcing.
- Providing over 200 domain specific and quality driven processes for global 500 customers.
- Industries served: Banking & Financial Services, Insurance, Healthcare, Media, Publishing & Entertainment, Telecom, Retail, Utilities & Public Services, Hi-tech & Manufacturing.

- HCLT is listed as a 'Challenger' in Gartner's report Magic Quadrant for Comprehensive Finance and Accounting BPO Global.
- HCLT won awards for 'Innovative Recruitment' and for 'Managing Health at work' at the Asia's Best Employer Brand Awards 2011.
- HCLT was felicitated with the prestigious 'National Best of All Awards' on Economics of Quality at the QCI-DL Shah National Awards 2011.
- HCLT was conferred with the 'Operational Excellence and Quality' Award at the BPO Excellence Awards 2010-11.

Enterprise Applications Services

HCLT's Enterprise Applications Services (EAS) division enables clients to operate from single, integrated technology platforms to run all aspects of their organizations. Whether in the cloud, on-demand or on-premise, the HCLT EAS division ensures all data, transactions and information required to operate best-run businesses are at the fingertips of company executives. The HCLT EAS division accounts for over 20.4% of HCLT's revenues and continues to be a key area of growth.

Strategic partnerships with SAP, Oracle and Microsoft ensure that HCLT can make the latest enterprise technology offerings available to its clients. These partnerships have enabled HCLT to build a leading position in moving enterprise technology onto the mobile platform, allowing employees, managers and executives to access the processes and information they require in real-time on a global basis.

HCLT EAS has won several awards for its Enterprise Mobility Services. iEM, a mobile application that enables utility customers to take control of their energy consumption through the Smart Grid, won the 2011 SAP Mobility Showcase Award at the SAPPHIRE NOW event. mSAM, a mobile application that drives efficiencies for large and distributed field service operations, won the 2012 SAP Innovation Challenge for Manufacturing Mobile Apps. HCLT's EAS will continue to invest in Enterprise Mobility offering clients a comprehensive range of services from mobile application development and integration; to mobile application services, to fully managed mobility including provisioning, hosting, and end-user support.

HCL AXON continues to grow from strength to strength with successful client recognitions. HCL AXON has won several awards within the UK and Europe. This is a great recognition of achievement in the last year including; a gold winner award of the SAP Quality Awards 2011 for the new business application category, IT Europa, European IT Excellence Awards 2012 - Enterprise Transformation Solution of the Year and the SAP UK & Ireland Run Prouder Partner Award 2012 for Human Capital Management. The HCL AXON and SAP relationship continues to deliver value to our customers through industry-focused excellence and orchestrated innovation through diverse resources.

SNAPSHOT

- The EAS division accounts for over 20.4% of HCLT's revenues and continues to be a key area of growth.
- Strategic partnership with SAP, Oracle and Microsoft.
- HCLT EAS has won several awards for its Enterprise Mobility Services.
- Successful client recognitions in the last year: gold winner award of the SAP Quality Awards 2011, IT Europa, European IT Excellence Awards 2012 - Enterprise Transformation Solution of the Year and SAP UK & Ireland Run Prouder Partner Award 2012 for Human Capital Management.
- HCLT EAS Oracle Practice has achieved over 20 specializations including 9 advanced specializations and has been one of the only GSIs recognized as an Oracle Enablement 2.0 Delivery Partner.
- HCLT's FinEdgeTM a CRM banking solution built on the Microsoft Dynamics Platform has been a key accelerator for our customers.
- HCLT's EAS division enables it's over 200 clients to operate more efficiently and provide business intelligence.

HCLT's client base is now looking to HCLT EAS as a transformational partner in the Oracle space. Through HCLT EAS' benefits driven approach to helping clients change their business, HCLT is able to focus on business solutions powered by Oracle technology to drive tangible benefits to the business.

HCLT's solution driven approach with select partners like Microsoft, coupled with a continuous focus on capability development has helped provide customers with faster, better and cheaper Microsoft Dynamics CRM solutions. HCLT's FinEdge™ a CRM banking solution built on the Microsoft Dynamics Platform has been a key accelerator for our customers. A similar solution accelerator focused in the Public Sector space has been a driving force for Microsoft Dynamics CRM adoption for some of our recent customers. This has helped customers leverage the benefit of HCLT capabilities and derive value from their investment in Microsoft Dynamics CRM. Microsoft Dynamics Practice has been adjudged as the CRM Partner of the Year by Microsoft in the APAC-MEA region. HCL AXON's partnership with Microsoft's Business Solutions division has been instrumental in identifying niche market opportunities to drive real customer value.

Consequently, the HCLT EAS division continues to be recognized as a global pioneer in the enterprise technology market by clients, analysts and industry associations alike.

Organizations are seeking to operate more efficiently, with broader reach, through more precise business intelligence, and with greater pace. HCLT's EAS division enables it's over 200 clients to do precisely this.

Risks and Concerns

1. Treasury Related Risks

Exchange Rate Risks

Global financial position continues to remain volatile with wide swings in both the directions in currencies impacting the IT industry. High volatility is likely to continue in medium term with added complexity of cross - currency movements.

HCLT Strategy

As a risk containment strategy, HCLT has taken hedges to protect its receivables and forecast revenues against the foreign currency fluctuations. This strategy ensures certainty in revenue collection and also provides safeguards against any unfavourable movement to stakeholder. The treasury department of the Company continues to track the foreign exchange movements and underlying currency exposures and takes advice from financial experts to decide its hedging strategy from time to time.

Further, there is an increased focus on Europe, Asia Pacific and Rest of the World for generating business which not only insulates from dependency on a single chosen economy but also ensures that the revenue streams are denominated in multiple currencies thereby partially de-risking the currency.

2. Employee related Risks

In IT industry, the ability to execute projects, building and maintaining client partnerships and achieving forecasted operating and financial results are significantly influenced upon an organization's ability to hire, train and retain highly skilled IT professionals in a highly competitive market space.

HCLT Strategy

HCLT's business strategy "Employee First, Customer Second" - directs our investments to retain the right skilled professionals at the right place, right time, right cost.

This strategic intent is influenced by the quality of education and work experience offered to the talent pool available in the geographies we recruit from, industry benchmarks related to compensation and retention as well as talent mobility impacted by growth opportunities within organizations. These and other factors being dynamic can cause challenges in executing to our strategic intent.

3. Regulatory Risk

Compliance with regulatory requirements

As HCL is operating in a number of developing countries and is continuously adding new geographies, there is an increased risk of non-compliance to regulatory requirements.

HCLT Strategy

The HCLT has put in place a comprehensive global regulatory compliance framework to track regulatory compliance globally. Detailed checklists are available with respective process owners to ensure compliance. In addition to this, quarterly compliance certificates are presented to the Board of Directors. Legal function helps in creating awareness around the regulatory framework and focuses on various local compliances related aspects being faced by business entities in respective countries.

4. Technology Related Risks

Technology Risks

HCLT operates in an ever evolving and dynamic technology environment and it is of utmost importance that the Company continuously reviews and upgrades its technology, resources and processes lest it faces technology obsolescence.

HCLT Strategy

The Company is not dependent on any single technology or platform. HCLT has developed competencies in various technologies, platforms and operating environment and offers a wide range of technology options to clients to choose from, for their needs.

HCLT's Chief Delivery Officer (CDO) has dedicated groups which provide services to various delivery teams on process, frameworks, tools and technical training in addition to driving all the Transformation initiatives across the delivery organization.

- Quality group drives continuous process improvement aligning with mature and evolving international process standards and certifications.
- Tools group identifies appropriate tools, develops new tools and supports the tools deployed and also provides consulting and tools related training to project teams.
- The Technical Training group called as Tech CEED focuses on Competency Enhancement to continually upgrade the technical competency of delivery teams and manages the Learning Management System.
- The Delivery Assurance group drives definition and implementation of new practices and frameworks for efficient and effective delivery of products and services.

Under the new Industrialized Global Delivery Initiative, the CDO groups focus on improving quality, productivity and predictability of delivery governed by six principles - standardization, lean process, tools and automation, creating a pool of skilled people, knowledge management and continuous improvement.

The CDO groups work closely with Vertical and Horizontal Line of Business Delivery Units for adopting and implementing the latest technological enhancements in their respective domains. In addition to the in-house training and development initiatives, the Company keeps itself abreast and updated on the contemporary developments in technology landscape through participation in key technology forums and conferences.

5. Competition Related Risks

Key strategic shifts in the global IT Industry have meant that the customer has more choices in technology, vendor and service models. With the advent of disruptive technologies, the industry is fast adapting to the new normal and agility has become a must-have attribute. The consolidation of vendors, the vanishing line between the traditional definition of providers of hardware and software or IT services and BPO among others have made it imperative that the competition be understood from a broader perspective of emergence rather than traditional competition. Also, with MNC players' large India based operations, the offshore advantage to Indian players has given way to what is now a level playing field.

The economic outlook in the major economies of US and Europe has contributed to customer's search for enhanced value for money which means competition is vying with each other to get the best mix of run-the-business and change-the-business in accordance with customer priorities. This is keeping all players on their toes to perform to their best abilities and to quickly acquire capabilities.

The Company faces competition not only from the India based IT services providers but increasingly from the multinational IT vendors. More than ever, the risk of not innovating enough could hurt the interests of the industry players.

HCLT Strategy

HCLT faces more Global MNCs than it faces Indian based players in deals. This is primarily because of the business model that HCLT has adopted to redefine the markets in which we play.

It has enabled us to become strategic partners to some of the biggest brands in the world. We continue to focus and gain market share in this segment as demonstrated by the fact that all our Top 10 clients are now Fortune/Global 500 companies.

6. Physical Security

Increased risk to human life and assets due to frequent incidents of terror assault remains a major risk for companies operating in Third World. The impact would be more on service companies as against manufacturing companies due to manpower intensive business model applicable to IT/ ITeS companies.

HCLT Strategy

HCLT has stringent security levels on all its facilities and ODCs. Comprehensive security is provided by leveraging on People, Processes and Technologies. Formation of ERT (Emergency Response Team), Evacuation plan and strengthening of Disaster Recovery and Business Continuity Plan (DR-BCP) are other related steps in this direction to minimize the loss of human life and to provide continuity of operations with minimal disruptions.

7. Business Continuity & Information Security

HCLT is dealing in maintaining, developing and operating time critical Business and IT applications for various customers. Any natural or man-made catastrophe may halt business activities and cause irreparable damage to brand reputation of the company resulting into loss of Business. Similarly, confidentiality and security of confidential data also pose risk of compromise of information.

HCLT Strategy

HCLT has put in place comprehensive Business Continuity program to ensure that HCLT meets its Business Continuity and Disaster Recovery related requirements as agreed with Customer. Similarly, there is Information Security team to assess and manage the information security and data privacy and related risks by leveraging on People, Processes & Technology.

8. Internal Control Systems and their adequacy

The company has put in place an adequate system of internal control commensurate with its size and nature of business. These systems provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes, safeguarding of assets of the company and ensuring compliance with corporate policies.

The company has a dedicated Internal Audit team which is commensurate with the size, nature & complexity of operations of the company. Internal Audit reports functionally to the Audit Committee of Board which reviews and approves risk based annual internal audit plan. Audit Committee periodically reviews performance of internal audit function.

The company's audit committee comprising of 3 independent directors, which is a sub-committee of the board, reviews adequacy of internal control systems, internal audit reports and legal compliances.

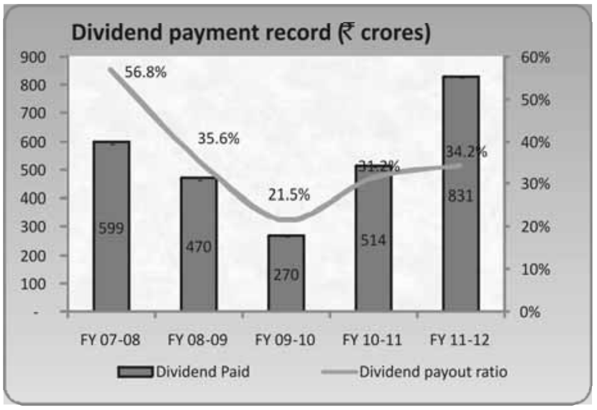
PERFORMANCE TREND

Over the years, HCL Technologies Limited has built itself into an organisation that not only partners with its customers, but also provides value addition, through a gamut of innovative solutions and superior quality of services. It has thus emerged from being a trusted expert, to a trusted business advisor to all its clients. Today, HCL Technologies Limited has risen to eminence, as a leading Company in the IT / ITES space in the globe.

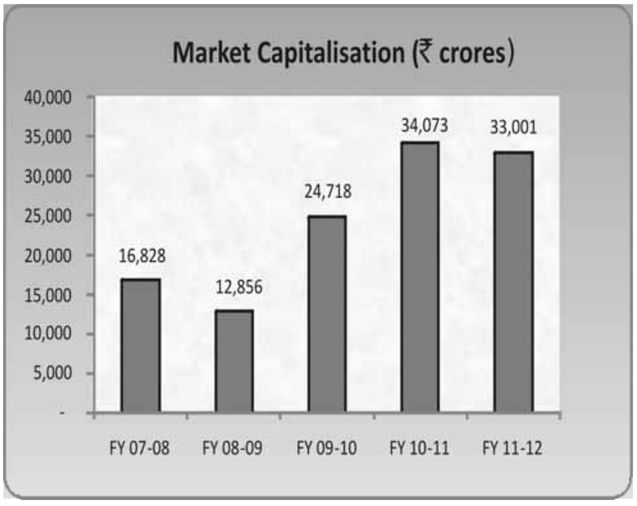
In its journey of business success and excellence, HCL Technologies Limited has created significant wealth for all its stakeholders.

VALUE ADDITIONS SINCE FISCAL 2008

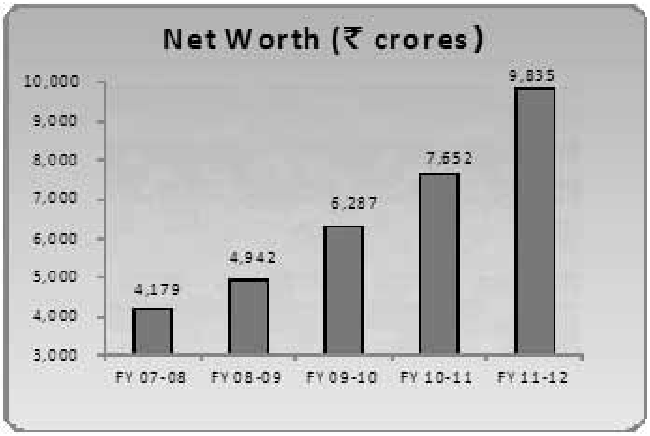
The company has consistent dividend payment record which is one of the best in the Industry.



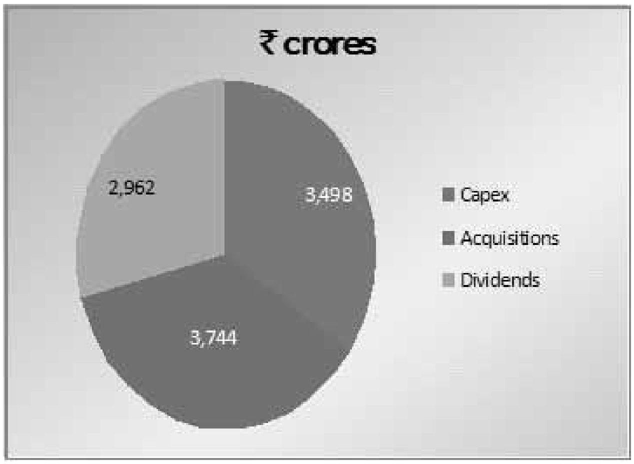
Market capitalization saw a phenomenal increase from ₹16,828 crores in fiscal 2008 to ₹33,001 crore in fiscal 2012.



The net worth of the company has more than doubled in last 5 years.



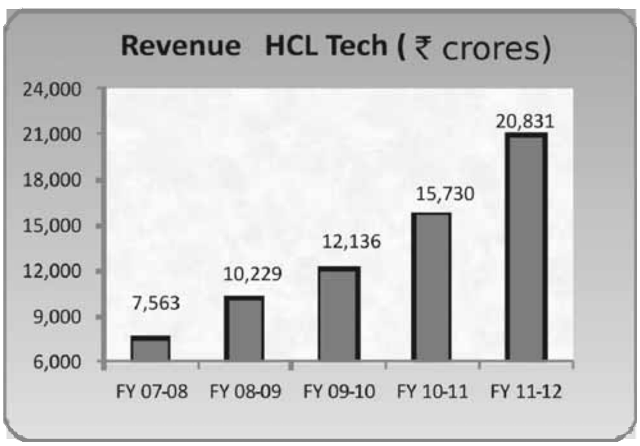
Over the past 5 years the company has invested over ₹3,400 crores in capex and distributed over ₹3,700 crores in dividends payout to shareholders.



OPERATIONAL EXCELLENCE

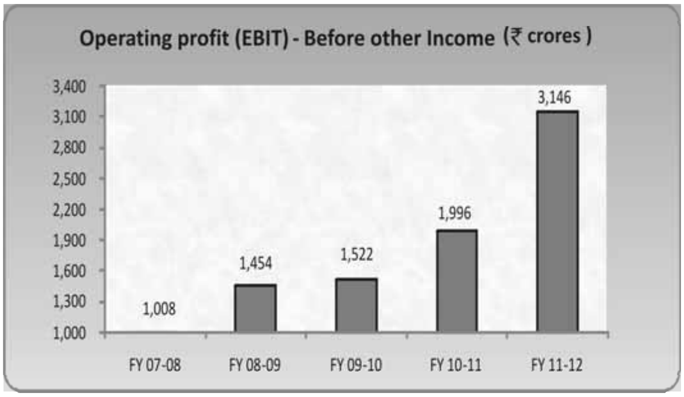
Revenue trend

Revenues grew to a record high of ₹20,831 crores in 2011-12 a rise of almost 2.8 times from 2007-08, with a compounded annual growth rate (CAGR) of 28.8%.

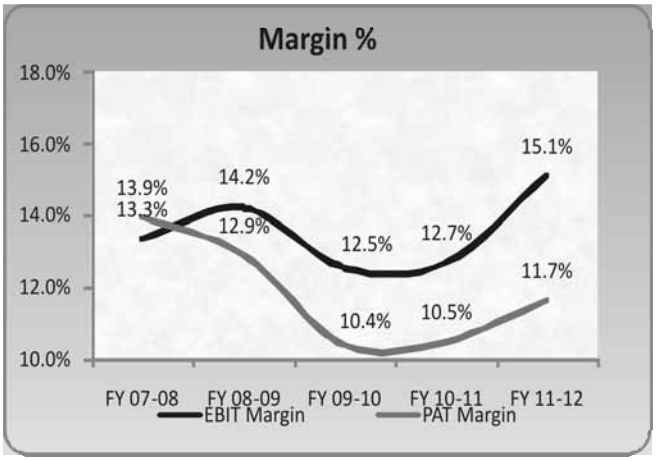


Earnings trends

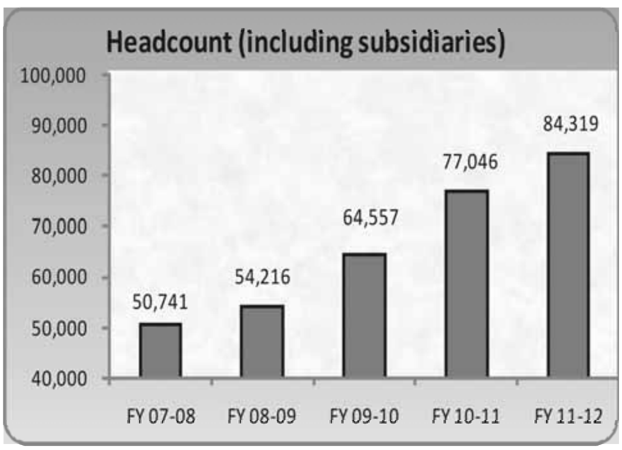
Earnings before interest and tax (EBIT) excluding other income have grown by 3.1 times from ₹1,008 crores in 2007-08 to ₹3,146 crores in 2011-12, with a compounded annual growth rate (CAGR) of 32.9%.



Profitability has been one of the focus areas of the Company. In recent times profitability has improved substantially.



Headcount (including subsidiaries) has expanded by more than 1.7 times from 50,741 in 2007-08 to 84,319 in 2011-12.



FINANCIAL PERFORMANCE - (Consolidated)

The financials results of HCL Technologies Limited as per Indian GAAP are discussed hereunder in two parts.

(i) HCL (Consolidated) which includes performance of subsidiaries, joint ventures and associates of HCL Technologies Limited. Preparation and presentation of such consolidated financial statements depicts comprehensively the performance of the HCL group of companies and is more relevant for understanding the overall performance of HCL.

(ii) HCL (Standalone) which excludes the performance of subsidiaries, joint ventures and associates of HCL Technologies Limited. [see Management Discussion and Analysis (Standalone)]

The following discussion and analysis should be read together with consolidated Indian GAAP Financial statements of HCL Technologies Limited (hereinafter referred to as the HCL or the Company) for the financial years ended June 2012 and June 2011.

Financial performance summary (Consolidated)

The global economy and the IT industry in particular have been going through volatile times. The major markets in which the Company operates had to navigate through a phase of one of the worst economic crisis the world has ever faced. The period of crisis was used by the Company for revamping its internal business processes, without losing focus on delivering value to customers and growth with profitability for the company. Driven by the passion for continuous improvement and diligent implementation of its strategy, the Company has gone from strength to strength and is well positioned for future growth.

In fiscal 2012, the consolidated revenues of the Company aggregated ₹20,831 crores (₹15,730 crores in fiscal 2011), registering a growth of 32.4%.

The consolidated profit before taxes (PBT) aggregated ₹3,210 crores in fiscal 2012 (₹ 2,135 crores in fiscal 2011) - a growth of 50.3%.

The consolidated net profit for the fiscal 2012 after taxes aggregated ₹2,427 crores (₹ 1,647 crores in fiscal 2011) - a growth of 47.4%.

In fiscal 2012, the Company's consolidated earnings per share were ₹35 (₹24 in fiscal 2011).

HCL Technologies Limited (Consolidated)

The Management Discussion and Analysis in this paragraph relates to the consolidated financial statements of HCL Technologies Limited and its subsidiaries. The discussion should be read in conjunction with the financial statements and related notes to the consolidated accounts of HCL Technologies Limited for the year ended 30 June 2012.

(₹ in Crores)

Particulars	Year Ended June 30				Growth
	2012	%	2011	%	%
Revenue from operations	20,831	100.0	15,730	100.0	32.4
Total revenues	**20,831**	**100.0**	**15,730**	**100.0**	**32.4**
Cost of materials	612	2.9	522	3.3	17.2
Employee benefit expenses	11,105	53.3	8,590	54.6	29.3
Other expenses	5,419	26.0	4,163	26.5	30.2
Depreciation and amortization expense	549	2.6	460	2.9	19.5
Total expenses	**17,685**	**84.9**	**13,735**	**87.3**	**28.8**
Profit before finance cost, other income & tax	**3,146**	**15.1**	**1,996**	**12.7**	**57.6**
Finance costs	143	0.7	160	1.0	-11.1
Other income	207	1.0	300	1.9	-31.1
Profit before tax	**3,210**	**14.4**	**2,135**	**13.6**	**50.3**
Provision for tax	783	3.8	488	3.1	60.2
Minority Interest	(0)	0.0	(0)	0.0	
Profit before minority interest / share of loss of associates	**2,427**	**11.7**	**1,647**	**10.5**	**47.4**
Share of loss of associates	(4)	0.0	-	0.0	
Profit after tax	**2,423**	**11.7**	**1,647**	**10.5**	**47.4**

Revenue:-

Revenue during fiscal 2012 have grown by 32.4% compared to fiscal 2011.

The Company derives its revenue from three segments viz Software, Infrastructure services and Business process outsourcing services. Among the three segments, revenues from Infrastructure services have registered highest growth of 40.6% followed by 31.6% growth in Software services.

Segment wise details are given below:

(₹ in Crores)

Particulars	Year Ended June 30				Growth
	2012	%	2011	%	%
Software Services	14,775	70.9	11,227	71.4	31.6
Infrastructure Services	5,100	24.5	3,627	23.1	40.6
Business Process Outsourcing Services	956	4.6	876	5.6	9.2
Total Revenue	**20,831**		**15,730**		**32.4**

The Segmentation of software services income by delivery location is as follows:- (In %)

Particulars	Year Ended June 30	
	2012	2011
Onsite	57.2	57.8
Offshore	42.8	42.2

The segmentation of IT revenue (Software and Infrastructure Services) by project types is as follows:- (In %)

Particulars	Year Ended June 30	
	2012	2011
Fixed Price	49.2	41.8
Time and Material	50.8	58.2

Project Type mix is showing a consistent decline in time & material type projects. This is mainly due to the constantly changing business environment wherein customers are moving more towards value based pricing rather than effort based pricing.

Geography wise breakdown of revenue

The company also reviews its business on a geographic basis. The following table classifies total revenue by geographic areas:

(₹ in Crores)

Particulars	Year Ended June 30				Growth
	2012	%	2011	%	%
US	11,243	54.0	8,654	55.0	29.9
Europe	5,528	26.5	4,251	27.0	30.0
India	949	4.6	742	4.7	27.8
Rest of the World	3,111	14.9	2,083	13.2	49.4
Total revenue	**20,831**		**15,730**		**32.4**

Revenues from US Geography have grown by 29.9%.Europe has grown by 30.0% and revenues from rest of the world have registered a growth of 49.4%.

Employee benefit expenses:-

(₹ in Crores)

Particulars	Year Ended June 30			
	2012	%	2011	%
Salaries, wages and bonus	9,723	46.7	7,467	47.5
Contribution to provident fund and other employee funds	1,184	5.7	931	5.9
Staff welfare expenses	63	0.3	59	0.4
Employee stock compensation expense	135	0.6	133	0.8
	11,105	**53.3**	**8,590**	**54.6**

Employee benefit expenses have increased to ₹11,105 crores in 2012 from ₹8,590 crores in 2011, an increase of 29.3%. The increase is primarily on account of - (a) Increase in number of employees during the year from total of 77,046 at the end of fiscal 2011 to 84,319 at the end of fiscal 2012 and (b) increase in average cost per employee. Employee benefit expenses as a percentage of revenues have declined from 54.6% in 2011 to 53.3 % in fiscal 2012.

In respect of Software services division, total software professional persons-months:

Software service division	Year Ended June 30	
	2012	2011
Billed professional persons-months	465,878	399,053
Non billable professional persons-months	145,289	121,623
Total professional persons- months	611,167	520,676

The utilization of billable software persons are as follows:-

(In %)

Particulars	Year Ended June 30	
	2012	2011
Offshore - including trainees	72.4	71.2
Offshore - excluding trainees	75.1	75.4

Operating and other expenses:-

(₹ in Crores)

Particulars	Year Ended June 30			
	2012	%	2011	%
Rent	312	1.5	239	1.5
Power & fuel	193	0.9	159	1.0
Travel and conveyance	1,028	4.9	1,095	7.0
Outsourcing cost	2,394	11.5	1,566	10.0
Communication costs	242	1.2	186	1.2
Recruitment training & development	132	0.6	125	0.8
Exchange differences (net)	35	0.2	11	0.1
Others	1,083	5.2	782	5.0
	5,419	**26.0**	**4,163**	**26.5**

Outsourcing costs includes (a) outsourcing of several customer related activities e.g. hosting services, facilities management, disaster recovery, maintenance, break fix services, etc. in Infrastructure services. (b) hiring of third party consultants from time to time to supplement the in house teams in Software services. These costs increased to ₹2,394 crores in fiscal 2012 from ₹1,566 crores in fiscal 2011.

The Company derives over 95% of its revenues in foreign currencies while over 35% of it's costs are incurred in INR. This exposes the Company to risk of adverse variation in foreign currency exchange rates. The Company uses foreign exchange forward contracts and options to mitigate the risk of movements in foreign exchange rates associated with receivables and forecasted transactions in certain foreign currencies. During the fiscal year the Company has net exchange loss of ₹35 crores against loss of ₹11 crores during the fiscal 2011 mainly on account of mark to market of forward covers and restatement of foreign currency assets and liabilities.

The Company follows cash flow hedge accounting in respect of forward covers and options taken to hedge the foreign exchange risks related to the forecasted revenues. Exchange gain / (loss) arising on those forward covers where cash flow hedge accounting is followed has been reported under revenues.

Exchange rates for major currencies are given below:-

Average Rate	USD	GBP	EURO	AUD
For the year ended June 30, 2012	50.59	80.83	67.43	52.41
For the year ended June 30, 2011	45.15	72.08	62.36	45.41
Depreciation/(appreciation) (%)	12.0%	12.1%	8.1%	15.4%

Period ended	USD	GBP	EURO	AUD
As at June 30, 2012	55.64	86.94	70.09	56.74
As at June 30, 2011	44.70	71.58	64.64	47.89
Depreciation/(appreciation) (%)	24.5%	21.5%	8.4%	18.5%

Profit before Finance cost, Other Income & Tax

The Company's Operating profit has increased to ₹ 3,146 crores in fiscal 2012 from ₹ 1,996 crores in 2011, increase of 57.6%.

Other Income

Other income comprises interest received on deposits with banks, dividend from mutual funds and gain due to exchange fluctuations. The details of Other Income are as follows:-

(₹ in Crores)

Particulars	Year ended June 30	
	2012	2011
Interest Income	138	136
Dividend from current investments	35	26
Profit on sale of investments	-	4
Exchange differences	-	3
Others	34	131
	207	**300**

Taxation:-

The provision for taxation includes tax liability in India and tax liabilities arising overseas. The details are as follows:-

(₹ in Crores)

Particulars	2012	2011
Indian taxes	402	122
Foreign taxes	381	366
	783	**488**

The effective tax rate of the company for the year ended June 30, 2012 and 2011 is 24.4% and 22.9% respectively. The increase in effective tax rate is mainly on account of expiry of tax holiday periods for all STPI units, which has expired during the last year or earlier periods and higher tax expenses in some foreign jurisdiction.

FINANCIAL POSITION

Share capital:-

Authorized Share Capital of ₹150 crores consists of 750,000,000 equity shares of ₹2 each of which paid up share capital is ₹138.7 crores as at the period end. During the year, employees exercised 193018, 382084 and 573636 equity shares under the employee's stock options plan 1999, 2000 & 2004 respectively. Consequently issued, subscribed and paid up capital increased by 4,594,952 equity shares and share capital increased by ₹0.92 crores.

Borrowings:-

Company has outstanding borrowings of ₹2,179 crores as of June 30 2012 primarily consisting of the following:-

- Secured redeemable non convertible debentures of ₹10 lacs each issued for ₹830 crores redeemable in trenches of 3 & 5 years from the date of issue and have an interest cost ranging between 8.20% to 8.80%. During the year the Company has repaid debentures of ₹170 crores.
- Secured long term outstanding foreign currency loan of ₹560 crores (USD Equivalent 101 Mn) crores from banks repayable in five half yearly equal installments starting from Nov 2011 carrying interest ranging from 3% to 4%.
- During the year the company has taken a short term loan of ₹396 crores ($75Mn) in one of its subsidiaries.

Fixed Assets:-

The Company has made additions of ₹904.6 crores during 2012 in the gross block of fixed assets which comprises computers, software, other equipments and investment in facilities. Gross block of fixed assets as at the end of fiscal 2012 stood at ₹9,582 crores and capital work in progress stood at ₹578 crores.

The Company is in the process of developing facilities in its campuses at Noida, Chennai, Bengaluru and Manesar. These campuses are spread over a combined area of 133 acres. 25,000 seats have already become operational at these campuses and 22,000 seats are under development at these campuses. All these campuses excluding Manesar are approved SEZ locations. Expenditure incurred till end of fiscal 2012 for the facilities under construction is appearing under capital work in progress.

Treasury Investments:-

The guiding principle of the Company's treasury investment is Safety, Liquidity & Return. The Company has efficiently managed its surplus funds through careful treasury operations.

The Company deploys its surplus funds primarily in debt mutual funds and bank fixed deposits with a limit on investments with individual fund/bank.

(₹ in Crores)

Particulars	2012	2011
Debt Mutual Funds	546	643
Bonds	95	95
Fixed Deposits with Banks	1,401	1,195
Inter corporate deposits with HDFC Limited	100	50
	2,142	**1,983**

CASH FLOWS

Summary of cash flow statement is given below :

(₹ in Crores)

	2012	2011
Cash and cash equivalents at the beginning of the year	524	471
Net cash flow from operating activities	2,553	1,763
Net cash flow used in investing activities	(1,026)	(691)
Net cash flow used in financing activities	(1,239)	(1,054)
Effect of exchange differences on cash and cash equivalents held in foreign currency	(135)	34
Cash and cash equivalents at the end of the period	677	524

Net cash of ₹2,553 crores was generated from operating activities by the Company in fiscal 2012 (₹1,763 crores in FY 2011)

Cash flow from operations (₹ in Crores)

	2012	2011
Operating profit before working capital changes	4,150	2,643
Effect of working capital changes	(831)	(552)
Cash generated from operations	**3,319**	**2,091**
Direct taxes paid	(766)	(329)
Net cash generated from operating activities	**2,553**	**1,763**

The operating profit in fiscal 2012 as compared to fiscal 2011 went up by 57.6%. However requirement of working capital, increase in income tax expenses and exchange rate movement in fiscal 2012 has resulted in reduction of net cash inflow from operating activities. Additional working capital was driven by business needs.

Cash flow from investing activities (₹ in Crores)

	2012	2011
Purchase of fixed assets	(906)	(782)
Sale / (purchase) of investments	6	151
Payment for deferred consideration on business acquisition	(101)	(10)
Payment for business acquisition (net of cash acquired)	-	(60)
Proceeds from sale of business	-	15
Redemption / maturity of bank deposits (net) having maturity over three months	(182)	(98)
Interest and dividend income	198	130
Taxes paid	(43)	(36)
Net cash flows used in investing activities	**(1,026)**	**(691)**

In fiscal 2012 the company used ₹1,026 crores from investing activities (₹691 crores in fiscal 2011). The significant items of investing activities are:-

- Fixed deposits with banks (net) having maturity greater than 3 months of ₹182 crores has been redeemed in fiscal 2012 (₹98 crores invested in fiscal 2011).
- Interest on deposits and dividend on investment in mutual fund received in fiscal 2012 of ₹198 crores (₹130 crores in fiscal 2011).
- Deferred consideration paid during fiscal 2012 of ₹101 crores (₹10 crores in fiscal 2011).

Cash flow from financing activities (₹ in Crores)

	2012	2011
Proceeds from issue of share capital	39	90
Repayment of debentures	(170)	-
Dividend paid (including taxes)	(803)	(518)
Repayment of borrowings (net)	(279)	(485)
Interest paid	(114)	(127)
Principal payment for finance lease obligations	89	(14)
Net cash flows used in financing activities	**(1,239)**	**(1,054)**

In fiscal 2012 the company used ₹1,239 crores on financing activities (₹1,054 crores in fiscal 2011). The significant items of investing activities are:-

- Payment of dividend including taxes ₹803 crores (₹518 crores in fiscal 2011).
- Redemption of debentures of ₹170 crores in fiscal 2012.
- Repayment of borrowings (net) of ₹279 crores in fiscal 2012 (₹485 crores in fiscal 2011).

HCL Technologies Limited (Standalone):-

The Consolidated Financial Statements brings out comprehensively the performance of the Company and are more relevant for understanding the Company's Performance.

The discussion in the paragraph which follows should be read in conjunction with the financial statements and related notes relevant to HCL Technologies Limited (Standalone) for the year ended 30 June 2012.

Financial performance summary (Standalone)

In fiscal 2012, the revenue of the Company aggregated ₹8,907 crores (₹6,794 crores in fiscal 2011), registering a growth of 31.1%.

The profit before taxes (PBT) aggregated ₹2,361 crores in fiscal 2012 (₹1,290 crores in fiscal 2011) - a growth of 83.0%.
The net profit for the fiscal 2012 after taxes aggregated ₹1,950 crores (₹1,198 crores in fiscal 2011) - a growth of 62.8%.

RESULTS OF OPERATIONS (STANDALONE)

(₹ in Crores)

Particulars	Year Ended June 30				Growth
	2012	%	2011	%	%
Revenue from operations	8,907	100.0	6,794	100.0	31.1
Total revenue	**8,907**	100.0	**6,794**	**100.0**	31.1
Cost of materials	206	2.3	165	2.4	24.8
Employee benefit expenses	3,923	44.0	3,259	48.0	20.4
Other expenses	2,268	25.5	1,854	27.3	22.3
Depreciation and amortization expense	353	4.0	291	4.3	21.2
Total expenses	**6,750**	75.8	**5,569**	**82.0**	21.2
Profit before finance cost, other income & tax	**2,157**	24.2	**1,225**	**18.0**	76.1
Finance costs	97	1.1	101	1.5	-4.1
Other income	301	3.4	166	2.4	80.9
Profit before tax	**2,361**	26.5	**1,290**	**19.0**	83.0
Provision for tax	411	4.6	92	1.3	348.0
Profit after tax	**1,950**	21.9	**1,198**	**17.6**	62.8

FISCAL 2012 COMPARED TO FISCAL 2011

Revenue:-

Revenue during the fiscal 2012 has grown by 31.1% as compared to fiscal 2011.

The Company derives its revenue from three segments viz Software, Infrastructure and Business process outsourcing services. Among the three segments, revenues from Infrastructure services have registered highest growth rate of 62.5%.

Segment wise revenue details are given below:

(₹ in Crores)

Particulars	Year Ended June 30				Growth
	2012	%	2011	%	%
Software services	6,793	76.3	5,424	79.8	25.2
Infrastructure services	1,538	17.3	946	13.9	62.5
Business process outsourcing services	576	6.5	424	6.2	35.8
Total revenue	**8,907**		**6,794**		**31.1**

Employee benefit expenses:-

(₹ in Crores)

Particulars	Year Ended June 30			
	2012	%	2011	%
Salaries, wages and bonus	3,631	40.8	2,990	44.0
Contribution to provident fund and other funds	126	1.4	105	1.5
Staff welfare expenses	31	0.3	31	0.5
Employee stock compensation expense	135	1.5	133	2.0
	3,923	**44.0**	**3,259**	**48.0**

Employee benefit expenses have increased to ₹3,923 crores in 2012 from ₹3,259 crores in 2011, an increase of 20.4% in personnel costs have been driven primarily by an increase in number of employees during the year from total of 56,587 at the end of fiscal 2011 to 62,246 at the end of fiscal 2012 and increase in average cost per employee.

Employee benefit expenses as a percentage of revenues have decreased from 48.0 % in 2011 to 44.0 % in fiscal 2012.

Other expenses:-

(₹ in Crores)

Particulars	Year Ended June 30			
	2012	%	2011	%
Rent	194	2.2	132	1.9
Power & fuel	154	1.7	127	1.9
Travel and conveyance	505	5.7	677	10.0
Communication costs	77	0.9	64	0.9
Recruitment training & development	52	0.6	56	0.8
Exchange differences(net)	-	-	75	1.1
Outsourcing costs	676	7.6	332	4.9
Others	610	6.8	391	5.7
	2,268		**1,854**	

The Company derives almost entire revenues in foreign currencies while almost entire costs are incurred in INR. This exposes the Company to risk of adverse variation in foreign currency exchange rates. The Company uses foreign exchange forward contracts and options to mitigate the risk of movements in foreign exchange rates associated with receivables and forecasted transactions in certain foreign currencies. During the current fiscal the Company has exchange gain of ₹156 crores (reported in other income) compared to loss of ₹75 crores in previous fiscal. These exchange gains are mainly on account of mark to market of forward covers and restatement of foreign currency assets and liabilities.

The Company follows cash flow hedge accounting in respect of forward covers and options taken to hedge the foreign exchange risks related to the forecasted revenues. Exchange gain / (loss) arising on those forward covers where cash flow hedge accounting is followed has been reported under revenues.

Profit before Interest & Other Income & Tax

The Company's Operating profit has increased to ₹2,157 crores in fiscal 2012 from ₹1,225 crores in 2011, increase of 76.1%.

Taxation:-

The net tax expense for 2012 was ₹411 crores compared to ₹92 crores in 2011.

FINANCIAL POSITION

Borrowings:-

Company has outstanding borrowings of ₹1,040 crores as of 30 June 2012 primarily consisting of the following:-

- Secured redeemable non convertible debentures of ₹10 lacs each issued for ₹830 crores redeemable in trenches of 3 & 5 years and have an interest cost varying between 8.20% to 8.80%. During the year the company has repaid debentures of ₹170 crores.

Fixed Assets:-

The Company has made additions of ₹677 crores during 2012 in the gross block of fixed assets which comprises computers, software, other equipments and investment in facilities. Gross block of fixed assets as at the end of fiscal 2012 stood at ₹3,497 crores and capital work in progress stood at ₹550 crores.

The Company is in the process of developing facilities in its campuses at Noida, Chennai, Bengaluru and Manesar. These campuses are spread over a combined area of 133 acres. 25,000 seats have already become operational at these campuses and 22,000 seats are under development at these campuses. All these campuses excluding Manesar are approved SEZ locations. Expenditure incurred till end of fiscal 2012 for the facilities under construction is appearing under capital work in progress.

Treasury Investments:-

The guiding principle of the Company's treasury investment is Safety, Liquidity & Return. The Company has efficiently managed its surplus funds through careful treasury operations.

The Company deploys its surplus funds primarily in debt mutual funds and bank fixed deposits with a limit on investments with individual fund/bank.

(₹ in Crores)

Particulars	2012	2011
Debt Mutual Funds	364	413
Bonds	95	95
Fixed Deposits with Banks	1,017	896
Inter corporate deposits with HDFC Ltd.	100	50
Total	**1,576**	**1,454**

CASH FLOWS

Cash Flows from Operating Activities:-

Cash generated from operations provides the major sources of funds for the growth of the business. Net cash provided by operating activities was ₹2,160 crores and ₹1,519 crores in fiscal 2012 and 2011 respectively.

Cash Flows from Investing Activities:-

In fiscal 2012, an amount of ₹691 crores was invested in fixed assets.

Cash Flows from Financing Activities:-

Cash flow from financing activities in the year has an outflow of ₹837 crores against outflow of ₹883 crores in 2011. These include payment of final and interim dividend (including corporate dividend tax) amounting to ₹803 crores and interest paid on loans ₹89 crores during the year.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting this Twentieth Annual Report together with the Audited Accounts for the year ended June 30, 2012.

FINANCIAL RESULTS

The highlights of the financial results of your Company prepared for the financial year 2011-12 are tabulated below:

(₹ in crores)

	Consolidated		Standalone	
	2011-12	**2010-11**	**2011-12**	**2010-11**
Total Revenue	**21,037.05**	**16,030.08**	**9,208.08**	**6,960.75**
Total Expenditure	**17,827.25**	**13,894.97**	**6,847.34**	**5,670.87**
Profit before tax	3,209.80	2,135.11	2,360.74	1,289.88
Provision for tax	(782.72)	(488.48)	(410.32)	(91.60)
Share of minority interest	(0.07)	(0.12)	-	-
Share of loss of associates	(4.31)	-	-	-
Profit after tax	**2,422.70**	**1,646.51**	**1,950.42**	**1,198.28**
Balance in Profit and Loss Account brought forward	4,167.94	3,535.14	2,435.71	2,260.95
Loss acquired under the scheme of amalgamation	-	-	-	(9.81)
Transfer from debenture redemption reserve due to redemption of debenture	170.00	-	170.00	-
Amount available for appropriation	**6,760.64**	**5,181.65**	**4,556.13**	**3,449.42**
Appropriations				
Proposed final dividend [including ₹0.29 crores (previous year ₹0.35 crores) paid for previous year]	277.60	138.09	277.60	138.09
Interim dividend	552.98	376.40	552.98	376.40
Corporate dividend tax [including ₹0.05 crores (previous year ₹0.06 crores) paid for previous year]	134.74	84.39	134.74	84.39
Transfer to general reserve	195.04	119.83	195.04	119.83
Transfer to debenture redemption reserve	210.00	295.00	210.00	295.00
Balance carried forward to the balance sheet	**5,390.28**	**4,167.94**	**3,185.77**	**2,435.71**

TRANSFER TO RESERVES

During the financial year 2011-12, your Company has transferred ₹195.04 crores to the General Reserve Account. An amount of ₹210 crores has been transferred to the Debenture Redemption Reserve Account and ₹170 crores has been transferred back to the profit & loss account from the debenture redemption reserve account on account of redemption of debentures. As on June 30, 2012, the balance available in the debenture redemption reserve account is ₹630 crores. An amount of ₹3,185.77 crores is proposed to be carried forward in the Profit & Loss Account.

OVERVIEW

During the financial year 2011-12, on a consolidated basis, the Company's revenues for the year 2011-12 stood at ₹20,830.55 crores registering a growth of 32.42% over the previous year.

A detailed analysis on the Company's performance is included in the Management's Discussion and Analysis Report titled as "Management's Discussion and Analysis", which forms part of this Annual Report.

DIVIDENDS

Your Directors are pleased to recommend a final dividend of ₹4/- per equity share of par value of ₹2/- each for the financial year ended June 30, 2012, subject to the approval of the shareholders at the ensuing Annual General Meeting of the Company. During the year under review, your directors had declared and paid three interim dividends as per the details given hereunder:

S. No.	Interim dividend paid during the year ended June 30, 2012	Rate of dividend per share (face value of ₹ 2/- each)	Amount of dividend paid	Dividend Distribution tax paid by the Company	Total Outflow
			(₹/crores)		
1	1st Interim Dividend	₹ 4/-*	276.06	44.78	320.84
2	2nd Interim Dividend	₹ 2/-	138.39	22.45	160.84
3	3rd Interim Dividend	₹ 2/-	138.53	22.47	161.00

* *Including onetime special Milestone dividend of ₹2/- per equity share.*

The total amount of dividends (including interim dividends paid) for the year ended June 30, 2012 shall be ₹830.58 crores. Dividend distribution tax paid / payable by the Company for the year would amount to ₹134.74 crores.

SUBSIDIARIES / JOINT VENTURES

Joint Venture with State Street Corporation, USA

During the year the Company entered into a joint venture with State Street Corporation, a company incorporated in USA in which your Company holds 49% stake in the joint venture company through its step down subsidiary in U.K. The operations of the said joint venture are being carried out in Statestreet HCL Services (India) Pvt. Ltd., a company incorporated under the Companies Act, 1956.

Joint Venture with Great American Insurance Company

During the year the Company has entered into a joint venture with Great American Insurance Company (GAIC).The Joint Venture Company has been incorporated in India titled “HCL Eagle Limited” in which 92% stake is held by the Company and balance stake is held by GAIC.

Rationalisation of subsidiaries

During the year, as a part of the process of restructuring, one company in U.S. titled Capital Stream Inc. has been merged with HCL America Inc.; one company in Canada viz. HCL Technologies Canada Inc. has been merged with Axon Solutions (Canada) Inc. and the holding structure of some of the step down subsidiaries was changed. Further the business of one company in Malaysia has been transferred to the other subsidiary in Malaysia and also changed the investment company in Austria to the operational entity.

Closure of subsidiaries

- As a rationalization process your Company has undertaken the strike off of its step down subsidiary in Singapore viz. DSI Financial Solutions Pte. Limited w.e.f. April 11, 2012.

SUBSIDIARIES - FINANCIALS

The Company has 57 subsidiaries as on June 30, 2012. Pursuant to the circular dated February 8, 2011 issued by the Ministry of Corporate Affairs a general exemption has been granted to the companies from annexing the individual accounts of all the subsidiaries along with the audited financial statements of the Company while publishing the Annual Report subject to certain conditions as mentioned in the said circular. Your Company meets all the conditions stated in the aforesaid circular and therefore the standalone financial statements of each subsidiary are not annexed with the Annual Report of the Company for the year ended June 30, 2012.

The consolidated financial statements of the Company and its subsidiaries are attached in the Annual Report. A statement containing brief financial details of all the subsidiaries of the Company for the year ended June 30, 2012 forms part of the Annual Report. The Company would provide the annual accounts of the subsidiaries and the related detailed information to the shareholders of the Company on specific request made to it in this regard by the shareholders.

CHANGES IN CAPITAL STRUCTURE

Issue of shares under Employees Stock Option Plans

During the year ended June 30, 2012, the Company allotted 45,94,952 equity shares of ₹2/- each fully paid up under its Employees Stock Option Plans. This constitutes 0.66% of the total paid up share capital of the Company as on June 30, 2012.

Issued and Paid-up Share Capital

As on June 30, 2012, the issued and paid-up share capital of the Company was ₹138,65,66,952/- (previous year: ₹137,73,77,048/-) comprising 69,32,83,476 (previous year: 68,86,88,524) equity shares of ₹2/- each fully paid-up.

SHARES UNDER COMPULSORY DEMATERIALIZATION

The equity shares of your Company are included in the list of specified scrips where delivery of shares in dematerialized (demat) form is compulsorily effective from July 24, 2000, if the same are traded on a stock exchange, which is linked to a depository. As of June 30, 2012, 99.93% shares were held in demat form.

DEBENTURES

During the financial year ended June 30, 2010, the Company had issued rated, secured, taxable, redeemable non-convertible debenture(s) as per details given hereunder:

Date of Issue	Amount (₹ in crores)	Coupon Rate (Payable quarterly)	Maturity Date	Redeemed on
August 25, 2009	170	7.55% p.a.	August 25, 2011	August 25, 2011
August 25, 2009	330	8.20% p.a.	August 25, 2012	-
September 10, 2009	500	8.80% p.a.	September 10, 2014	-

A debenture trust deed in favour of IDBI Trusteeship Services Limited for the aforesaid issues was executed. The debentures are secured by way of mortgage(s) and/ or charges on the specific movable / immovable properties of the Company whether existing / future. The said debentures have been listed on Wholesale Debt Segment of the National Stock Exchange of India Limited. The Company has paid the interest due on the aforesaid debentures on time and nothing is payable as on date.

INTERNAL CONTROL SYSTEM

The Company has put in place an adequate system of internal control commensurate with its size and nature of business. These systems provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes, safeguarding of assets of the Company and ensuring compliance with corporate policies.

The Company has a dedicated Internal Audit team which is commensurate with the size, nature & complexity of operations of the Company. Internal Audit reports functionally to the Audit Committee of Board which reviews and approves risk based annual internal audit plan. Audit Committee periodically reviews the performance of internal audit function.

The Company has a rigorous business planning system to set targets and parameters for operations which are reviewed with actual performance to ensure timely initiation of corrective action, if required.

The Company's audit committee reviews adherence to internal control systems, internal audit reports and legal compliances. This committee reviews all quarterly and yearly results of the Company and recommends the same to Board for its approval.

CORPORATE GOVERNANCE

The report of the Board of Directors of the Company on Corporate Governance is given as a separate section titled 'Corporate Governance Report 2011-12', which forms part of this Annual Report.

Certificate of the Statutory Auditors of the Company regarding compliance with the Corporate Governance requirements as stipulated in clause 49 of the Listing Agreement with the stock exchanges is annexed with the aforesaid Corporate Governance Report.

MANAGEMENT'S DISCUSSION & ANALYSIS

The Management's Discussion and Analysis is given separately and forms part of this Annual Report.

INSIDER TRADING REGULATIONS

Based on the requirements under 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 for corporate disclosures are in force.

DIRECTORS

In accordance with the provision of the Companies Act, 1956 and Articles of Association of the Company, Mr. Shiv Nadar and Ms. Robin Abrams shall retire by rotation as Directors of the Company at the ensuing Annual General Meeting and being eligible, they have offered themselves for the reappointment as the Directors of the Company.

Mr. Sudhindar Krishan Khanna was appointed as an Additional Director of the Company w.e.f. November 03, 2011. Pursuant to the provisions of section 260 of the Companies Act, 1956, Mr. Sudhindar Krishan Khanna holds the office till the ensuing Annual General Meeting and is eligible for appointment as the Director of the Company. A brief profile of Mr. Sudhindar Krishan Khanna who is proposed to be appointed as Director of the Company is given in the corporate governance section of the annual report.

Mr. Sosale Shankara Sastry and Mr. Srikant Madhav Datar were appointed as Additional Directors of the Company w.e.f. July 24, 2012. Pursuant to the provisions of section 260 of the Companies Act, 1956, Mr. Sosale Shankara Sastry and Mr. Srikant Madhav Datar holds the office till the ensuing Annual General Meeting and are eligible for appointment as the Directors of the Company. A brief profile of Mr. Sosale Shankara Sastry and Mr. Srikant Madhav Datar who are proposed to be appointed as the Directors of the Company is given in the corporate governance section of the annual report.

AUDITORS

The statutory auditors, M/s. S.R. Batliboi & Co. Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and they have confirmed their eligibility and willingness to be re-appointed. The Audit Committee and the Board of Directors recommend the reappointment as statutory auditors of M/s. S.R. Batliboi & Co., Chartered Accountants for the financial year 2012-13 for shareholders' approval.

TRANSFER OF UNPAID AND UNCLAIMED AMOUNTS TO IEPF

Pursuant to the provisions of section 205A (5) of the Companies Act, 1956, the dividend declared and paid by the Company and which have remain unpaid or unclaimed for a period of seven years from the date of declaration have been transferred by the Company to the Investor Education and Protection Fund ("IEPF") established by the Central Government pursuant to Section 205C of the said Act. The details of the unpaid/unclaimed dividend that will be transferred to IEPF A/c in subsequent years are given in the corporate governance section of the annual report.

FIXED DEPOSITS

Your Company has not accepted any fixed deposits.

AWARDS AND RECOGNITIONS

As your Company pursues excellence relentlessly, your Company is delighted to receive phenomenal share of recognitions and awards this year, not just from the media, but also from analysts, governing bodies, academic institutions, partners and even customers. Some of the key accolades received during the year include:

- The Company has been ranked in *Forbes* Asia's prestigious annual listing of the 50 best publicly traded companies in *'Asia Pacific called Asia Fab 50 companies'*. The Company made it to this list for the second consecutive year.
- The Company has been recognized as a leader in *Gartner's Magic Quadrant for Data Center Outsourcing* and *Infrastructure Utility Services, North America.*
- The Company bagged 4 awards at the *Top Ranking Performers Awards 2011*, APAC hosted by Contact Center World- the Global Association for Contact Center Best Practices & Networking. The Company won 2 Gold Medals for *Best Customer Services* and *Best Incentive Scheme*, a Silver Medal for *Best Recruitment Campaign* and a Bronze Medal for *Best Large Contact Centre*. The Company won Contact Center World's Top Ranking Performers Awards for the second consecutive year.
- The Company was felicitated with 3 prestigious

recognitions at the Asia's Best Employer Brand Awards 2011, hosted jointly by World HRD Congress, Employer Branding Institute and Stars of the Industry Group. The Company won the awards under 3 categories namely *'HR Professional of the Year', 'Innovation in Recruitment'* and *'Managing Health at Work'.*

- The Company has been awarded the *'Excellence in Education Award'* for 2011 by the Life Office Management Association, a premier Educational Institution in US, providing training and certification in Life & Annuity. This is the 7th time HCL has been bestowed with this Award - a unique feat achieved by any Indian IT Company.
- The Institute of Company Secretaries of India awarded *'Certificate of Recognition'* to the Company for adopting excellent practices in Corporate Governance in the year 2011.
- The Company has been felicitated with the prestigious *Nasscom Innovation Award 2012* for *'Market Facing Innovation'*. The award was given in recognition of HCL's distinctive external facing business models and processes that make an effective impact on clients.
- The Company has been conferred with the prestigious *Asian Human Capital Summit 2011* award by the Ministry of Manpower Singapore and INSEAD for its innovative and impactful people practices centered on it *Employees First, Customer Second Philosophy.*

SUSTAINABILITY

Responsible corporate citizenship has been a part of our core values and sustainability has been the driving factor in many of our initiatives. Today, the sustainability office runs a multi-layered corporate program to drive our sustainability vision. We partner with multiple stakeholders to form an inclusive working group to create policies, processes and other organizational measures. We believe that responsible investments in sustainability will generate long term value for all our stakeholders by improving competitiveness and reducing risk.

In our everyday practice as a 'Responsible Business' we focus Value-centricity, Trust through transparency and Employees First and employees are taking the lead in driving innovation. The initiative taken by the Company on sustainability are given in detail in the sustainability report for the year 2011-12 which is being hosted on the website of the Company.

ORGANIZATION EFFECTIVENESS

The Company sees the changing landscape and market conditions as an opportunity to build leadership in the information technology services space, through creation of robust business and people models to enhance its share of the customer wallet.

The Organization Effectiveness (OE) function is currently engaged in creating mature people models to leverage human capabilities, thereby generating higher value at the customer-employee interface, which would propel the Company into the next phase of growth globally. It would translate into improved margins, productivity and resource utilization apart from creating robust talent processes & systems.

OE has made a significant impact through rolling out role & competency framework and has integrated it with the HR and Business processes. The function has made significant achievements in bringing sharper focus to management performance and created a pool of leaders through identification and grooming of High-Potential employees.

The role and competency framework is currently being used by about 80% of the organization in designing the right delivery structures, 100% of the organization for deployment, hiring and leadership capability building. The redesigned performance appraisal system has covered more than 35,000 employees in the organization and in the subsequent phases over the next few months all employees would be touched. OE rolled out a high potential identification and progression program at the bottom of the pyramid (Developer, Leads etc.) for 6000 employees and provides discontinuous growth opportunities to them in their careers.

There are two unique people practices that touched new highs during the year-

360 degree feedback - 360 degree feedback aims to build an organization culture that fosters the spirit of collaboration and partnership. Manager can receive feedback from everyone who falls under his/her span of influence rather than the span of control. It touched more and more employees and more managers and leaders got specific and action-able feedback for development.

EPIC (Employee Passion Indicative Count) - EPIC is a year-long initiative which begins with identifying the Top Passion Drivers of an individual through a self assessment. It also touched new highs in participation and post feedback actions. More than 70% employees and their managers participated in EPIC. The initiative epitomizes different strokes for different folks by recognizing the uniqueness of every individual. This ensures that as we scale, we do not treat employees as employee numbers and even as we scale, we remain small and familiar to every employee of the Company.

LEARNING AND DEVELOPMENT

The Company's Learning & Development ("L&D") provide integrated and comprehensive professional learning strategy focusing on development of employees aligned to the Employees First, Customers Second strategy, and driving key business outcomes.

L&D is a fully integrated function that provides professional, sales, and leadership development across Company. It offers specifically designed learning opportunities that meet the needs for the business at all stages of its life cycle.

L&D recognizes that grooming employee into globally competitive leaders requires an extensive and nurturing ecosystem. The team works closely with business leaders to develop strategies and learning solutions that meet the performance imperatives of the employees of the Company. L&D's primary responsibility is to prepare a pipeline of specialists and nurture these individuals for current and future opportunities. L&D creates and delivers role-focused learning programs and business aligned learning opportunities to strengthen business competencies thus maximizing billability. With five verticals, ***Leadership excellence, Performance excellence, Sales excellence, Performance consulting and Learning Centre of Excellence,*** L & D is able to offer its services to all in the organization.

Leaders and employees are encouraged to teach, share their experiences and to mentor employees, enriching and accelerating the pace of learning. The team uses appropriate learning methods and technologies to deliver learning to all employees globally. L&D partners with educational institutions, education providers and alliance partners to augment internal learning capabilities.

EMPLOYEES FIRST, CUSTOMERS SECOND

One small idea can ignite a revolution just as a single matchstick can start a fire. One such idea – putting Employees First and Customers Second (EFCS) – sparked a revolution in your Company.

Conventional wisdom, of course, says that companies must always put the customer first. However, EFCS is build on the belief that in any services business true value is created in the interface between the customer and the employee. So, by putting employees first, you can bring about fundamental change in the way a company delivers value to its customers and differentiates from its competitors. Through a combination of engaged employees and accountable management a company can create extraordinary value for itself and its customers.

By practicing this philosophy, our organization has changed its business model, nearly tripled its annual revenues, doubled its market capitalization, expanded its employee's base five folds and has been featured in globally renowned publications and discussed in mainstream media. Some of the unique initiatives which we practice to make EFCS a way of life are:-

- **SSD (Smart Service Desk)** makes the enabling functions accountable to the employees and resolve any issues that they may have within a stipulated time. The right to close or open a ticket lies with the employee and their satisfaction on the nature of the resolution made. With SLA attached to each issue raised, employees are empowered to question the enabling functions and can view/monitor the movement of their issue online.
- **Directions-** An annual event where the senior management along with the CEO conduct a face-to-face meeting with all the employees to discuss Company’s strategy, new processes and policies and what they think should be done in the next year- i.e., together, with the employees the senior leadership charts out the directions for the Company for the next year. Around 25,000 employees were touched by 16 sessions across the globe and sessions were broadcasted to more than 50,000 employees.
- **Value Portal-** This online platform empowers the employee to think on innovative lines and generate value-add ideas that are in-line with the customer's business and technical engagement. The ideas across the Company are available in this central repository to enable best practice sharing.
- **U&I-** U&I is an online blog and discussion forum run by the CEO, each employee gets an opportunity to raise issues, share thoughts and ideas as well as debate directly with the CEO.
- **MAD JAM (Make A Difference Jamboree)** is focused on enhancing the culture of innovation in the organization and focuses on celebrating Transformers by recognizing them for their innovative and unique ideas. More than 20,000 HCLites engaged, 1000 innovators sent their ideas. Customer On-Boarding was chosen as the MAD IDEA 2011 and Mobility Solutions was chosen as the INNOVATOR'S MAD IDEA by the other idea teams present during the finale.

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Disclosures of particulars as required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are set out in the Annexure 1 included in this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

A statement of responsibility of the Directors relating to compliance with the financial accounting and reporting requirements in respect of the financial statements, as specified under section 217(2AA) of the Companies Act, 1956 inserted by the Companies (Amendment) Act, 2000, is annexed as Annexure 2 to this Report.

STOCK OPTIONS PLANS

1999 Stock Option Plan / 2000 Stock Option Plan / 2004 Stock Option Plan

The details of these plans have been annexed as Annexure 3 to this report.

DISCLOSURES UNDER SECTION 217 OF THE COMPANIES ACT, 1956

Except as disclosed elsewhere in the report there have been no material changes and commitments, which can affect the financial position of the Company between the end of the financial year and the date of this report.

As required under section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of employees are set out in the Annexure 4 included in this Report.

ACKNOWLEDGEMENTS

The Board wishes to place on record its appreciation to the contribution made by the employees of the Company and its subsidiaries during the year under review. The Company has achieved impressive growth through the competence, hard work, solidarity, cooperation and support of employees at all levels. Your Directors thank the customers, clients, vendors and other business associates for their continued support in the Company's growth. The Directors also wish to thank the Government Authorities, Financial Institutions and Shareholders for their cooperation and assistance extended to the Company.

For and on behalf of the Board of Directors

Noida (U.P.), India
July 25, 2012

SHIV NADAR
Chairman and Chief Strategy Officer

ANNEXURE 1 TO THE DIRECTORS' REPORT

Particulars pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

a) Conservation of Energy

(i) Green IT

Green IT was a dramatic shift to bring about a change in the ways of working of the Company's community. With the implementation of energy efficient products over time, promoting recyclability of defunct products (referred to as e-waste disposal), we kicked off our journey with virtualization, developing more automated ways of working and consolidation of services.

During the year, we have achieved significant enhancements on the GREENER pastures, by adopting System Center Configuration Manager (SCCM) tool, enhanced mobility in the form of Lync and RMS, initiating VDI deployment and biggest of all - the launch of (GIT) CLOUD. Alongside these, the Green Datacenter Improvement plan and Upgrade that rolled out also able to save Company's revenue. This saving not just brought about ease and comfort for our customers\end-users, it also brought a huge saving from IT standpoint which otherwise would have led to extra space procurement, costly hardware and therefore more electricity consumption.

In the new financial year, the Company is planning to initiate and upscale the existing GREEN offerings - CLOUD Upgrade, Mobile Device management, Exchange 2010 migration, more greener Data Centers etc. - so as to create a more comfortable working environment and revenue benefit for the organization, also keeping in mind environment conservation.

(ii) Building Infrastructure:

Building use is responsible for half the consumed energy and half the greenhouse gas production in the world every year. In the Company we are aware of this fact and we make sure that we incorporate energy saving paraphernalia/ features in the design stage itself. By being energy conscious, we prevent the production of countless carbon dioxide, nitrogen oxide and sulfur dioxide greenhouse gas emissions resultant from large-scale use of fossil fuels. Being energy conscious starts with the right fit-up decisions:

- Having Reliable Controls meter installed and connected to have access to the information about your water, heating, gas and electricity use.
- Designing and selecting the HVAC system and lighting equipment to maximize energy performance.
- Installing energy efficient light fixtures (e.g.: LEDs, T-5 ballasts, and compact fluorescents).
- Installing day lighting sensors that can dim and/or turn off lighting if sufficient daylight is present. Use occupancy sensors to control lighting in areas where occupancy is more intermittent (like washrooms, storage spaces, janitor rooms, etc.) to ensure lights are not left on unnecessarily.
- Designing for individual control of lighting, heating, cooling and ventilation to provide for individual comfort, productivity and wellbeing.
- Purchasing energy efficient appliances (e.g.: Energy Star photocopiers, printers, fax machines, computers, etc.) which also have sleep mode embedded into it.
- Choosing LCD computer screens instead of cathode ray tube monitors. These screens have dual energy savings - they use 1/3 less energy in operations than CRT monitors and produce less heat, resulting in reduced cooling needs.
- Making computer settings so that when they are inactive for a period of time they go to 'sleep' or 'turn off' mode.

(iii) Carbon Footprint measurement

Your Company has formed a Green Council to address the response to Global Warming. The measurement is being done by using Company's developed Carbon accounting framework, Manage Carbon.

Manage Carbon, an IT solution around GHG Protocol for corporate standard, was developed and deployed for measuring and reporting carbon emissions. The technologies used in the solution are primarily open-source technologies to keep a low cost footprint. It integrates with various other enterprise applications containing electricity data, travel data, fuel data etc., using multiple approaches ranging from database level integration to web services based integration (both push and pull modes), in addition to providing options for direct entry of information. This tool has been successfully piloted internally at the Company and has helped the Company to monitor and report on carbon emissions.

b) Research and Development ("R & D")

(i) Specific areas in which R&D was carried out

Your Company is one of the few Indian companies with significant focus on engineering services. The Engineering, Research and Development Services group offers end-to-end engineering services and solutions in hardware, embedded, mechanical and software product engineering to industry leaders across aerospace and defence, automotive, consumer electronics, industrial manufacturing, medical devices, networking and telecom, office automation, semiconductor, servers, storage and software products.

Your Company understands the importance of R&D in augmenting its customers businesses and is committed to providing these world-class services to them. Over a decade of operating in complex multi-vendor environments and customer value chains, we have the ability to seamlessly integrate into their existing R&D ecosystem, working with other innovation partners, captive centers, universities, industry bodies and manufacturing partners. The Company has started a business unit with a dedicated team to focus on Defense, Space and Security. It has also developed the Business Aligned Test Framework to specifically address the industry need for a standard and cost-effective approach to testing and verification activities in hardware, software, mechanical, system safety assessment, test engineering, prototyping, design assurance and new product realization.

Your Company foresees a shift towards clients preferring outsourcing companies to share their long-term vision, risks, and rewards in developing product-based ecosystems that impact client-experience. Towards this, your Company is investing heavily in developing its own IPs and solutions to help customers' impact the overall product ecosystem faster and better. Solutions include a unified communication platform, a remote diagnostic reusable module, telematics and test platforms in multiple verticals.

(ii) Benefits derived as a result of above R&D

Your Company's solutions and frameworks are focused in creating value to customers in specific micro verticals. The direct benefits to our customers include quicker time to market, reduced cost, increased quality and increased efficiency of customer business processes. Our solutions like Business Aligned IT will result in enhanced business performance through improved KPIs, visibility, discovered landscape, stability, cost reduction and structured business future planning.

(iii) Future plan of action

Your Company will continue to focus on R&D activities and will make investments therein from time to time.

(iv) Expenditure on R&D for the years ended June 30, 2012 and 2011 are as follows:

(₹ in crores)

Particulars	June 30, 2012	June 30, 2011
Revenue expenditure	167.81	93.16
Capital expenditure	-	-
Total R&D expenditure	**167.81**	**93.16**
R&D expenditure as a percentage of revenues	**1.88%**	**1.37%**

c) Technology absorption, adaptation and innovation

Your Company's core businesses demand absorption of emerging technologies to stay at the cutting edge of technology. New methods for absorbing, adapting and effectively deploying new technologies have been developed. Your Company has made investments in applications and other software tools required for engineering design work in all its Software Development Centers.

d) Foreign exchange earnings and outgo

Your Company is an export-oriented unit and the majority of the Information Technology (IT) services and Business Process Outsourcing (BPO) services by the Company are for clients outside India.

Activities relating to exports, initiatives taken to increase the exports, development of new export markets for products and services and export plans-

During the year, a substantial portion of the revenue of the Company was derived from the exports. During the year, your Company has set up subsidiaries in U.K. and India to enhance its business. The various global offices of the Company are staffed with sales and marketing specialists, who promote and sell services to large international clients.

The foreign exchange earned and spent by the Company during the year under review is as follows:

(₹ in crores)

Particulars	June 30, 2012	June 30, 2011
Foreign exchange earnings	**8,384.17**	**5,056.95**
Foreign exchange outgo		
- Expenditure in foreign currency	884.04	579.73
- CIF value of imports	200.28	193.06
- Dividend remitted in foreign currency	120.66	78.51
	1,204.98	**851.30**

For and on behalf of the Board of Directors

Noida (U.P.), India
July 25, 2012

SHIV NADAR
Chairman and Chief Strategy Officer

ANNEXURE 2 TO THE DIRECTORS' REPORT

Directors' Responsibility Statement as required under Section 217(2AA) of the Companies Act, 1956 as inserted by the Companies (Amendment) Act, 2000

i) The financial statements have been prepared in accordance with the accounting standards issued by the Institute of Chartered Accountants of India and the requirements of the Companies Act, 1956, to the extent applicable to the Company. There have been no material departures from prescribed accounting standards while preparing these financial statements;

ii) The Board of Directors has selected the accounting policies described in the notes to the accounts, which have been consistently applied, except where otherwise stated. The estimates and judgments relating to the financial statements have been made on a prudent basis, in order that the financial statements reflect in a true and fair manner, the state of affairs of the Company as at June 30, 2012 and the profit of the Company for the year ended on that date;

iii) The Board of Directors has taken proper and sufficient care 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;

iv) The annual accounts have been prepared on the historical cost convention, as a going concern and on the accrual basis.

For and on behalf of the Board of Directors

Noida (U.P.), India
July 25, 2012

SHIV NADAR
Chairman and Chief Strategy Officer

ANNEXURE 3 TO THE DIRECTORS' REPORT

DETAILS ON STOCK OPTION PLANS

1999 Stock Option Plan / 2000 Stock Option Plan / 2004 Stock Option Plan

Pursuant to the approval of the shareholders, your Company had instituted the 1999 Stock Option Plan ("1999 Plan"), 2000 Stock Options Plan ("2000 Plan") and 2004 Stock Option Plan ("2004 Plan") for all eligible employees of the Company and its subsidiaries. The 1999 Plan, 2000 Plan and 2004 Plan are administered by the Compensation Committee of the Board and provide for the issuance of 20,000,000; 15,000,000 and 20,000,000 options, respectively.

Each option granted under the 1999 Plan, 2000 Plan and 2004 Plan, entitles the holder to four equity shares of the company at an exercise price, which is approved by the Compensation Committee.

The details of the options granted under the 1999 , 2000 and 2004 Plans are given below:

S. No.	Description	1999 Plan	2000 Plan	2004 Plan
1	Total number of options granted (gross)	26,600,874	17,747,401	8,394,912
2	The pricing formula	Market price / internal valuation	Market price	Market price / price determined by Compensation Committee
3	Number of options vested	17,529,862	10,466,138	4,218,105
4	Number of options exercised	13,495,324	6,688,260	3,701,486
5	Total number of shares arising as a result of exercise of options	**53,981,296**	**26,753,040**	**14,805,944**
6	Numbers of options lapsed	12,568,920	10,035,111	1,087,938
7	Variation in terms of options	None	None	None
8	Money realized by exercise of options (₹ crores)	486.62	385.18	10.64
9	**Total number of options in force as on June 30, 2012**	**536,630**	**1,024,030**	**3,605,488**
10	Grant to Senior Management			
	Number of Options	1,967,175	254,904	2,969,600
	Vesting Period	110 Months	104 Months	96 Months

The diluted earnings per share were ₹ 27.72 and ₹ 17.18 for the fiscal years ended June 30, 2012 and June 30, 2011 respectively.

HCL TECHNOLOGIES LIMITED EMPLOYEES TRUST

In April 2001, HCL Technologies Limited Employees Trust ("Trust") was formed for the purpose of acquiring the shares of the Company and thereby providing such shares to the eligible employees and directors of the Company and/or its subsidiaries at any time pursuant to the Stock Option Plans of the Company. The Company would provide this Trust interest free loan(s) from time to time up to a limit of ₹150 crores for this purpose.

ANNEXURE 3 TO THE DIRECTORS' REPORT (Contd.)

Details of Stock Option Plans for the year ended June 30, 2012

Particulars	1999 Plan	2000 Plan	2004 Plan
Total number of options outstanding as on July 01, 2011	**745,947**	**1,484,659**	**3,928,675**
Number of options granted during the year	-	-	484,740
Pricing formula	Market price / internal valuation	Market price	Market price / price determined by Compensation Committee
Number of options vested during the year	-	-	242,750
Number of options exercised during the year	193,018	382,084	573,636
Total number of shares arising as a result of exercise of options during the year	772,072	1,528,336	2,294,544
Number of options lapsed during the year	16,299	78,545	234,291
Variation in terms of options	None	None	None
Money realised by exercise of options during the year (₹ crores)	12.36	23.18	1.82
Total number of options in force as on June 30, 2012	**536,630**	**1,024,030**	**3,605,488**
Employees granted options equal to 5% or more of the total number of options granted during the year	None	None	None
Employees granted options equal to or exceeding 1% of the issued capital during the year	None	None	None
Fair value compensation cost for options granted (₹ crores)	N.A.	N.A.	71.97
Weighted average exercise price of options granted above market price	N.A.	N.A.	N.A.
Weighted average fair value of options granted above market price	N.A.	N.A.	N.A.
Weighted average exercise price of options granted at market price	N.A.	N.A.	N.A.
Weighted average fair value of options granted at market price	N.A.	N.A.	N.A.
Weighted average exercise price of options granted below market price (₹)	N.A.	N.A.	8.00
Weighted average fair value of options granted below market price (₹)	N.A.	N.A.	**1,532.85**
Method and significant assumptions used during the year to estimate the fair values of options			
Method	Black schole	Black schole	Black schole
Significant assumptions			
Risk free interest rate	7.78%	7.78%	7.78%
Expected life	upto 48 months	upto 48 months	upto 48 months
Expected Volatility	37.06%	37.06%	37.06%
Expected Dividend	2.48%	2.48%	2.48%
The price of the underlying options in market at the time of grant (₹)	N.A.	N.A.	N.A.

Pre IPO Details of Stock Option Plan

Particulars	As on June 30, 2012 ESOP 1999 Plan
Number of options granted pre IPO	14,223,832
Pricing formula	Internal valuation
Number of options vested	11,648,957
Number of options exercised	10,234,702
Total number of shares arising as a result of exercise of options	40,938,808
Number of options lapsed	3,989,130
Variation in terms of options	None
Money realised by exercise of options (₹ crores)	259.41
Total number of options in force as on June 30, 2012	-
Fair value compensation cost for options granted (₹ crores)	43.96
Weighted average exercise price of options granted (₹)	255.00
Weighted average fair value of options granted (₹)	36.65
Method used to estimate the fair values of options	Black-Schole Method
Significant assumptions	
Risk free interest rate	10.00%
Expected life	12 to 110 months
Expected volatility	-
Expected dividends	0.10%

ANNEXURE 3 TO THE DIRECTORS' REPORT (Contd.)

Employee Compensation Cost based on fair value of the options

			Year ended 30 June, 2012
			(₹ crores)
Net income, as reported			1,950.42
Add: Stock-based employee compensation expense included in reported net income			135.29
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards			130.81
Proforma net income			**1,954.89**
Earnings per share			₹
	As reported	- Basic	28.23
		- Diluted	27.72
	Adjusted proforma	- Basic	28.29
		- Diluted	27.78
Method and significant assumption used during the year estimate the fair values of options			Black-Schole Method
Significant assumptions			
Dividend yield %			2.48%
Expected life			upto 48 months
Risk free interest rates			7.78%
Volatility			37.06%

Details of options granted to Senior Managerial Personnel of the Company during the year ended June 30, 2012

Name of Employee	Date of Grant	No. of Options
Rajiv Sodhi	16-Jan-12	4,800

Details of options granted to employees amounting to 5% or more of the options granted during the year ended June 30, 2012

None

Details of options granted to employees during the year ended June 30, 2012, amounting to 1% or more of the issued capital of the company at the time of the grant

None

For and on behalf of the Board of Directors

Noida (U.P.), India
July 25, 2012

SHIV NADAR
Chairman and Chief Strategy Officer

ANNEXURE 4 TO THE DIRECTORS' REPORT

INFORMATION FOR DIRECTOR'S REPORT U/S 217(2A) OF THE COMPANIES ACT, 1956

A. EMPLOYED FOR FULL FINANCIAL YEAR - 2011-12

S. No	Name	Age (in Yrs.)	Designation	Educational Qualification	Remuneration (in ₹)	Date of Joining	Experience in Yrs.	Previous Employment	Designation held in previous employment	Previous employment held since
1	Amit Roy	53	Senior Vice President-Taxation	B.Com, CA	10,179,476	16.07.2007	28	Samsung Electronics Ltd.	VP - Taxation	Sep.06
2	Ananth Vaidyanathan	43	Senior Vice President	BE - Electronics	8,345,165	21.05.2007	22	Infosys Technologies Ltd.	Associate Vice President	Jan.92
3	Anil Kumar Chanana	54	Chief Financial Officer	CA	16,458,903	01.10.1998	31	HCL Technologies America Inc.	Executive Vice President	Dec.85
4	Anup Dutta	53	Executive Vice President	BE-Electrical, M.Tech - Electrical	7,528,563	01.07.1996	31	HCL Hewlett Packard Ltd	Senior Manager	Jul.81
5	Apparao V V	50	Senior Vice President	B.Tech, M.Tech.	7,885,478	10.03.2003	28	Ascend Technologies Ltd.	Director/Center Head	Aug.96
6	Dilip Kumar Srivastava	53	Corporate Vice President - Global HR	MSW (HR & IR)	8,056,568	07.06.2005	29	Vanguard Solutions Ltd.	Vice President - HR	May.05
7	Gade Hanumantha Rao	54	President - ERS	BE Electronics	9,838,252	01.07.1996	31	HCL Hewlett Packard Ltd	Senior Manager - R&D	Nov.80
8	Hitesh Jain	41	Vice President	BE - Electronics	10,427,509	03.12.2009	16	IBM Malaysia	Leader MBPS - Asean	Mar.09
9	Kandukuri Venkata Subrahmanyam	44	Senior Vice President	Master of Science (MS) - BITS Pilani	6,398,964	08.04.2011	22	Mphsis	Vice President	Mar.06
10	Kannan Veeraraghavan	54	Chief Quality Officer	B.Com & Certificate Courses	6,786,537	01.08.2005	30	KPMG Peat Marwick	Executive Director - Software Process	Jun.95
11	Naresh Nagarajan	49	Senior Vice President	BE - Mechanical, MS - Computers	9,063,990	11.04.2011	23	Self Employed	Founder Chief Consultant	Jul.09
12	Rahul Singh	49	Corporate Vice President & President-Business Services	MBA - Finance	27,850,217	03.05.2010	26	TCS - E serve Ltd.	CEO & Managing Director	Apr.08
13	Raj Kumar Malik	52	Senior Vice President	B.Tech - Electrical	6,155,046	28.07.1997	30	Commonwealth Bank	Project Manager	May.96
14	Rajesh Gupta	52	Vice President - Taxation	CA	6,772,934	17.03.2010	26	JSL Llimited	VP- Taxation	May.09
15	Rajiv Mahajan	52	Sr. Vice President & Director-Infrastructure Projects	BE (Hons.) Civil, MSc (Hons.) - Economics	12,353,599	22.11.2010	27	Advance India Pvt. Ltd.	President Projects	Jan.10
16	Rajiv Sodhi	53	Sr. Corprate Vice President & Chief Customer Officer	B.Tech, MBA	10,640,269	24.07.1997	31	Tata Consultancy Services Ltd.	Manager Systems	Aug.81
17	Ramakrishna Venkatraman	60	Sr.Corporate Vice President & Chief Delivery Officer	M.Tech (Electrical Engineer)	6,556,153	23.07.2003	38	Eximsoft Technologies Pvt.Ltd.	Managing Director	Apr.97
18	Rangarajan Vijayaraghavan	47	Senior Vice President	MA	7,189,059	22.05.2009	25	Satyam Computers Services Ltd.	Vice President	May.99
19	Sandip Gupta	53	Sr. Corporate Vice President & Deputy Chief Financial Officer	CA	13,826,366	01.10.2005	30	HCL Comnet Systems & Services Ltd.	Vice President	Oct.98
20	Santanu Mukherjee	57	Senior Vice President - Campus Infrastructure	B.Tech	6,922,987	02.04.2008	35	Genpact India	Vice President	Jun.06
21	Satish Chandrasekaran	45	Senior Vice President-Head of Retail Delivery	MBA - Business Administration	10,499,368	14.01.2010	24	Target Corp. India Pvt. Ltd.	Vice President	Aug.07
22	Shiv Nadar	67	Chairman & Chief Strategy Officer	Electrical Engineer	50,109,387	13.09.1999	43	HCL Infosystems Ltd.	Whole time Director & CEO	Aug. 87
23	Sriram Subramanian Vaitheewarankovil	55	Sr. Corporate Vice President & Chief Customer Officer - Financial Services	MBA - Management	9,399,583	01.10.2001	34	CitiCorp Overseas Software Ltd.	Centre Head	Nov.88
24	Subramanian Gopalakrishnan	45	Vice President - Finance	CA	6,300,102	09.12.2010	22	Satyam Computers Services Ltd.	Vice President - Finance	Jun.05
25	Udayakumar Nalinasekaren	52	Executive Vice President	ME - Computer Science	9,100,692	02.07.1984	27	Hewlett Packard Ltd.	Group Project Manager	Jul.84
26	Varanasi Guru Venkata Subbaraya Sharma	48	Vice President- Internal Audit	ICWA - Auditor	6,757,415	24.01.2011	21	ATC Tires Pvt. Ltd.	Vice President - Internal Audit	Jun,10
27	Vijay Anand Guntur	44	Senior Vice President	MSc. (Computer Science), MBA	7,177,286	14.07.1994	23	HCL Hewlett Packard Ltd	Deputy Manager	Jun.89
28	Vineet Nayar	50	Vice Chairman & CEO	MBA	84,254,460	01.08.2008	27	HCL Comnet Systems and Services Ltd.	Chief Executive Officer	Jan.95
29	Vineet Vedprakash Sood	45	Senior Vice President - Treasury	ICWA - Finance	7,415,340	25.11.2010	21	Tata Consultancy Services Ltd.	Treasurer	Mar.06

ANNEXURE 4 TO THE DIRECTORS' REPORT (Contd.)

B. EMPLOYED FOR PART OF THE FINANCIAL YEAR - 2011-12

Sr. No	Name	Age (in Yrs.)	Designation	Educational Qualification	Remuneration (in ₹)	Date of Joining	Experience in Yrs.	Previous Employment	Designation held in previous employment	Previous employment held since
1	Anand Pillai	53	Senior Vice President - Quality & T2Id	PGD, FMS/CSMS	3,210,482	01.06.2005	29	Clime	President & Chief Mentor	Sep.03
2	Anil Gupta	57	Vice President	B.Tech, M.Tech	4,433,449	06.05.1998	35	HCL Japan Ltd.	Vice President	Jan.03
3	Animesh Parihar	55	Executive Vice President & Global Delivery Head - SAP	CA	14,547,379	11.07.2011	27	SAP Iindia Pvt. Ltd.	Global Head of Global Delivery	Aug.06
4	Gunaseelan Narayanan	57	Senior Corporate Vice President	M.Tech - Computer Science	7,094,700	01.07.1996	32	HCL Hewlett Packared Ltd.	General Manager	Aug.79
5	Harekrishna Rajagopalachar Sadarahall	43	Vice President	BE - Mechanical	3,486,886	09.01.2012	22	Allegis Services India Pvt. Ltd.	Executive Vice President	Mar.09
6	Jagdish Maheswari	49	Associate Vice President	M.Tech - Mechanical	965,024	12.12.1997	25	Tata Consultancy Services Ltd.	Associate Consultant	Mar.87
7	Manoj Kumbhat	45	Senior Vice President & CIO	MBA - Finance	7,038,998	28.03.2012	18	PepsiCo	CIO	Mar.06
8	Naveen Narayanan	40	Global Head - Talent Acquisition	MBA - General Management	3,715,146	14.03.2012	19	Accenture Services Ltd.	Sr. Principal Consultant	Apr.06
9	Premkumar Seshadri	53	Senior Corporate Vice President	MBA	7,859,884	29.08.2003	29	Fugen IT Ltd.	Founder & CEO	May '98
10	Prithvi Harkirat Singh	45	Chief Human Resources Officer	MBA	5,582,851	19.04.2012	22	Accenture Services Pvt. Ltd.	Partner - Human Resources	Jan.04
11	Rajiv Shanti Swarup	60	Sr.Corporate Vice President & Head-Ecosystem Bussiness Incu.	MBA	2,896,733	08.03.2000	39	Modicorp Ltd.	Director Business Development	Sep.99
12	Ramakrishna Jagadishan	45	Vice President	CA	2,790,691	23.06.2010	22	Satyam Computers Services Ltd.	Vice President- Corporate Strategy	Jan.07
13	Ravi Shankar B	52	Senior Vice President - HR	MBA-HR & IR	4,980,870	05.07.2004	30	Lister Technologies Pvt.Ltd.	President	Jul.00
14	Ravitta R Valia	46	Vice President	MBA, CA	2,480,942	01.02.2010	23	TCS E-Serve Ltd.	Vice President	Nov.07
15	Saurav Adhikari	54	Sr. Corporate Vice President & President-Corp. Strategy	MBA	8,130,048	01.11.2002	32	HCL Infinet Ltd.,	President	Jan.2000
16	Shashi Kant Verma	49	Global Operations Director	B.Tech - Mechanical	1,188,990	18.01.1995	26	Self Employed	Consultant	Aug.92
17	Unni Perumplavil Krishnan	59	Associate Vice President	BE - Mechanical, M.Tech - Indl.Engg. & Mgmt.	970,561	14.07.2004	35	Rave Technologies India Pvt.Ltd.	Delivery Head	Apr.03
18	Vijaya Reddy Mulumudi	49	Vice President	MBA - Finance	5,875,443	02.11.2011	27	SAP India Pvt. Ltd.	Head of Delivery	Dec.96
19	Vinodh Chelambathodi	46	Vice President	MBA - Personnel, HR & IR	1,333,021	02.05.2007	22	Aricent Technologies Ltd.	Assistant Vice President - HR	Feb.07

Notes:
1. None of the employees listed above is a relative of any director of the Company.
2. The nature of employment is contractual in all the above cases.
3. None of the employee listed above owns 2% or more of the paid-up equity share capital of the Company.
4. The above statement covers the remuneration paid by the Company and not by any subsidiary/ies. In the case of Mr. Shiv Nadar, the remuneration has been paid by the Company effective from February 01, 2012 though Mr. Shiv Nadar has been on the rolls of the Company for full year.

For and on behalf of the Board of Directors

Noida (U.P.), India
July 25, 2012

SHIV NADAR
Chairman and Chief Strategy Officer

CORPORATE GOVERNANCE REPORT 2011-12

Good governance facilitates efficient, effective and entrepreneurial management that can deliver stakeholders value over the longer term. It is about commitment to values and ethical business conduct. It is a set of laws, regulations, processes and customs affecting the way a company is directed, administrated, controlled or managed.

Good corporate governance underpins the success and integrity of the organizations, institutions and markets. It is one of the essential pillar for building efficient and sustainable environment.

Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values. Good governance practices stem from the culture and mindset of the organization. Effectiveness of the Corporate Governance in our Company depends on regular review, preferably regular independent review. As stakeholders across the globe evince keen interest in the practices and performance of companies, Corporate Governance has emerged on the centre stage. The Company considers the maintenance of fair and transparent corporate governance to be one of its most important management issue, and enhance its organizational systems and structures accordingly. Some of the important best practices of Corporate Governance framework are timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the Company.

Philosophy on Code of Governance

Our Corporate Governance philosophy is based on the following principles:

- Satisfy the spirit of the law and not just the letter of the law. Corporate Governance standards should go beyond the law.
- Be transparent and maintain a high degree of disclosures levels. When in doubt, disclose it.
- Make a clear distinction between personal convenience and corporate resources.
- Communicate externally, in a truthful manner, about how the Company is run internally.
- Have a simple and transparent corporate structure driven solely by business needs.
- Comply with the laws in all the countries in which we operate.
- Management is the trustee of the shareholders' capital and not the owner.

Corporate Governance is an integral part of the philosophy of the Company in its pursuit of excellence, growth and value creation. In addition to complying with the statutory requirements, effective governance systems and practices towards improving transparency, disclosures, internal control and promotion of ethics at work place have been institutionalized. The Company recognizes that good governance is a continuing exercise and reiterates its commitment to pursue highest standards of Corporate Governance in the overall interest of all its stakeholders.

Certificate of Recognition from the Institute of Company Secretaries of India

The Company received the coveted Certificate of Recognition from the ICSI under the ICSI National Award for Excellence in Corporate Governance for adopting good practices in Corporate Governance.

Board of Directors (“Board”)

The Board of Directors determines the purpose and values of the Company. The primary role of the Board is that of trusteeship to protect and enhance stakeholders' value through strategic supervision of the Company and its subsidiaries.

Our Company is headed by an effective Board that exercises leadership, integrity and judgment in directing so as to achieve continuing prosperity and to act in the best interest of the Company. The Board plays a critical role in overseeing how the management serves the short and long term interests of shareholders and other stakeholders. This is reflected in our governance practices, under which we strive to maintain an active, informed and independent Board. They ensure that the Company complies with all relevant laws, regulations, governance practices, accounting and auditing standards. They identify key risk areas and key performance indicators of the Company's business and constantly monitor these factors.

The Board is entrusted with the ultimate responsibility of the management, general affairs, direction and performance of the Company and has been vested with the requisite powers, authorities and duties.

Board Size and Composition

The Board of Directors ("Board") is at the core of our Corporate Governance practices and oversees how the management serves and protects the long term interests of all our stakeholde . We believe that an active, well- informed and independent Board is necessary to ensure highest standards of Corporate Governance.

The Board of the Company has an optimum combination of Executive and Independent Non- Executive Directors who have an in-depth knowledge of business, in addition to the expertise in their areas of specialization. During the year, a majority of the Board comprised of independent Directors. Independent Directors play a critical role in imparting balance to the Board processes by bringing independent judgments on issues of strategy, performance, resources, standards of the Company, conduct etc. The Company has adopted the definition of independent director as mentioned under clause 49 of the listing agreement and all the independent directors of the Company have certified their independent status to the Board.

As on June 30, 2012, the Board consisted of seven members, of which, two are Executive and the other five are Independent Non-Executive Directors. The Company has appointed two Independent Non-Executive Directors in its meeting held on July 24-25, 2012 and with the said appointment, the total number of directors has gone upto nine. Out of two Executive Directors, one is a Promoter Director who is also the Managing Director of the Company and is designated as Chairman and Chief Strategy Officer of the Company and the other is Vice Chairman and Chief

Executive Officer of the Company, who is also the Joint Managing Director of the Company. The Non-Executive Directors bring an external and wider perspective in Board deliberations and decisions. The size and composition of the Board conform to the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges.

Composition of the Board and the Directorships

Name of Director	Position in the Company	Directorships in Indian public limited companies (including HCL Technologies Ltd.)	Directorships/ memberships in all other companies/ trust/other entities (including overseas companies)	Committee memberships* (including HCL Technologies Ltd.)	Chairmanship in committees (including HCL Technologies Ltd.)#	No. of shares held (of ₹ 2/- each)
Mr. Shiv Nadar	Chairman & Chief Strategy Officer	1	14	1	-	184
Mr. Vineet Nayar	Vice-Chairman and CEO	1	1	1	-	Nil
Mr. Subroto Bhattacharya	Independent Non Executive Director	3	1	1	3	66
Ms. Robin Abrams	Independent Non Executive Director	1	5	1	-	Nil
Mr. Amal Ganguli	Independent Non Executive Director	11	8	5	5	Nil
Mr. R. Srinivasan	Independent Non Executive Director	3	15	2	-	Nil
Mr. Sudhinder Krishan Khanna^	Independent Non Executive Director	8	3	1	1	Nil
Mr. Sosale Shankara Sastry**	Independent Non Executive Director	1	2	-	-	Nil
Mr. Srikant Madhav Datar**	Independent Non Executive Director	1	3	-	-	Nil

Note: None of the Directors of the Company have any relationship with other Directors of the Company.

**represents membership of Audit Committee and Shareholders' Grievance Committee of Indian public limited companies.*

#represents chairmanship of Audit Committee and Shareholders' Grievance Committee of Indian public limited companies.

^ Appointed as an Additional Director w.e.f. November 03, 2011.

*** Appointed as the Additional Directors w.e.f. July 24, 2012.*

Brief Profile of the Board Members

Shiv Nadar

Mr. Shiv Nadar, aged 67 years, is an Electrical Engineer from Coimbatore in South India. Mr. Shiv Nadar established HCL as a startup in 1976. Acknowledged as a visionary by the IT industry and his peers, Mr. Shiv Nadar has often made daring forays based on his conviction of the future. The University of Madras and IIT Kharagpur awarded him an Honorary Doctorate Degree in Science for his outstanding contribution to IT in India. Mr. Nadar was conferred the **Padma Bhushan Award - the third highest civilian honor** conferred by the President of India in January 2008, in recognition of not just his contribution to trade & industry in India but also his deep commitment to public good. Determined to give back to the society that supported him, Mr. Nadar has been quietly supporting many significant social causes through the **Shiv Nadar Foundation**. The Foundation has established the not-for-profit SSN College of Engineering in Chennai, ranked among India's top fifteen private engineering colleges. The Foundation is also running **"VidyaGyan"** schools in Uttar Pradesh that provide free, world class education to rural toppers from economically disadvantaged backgrounds.

Mr. Vineet Nayar

Mr. Vineet Nayar, aged 50 years, has a Bachelor's degree in Technology and a Masters degree in Business Administration. He played a key role in enabling HCL to enter into the business for providing IT infrastructure and networking services and today HCL is highly placed in Remote Infrastructure Management space. He has emerged as a global thought leader and has been lauded by governments, business publications and influencers worldwide for his visionary strategy, ability to create an entrepreneurial culture, and warm-hearted, straight-talking approach; with his book "***Employees First, Customers Second***" receiving rich praise from influencers like the late C.K. Prahalad, Tom Peters, Gary Hamel, Ram Charan and Victor Fung.

Ms. Robin Abrams

Ms. Robin Abrams, aged 61 years, holds both a Bachelor of Arts and a Juris Doctor degree from the University of Nebraska. She was the interim CEO at ZiLOG. She had been the President of Palm Computing and Senior Vice President at 3Com Corporation. She was formerly the President and CEO at VeriFone and also held a variety of senior management positions with Apple Computers. As Vice President and General Manager of the Americas, she oversaw sales and channel management for U.S., Canada and Latin America. Ms. Abrams spent eight years with Unisys in several senior-level positions and also served several U.S. public company Boards and several academic advisory committees.

Mr. Subroto Bhattacharya

Mr. Subroto Bhattacharya, aged 71 years, is a Chartered Accountant. He spent his early career with DCM Limited where he rose to the position of a Director on its board. In the late eighties, he joined the HCL Group and subsequently joined the Board of the flagship company HCL Limited. He has an experience of over 35 years with specialization in Finance and Management Consultancy.

Mr. Amal Ganguli

Mr. Amal Ganguli, aged 72 years, is a fellow member of the Institute of Chartered Accountants of India and the Institute of Chartered Accountants in England and Wales and a member of the New Delhi chapter of the Institute of Internal Auditors, Florida, U.S.A. He was the Chairman and Senior Partner of Price Waterhouse Coopers, India till his retirement in 2003. Besides his qualification in the area of accounting and auditing, he is alumnus of IMI, Geneva. During his career spanning over 40 years, his range of work included international tax advice and planning, cross border investments, corporate mergers and re-organization, financial evaluation of projects, management, operational and statutory audits and consulting projects funded by international funding agencies.

Mr. R. Srinivasan

Mr. R. Srinivasan, aged 66 years, has an Electrical Engineering Degree from Madras University and MBA Degree from the IIM, Ahmedabad. He is the Founder, Managing Director of Redington (India) Limited, a 3.6 billion dollar Technology Products Supply Chain Solution Company operating in India, Middle East, Africa & Turkey. Prior to starting Redington in Singapore, he spent three years in Indonesia with a leading Textile Company. His experience also includes a number of years with Readers Digest and the Coca-Cola Corporation in India.

Mr. Sudhindar Krishan Khanna

Mr. Sudhindar Krishan Khanna, aged 59 years, having his Bachelor of Arts (Honors) degree in Economics from St. Stephen's College (New Delhi) and is a Chartered Accountant. He is the Chairman and Managing Director of IEP Mumbai, a leading control oriented PE Fund. He was one of the founding members of Accenture worldwide and became the Country Managing Partner of Accenture in India & the Middle East and a lead member of the Accenture global management team. He was responsible for establishing all major Accenture businesses in India, including ITO, BPO and KPO. Mr. Khanna serves on the board of United Spirits, Peninsula Holdings, Canara HSBC Insurance etc.

Mr. Srikant Madhav Datar

Mr. Srikant Madhav Datar, aged 59 years, is the Arthur Lowes Dickinson Professor at Harvard University. He is a graduate from the Indian Institute of Management, Ahmedabad, is a Chartered Accountant and a Cost and Works Accountant. He also holds two Masters degrees and a Ph.D. from Stanford University. He is a co-author of the leading cost accounting textbook, Cost Accounting: A Managerial Emphasis, and Rethinking the MBA: Business Education at a Crossroads. He has published his research on activity-based management, quality, productivity, time-based competition, new product development, bottleneck management, incentives, performance evaluation, and corporate governance in several prestigious journals. He has served on the editorial boards of several journals and presented his research to corporate executives and academic audiences in North America, South America, Asia, Africa and Europe. He is a member of the American Accounting Association and the Institute of Management Accountants.

Mr. Sosale Shankara Sastry

Mr. Sosale Shankara Sastry, aged 56 years, is currently the Dean of Engineering at University of California, Berkeley. Dr. Sastry is B. Tech from Indian Institute of Technology, Bombay; M.S. EECS (1979), University of California, Berkeley; M.A. Mathematics (1980), University of California, Berkeley and Ph.D. EECS, University of California, Berkeley. His areas of personal research are embedded control, cybersecurity, autonomous software for unmanned systems (especially aerial vehicles), computer vision, nonlinear and adaptive control, control of hybrid and embedded systems, and network embedded systems and software. He has been concerned with cybersecurity and critical infrastructure protection. He has co-authored over 450 technical papers and 9 books. During his career the positions held by him include Member, Scientific Advisory Board for Singapore National Research Foundation and Member of Science and Technology Advisory Board for the Thai Prime Minister.

The tenure of Board of Directors

Executive directors are appointed by the shareholders for the tenure of a maximum period of five years, and are eligible for re-appointment upon completion of their term. The tenure of independent directors on the Board of the Company shall be 9 years. For the independent directors who were on the Board in January, 2009, the period of 9 years shall be w.e.f. July 1, 2008 and for any appointments thereafter, the said term shall be from the date of the appointment.

Retirement Policy of the Board of Directors

The Board has formulated a retirement policy pursuant to which there shall be an age limit of 75 years for all the Directors who shall serve on the Board of the Company.

Memberships on other Boards

Executive Directors are also allowed to serve on the Board/ Committee of Corporate(s) or Government bodie(s) whose interest are germane to the future of software business, or on the Board of key economic institutions of the nation or whose primary objective is benefiting society.

Independent Directors are expected not to serve on the Board/ Committees of competing companies. Other than this, there is no limitation on the Directorships /Committee memberships except those imposed by law and good corporate governance.

Directors' Responsibilties

(a) The principal responsibilty of the Board members is to oversee the management of the Company and in doing so, serve the best interests of the Company and its stockholders. This responsibilty shall include :

- Reviewing and approving fundamental operating, financial and other corporate plans, strategies and objectives.
- Evaluate whether the corporate resources are being used only for appropriate business purposes.

- Establising a corporate environment that promotes timely and effective disclosure (including robust and appropriate controls, procedures and incentives), fiscal responsibilty, high ethical standards and compliance with all applicable laws and regulations.
- Evaluating the performance of the Company and its senior executives and taking appropriate action, including removal, where warranted.
- Evaluating the overall effectiveness of the Board and its Committees.
- To attend the Board, Committee and shareholders meetings.

(b) **Exercise business judgment:** In discharging their fiduciary duties of care and loyalty, the directors are expected to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its stakeholders.

(c) **Understand the Company and its business:** The directors have an obligation to remain informed about the Company and its business, including the principal operational and financial objectives, strategies and plans of the Company, relative standing of the business segments within the Company and vis-a-vis the competitors of the Company, factors that determine the Company's success, results of operations and financial conditon of the Company and the significant subsidiaries and business segments.

(d) **To establish effective systems:** The directors are responsible for determining that effective systems are in place for periodic and timely reporting to the Board on important matters concerning the Company including the following:

- Current business and financial performance, degree of achievement of approved objectives and the need to address forward-planning issues.
- Compliance programs to assure the Company's compliance with laws and corporate polices.
- Material litigation and governmental and regulatory matters.

Board meetings functioning and procedure

Board Meeting - Calendar: The probable dates of the board meetings for the forthcoming year are decided in advance and published as part of the Annual Report.

Board Meeting - Frequency: The Board meets at least once a quarter to review the quarterly results and other items of the agenda. Whenever necessary, additional meetings are held. In case of business exigencies or urgency of matters, resolutions are passed by circulations. The Company effectively uses teleconferencing facility to enable the participation of Directors who could not attend the same due to some urgency.

Board Meeting - Location: The meetings are generally held at the Technology HUB of the Company at Noida. Each director is expected to attend the Board meetings.

Board Meeting - Matters: All divisions/ departments of the Company are advised to schedule their work plans in advance, particularly with regard to matters requiring discussions/ approval/ decision of the Board/ Committee meetings. All such matters are communicated to the Company Secretary in advance so that the same could be included in the Agenda for the Board/ Committee meetings.

Board material/ Agenda distributed in advance: The agenda for each board meeting is circulated in advance to the Board members. All material information is incorporated in the agenda facilitating meaningful and focused discussions in the meeting. Where it is not practicable to attach any document in the agenda, the same is tabled before the meeting. Every board member is free to suggest items for inclusion in the agenda.

Presentations by management: The Board is given presentations covering finance, sales, marketing, major business segments and operations of the Company, global business environment including business opportunities, business strategy and the risk management practices before taking on record the financial results of the Company.

Access to employees: The directors are provided free access to officers and employees of the Company. Management is encouraged to invite the Company personnel to any Board meeting at which their presence and expertise would help the Board to have a full understanding of matters being considered.

Availability of information to Board members: The information placed before the Board includes annual operating plans and budgets, including operating & capital expenditure budgets, quarterly financial results of the Company both consolidated and standalone basis, financials of each of the subsidiaries and investments made by the subsidiaries, update on the state of the market for the business and the strategy, minutes of subsidiaries, minutes of all the Board committees, related party transactions, details of the treasury investments, details of foreign exchange exposure, update on statutory compliance report and reports of any non compliances, if any, information on recruitment/remuneration of senior officers, show cause/ demand notices if any, details of joint ventures or collaboration agreements, significant changes in the accounting policies, sale of any material nature etc.

Discussion with Independent Directors: Independent Directors are regularly updated on performance of each line of business of the Company, business strategy going forward and new initiatives being taken/ proposed to be taken by the Company. The independent directors meet periodically without the executive directors or the management. The independent directors also periodically have one on one meetings with the statutory auditors and internal auditors, where neither the executive directors nor any person from the management is present.

Post meeting follow- up mechanism: The guidelines for Board and Committee(s) meetings facilitate an effective post meeting follow up review and reporting process for the decisions taken by the Board and Committee(s) thereof. The important decisions taken at the Board/ Committee(s) meetings are promptly communicated to the concerned departments/ divisions. Action taken report on the decisions of the previous meeting(s) is placed at the immediately succeeding meeting of the Board/ Committee(s) for information and review by the Board/ Committee(s).

Number of Board Meetings and the dates on which it held

There were five Board meetings held during the year ended June 30, 2012.These were held on July 25-27, 2011, October 17-18, 2011, January 16-17, 2012, April 16-18, 2012 and May 14, 2012. The following table gives the attendance record of the directors meetings and at the last Annual General Meeting:

Name of the Director	No. of board meetings held	No. of board meetings attended	Whether attended last AGM
Mr. Shiv Nadar	5	5	No
Mr. Vineet Nayar	5	5	Yes
Ms. Robin Abrams	5	5^	No
Mr. Subroto Bhattacharya	5	5	Yes
Mr. Amal Ganguli	5	5	Yes
Mr. R. Srinivasan	5	4**	No
Mr. T. S. R. Subramanian*	2	2	Yes
Mr. Ajai Chowdhry*	2	2	Yes
Mr. P. C. Sen*	2	-	No
Mr. Sudhinder Krishan Khanna#	3	2**	N.A

^ includes two meetings attended through conference call.

** ceased to be the director w.e.f. November 02, 2011.*

 # appointed as an Additional Director of the Company w.e.f. November 03, 2011 post the AGM of the Company.

*** includes one meeting attended through conference call.*

Board Committees

The Board committees play a crucial role in the governance structure of the Company and are being set out to deal with specific areas /activities which concern the Company and need a closer review. They are set up under the formal approval of the board, to carry out the clearly defined role which is considered to be performed by members of the board, as a part of good corporate governance. The Board supervises the execution of its responsibilities by the committees and is responsible for their action.

Currently, the Board has seven Committees viz. Audit Committee, Compensation Committee, Nominations Committee, Risk Management Committee, Finance Committee, Shareholders' Committee and Employees' Stock Options Allotment Committee.

Keeping in view the requirements of the Companies Act, 1956 as well as Clause 49 of the Listing Agreement, the Board decides the terms of reference of various committees which set forth the purposes, goals and responsibilities of the Committees. All observations, recommendations and decisions of the committees are placed before the Board for information or for approval.

Frequency and length of meeting of the Committees of the Board

The Chairman of each Committee of the Board, in consultation with the Chairman of the Board and appropriate members of management determine the frequency and length of the meeting of the Committees' and develop the Committees' agenda. The agenda of the Committee meetings is shared with all the members of the Committee.

Chairmanship/ Membership of Directors in Committees of the Board of Directors of the Company as on June 30, 2012:

S. No.	Director	Audit Committee	Compensation Committee	Shareholders' Committee	Nominations Committee	Finance Committee	Employees' stock option committee	Risk Management Committee
Executive Directors								
1.	Mr. Shiv Nadar	N.A	N.A	Member	Chairman	Member	Member	N.A
2.	Mr. Vineet Nayar	N.A	N.A	Member	N.A.*	N.A	Member	N.A
Independent Non Executive Directors								
3.	Mr. Subroto Bhattacharya	Member	N.A	Chairman	N.A	Member	Member	Member
4.	Ms. Robin Abrams	Member	Member^	N.A	N.A	N.A	N.A	Member
5.	Mr. Amal Ganguli	Chairman**	N.A	N.A	N.A	Chairman	N.A	Chairman**
6.	Mr. R. Srinivasan	N.A	Chairman^	N.A	Member*	Member	N.A	N.A
7.	Mr. Sudhinder Krishan Khanna	N.A	N.A	N.A	N.A	N.A	N.A	N.A

Note 1: No separate provision for the service of notice period and payment of severance fee by the executive directors at the time of their termination.

*Note 2: *Mr. Vineet Nayar ceased to be the member of the Committee and Mr. R. Srinivasan has been appointed as the member of the Committee w.e.f. July 12, 2012.*

Note 3: ^Mr. R. Srinivasan was appointed as a member of the Committee w.e.f November 03, 2011 and he has been elected as the chairman of the Committee w.e.f. July 12, 2012. Ms. Robin Abrams continues as the member of the Committee.

*Note 4: **Mr. Amal Ganguli was appointed as the Chairman w.e.f. November 03, 2011.*

1. Audit Committee

The Audit Committee was re-constituted during the year which comprises of three Independent Directors, namely:

a) Mr. Amal Ganguli (Chairman)
b) Ms. Robin Abrams
c) Mr. Subroto Bhattacharya
d) Mr. T. S. R. Subramanian (Chairman)*

** ceased to be the member w.e.f. November 2, 2011.*

The Company Secretary acts as a Secretary to the Committee.

Terms of Reference

The constitution and terms of reference of the Audit Committee meet all the requirements of Section 292A of the Companies Act, 1956 as well as Clause 49 of the Listing Agreement.

The Terms of Reference for the Audit Committee are as under.

a) Statutory Auditors

Recommend to the Board the appointment, re-appointment and if required, the replacement or removal of the Statutory Auditors, fixation of audit fee and also approve payment for any other services rendered by the statutory auditors.

b) Review independence of statutory auditors

In connection with recommending the firm to be retained as the Company's Statutory Auditors, review the information provided by the management relating to the independence of such firm, including, among other things, information relating to the non-audit services provided and expected to be provided by the Statutory Auditors.

The Committee is also responsible for:

i) Actively engaging in dialogue with the Statutory Auditors with respect to any disclosed relationship or services that may impact the objectivity and independence of the statutory auditors, and

ii) Recommending that the Board takes appropriate action in response to the Statutory Auditors' Report to satisfy itself of their independence.

c) Review audit plan

Review with the Statutory Auditors their plans for, and the scope of, their annual audit and other examinations.

d) Conduct of audit

Discuss with the Statutory Auditors the matters required to be discussed for the conduct of the audit.

e) Review Audit Results

Review with the Statutory Auditors the proposed report on the annual audit, areas of concern, the accompanying management letter, if any, the reports of their reviews of the Company's interim financial statements, and the reports of the results of such other examinations outside of the course of the statutory auditors' normal audit procedures that they may from time to time undertake.

f) Review Financial Statements

Review the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are accurate, sufficient and credible. The Audit Committee reviews with appropriate officers of the Company and the Statutory Auditors, the annual financial statements of the Company prior to submission to the Board or public release thereof, focusing primarily on:

a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956;
b. Any changes in accounting policies and practices and reasons for the same.
c. Major accounting entries based on exercise of judgment by management.
d. Qualifications in draft audit report.
e. Significant adjustments made in the financial statements arising out of audit.
f. The going concern assumption.
g. Compliance with accounting standards.
h. Compliance with stock exchanges and legal requirements concerning financial statements.
i. Any related party transactions i.e. transactions of the Company with its subsidiaries, promoters or the management, or their relatives, etc. that may have conflict with the interest of the Company at large.
j. Contingent liabilities.
k. Status of litigations by or against the Company.
l. Claims against the Company and their effects on the accounts.

g) Review Quarterly Results

Reviewing with the management, the quarterly/interim financial statements before submission to the Board for approval.

h) Review the performance of the Internal and External Auditors

Review with the management the performance of the statutory and internal auditors and adequacy of the internal control systems.

i) Oversight Role

Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure the financial statement is correct, sufficient and credible.

j) Review policies

Review the Company's financial and risk management policies.

k) Review internal audit function

Review the adequacy of internal audit function, including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

l) Review Internal Audit plans

Review with the senior internal auditing executives and appropriate members of the staff of the internal auditing department, the plans for and the scope of their ongoing audit activities.

m) Review Internal Audit reports

Review with the senior internal auditing executive and appropriate members of the staff of the internal auditing department the annual report of the audit activities, examinations and results thereof of the internal auditing department, any significant findings and follow up thereon. The Audit Committee also reviews the findings of any internal investigations by the internal auditors into the matters where there is suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the matter to the Board.

n) Review systems of internal accounting controls

Review with the statutory auditors, the senior internal auditing executives and, if and to the extent deemed appropriate by the Chairman of the Committee, members of their respective staffs, the adequacy of the Company's internal accounting controls, the Company's financial, auditing and accounting organizations and personnel and the Company's policies and compliance procedures with respect to business practices.

o) Review recommendations of auditors

Review with the senior internal auditing executive and the appropriate members of the staff of the internal auditing department, the recommendations made by the Statutory Auditors and the senior internal auditing executive, as well as such other matters, if any, as such persons or other officers of the Company may desire to bring to the attention of the Committee.

p) Review the functioning of Whistle Blower Policy

Updates to be sent to the Audit Committee in case of any instances.

q) Review other matters

Review such other matters in relation to the accounting, auditing and financial reporting practices and procedures of the Company as the Committee may, in its own discretion, deem desirable in connection with the review functions described above.

r) Reporting to Board

Report its activities to the Board in such manner and at such times, as it deems appropriate.

s) Investigation

The Audit Committee has the authority to investigate any matter in relation to the items specified in Section 292A of the Companies Act, 1956 or referred to it by the Board and for this purpose; it has full access to the information contained in the records of the Company. It can also investigate any activity within its term of reference. It has the authority to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (for nonpayment of declared dividends) and creditors, if any.

t) Seek information / advice

The Audit Committee can seek information from any employee and can obtain from outside any legal or other professional advice. It can also secure attendance of outsiders with relevant experience, if it considers necessary.

u) Approval for appointment of Chief Financial Officer

Approval of the appointment of CFO (the whole-time Finance Director or any other person heading the finance function) after assessing the qualifications, experience and background etc. of the candidate.

v) Review the Statement of Uses and Application of Funds

Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public, rights, preferential issue etc.) the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of the public issue or rights issue, and making appropriate recommendations to the Board to take steps in the matter.

w) Review of other Information

The Audit Committee shall mandatorily review the following information:

(a) Management discussion and analysis of financial condition and results of operation.

(b) Statement of significant related party transactions submitted by the management.

(c) Management letters/letters of internal control weaknesses issued by the statutory auditors.

(d) Internal audit reports relating to internal control weaknesses.

(e) The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review of the Audit Committee.

x) Basis of Related Party Transactions

(a) The statement in summary form of transactions with related parties in the ordinary course of business shall be placed periodically before the audit committee.

(b) Details of material individual transactions with related parties, which are not in the normal course of business, shall be placed before the audit committee.

(c) Details of material individual transactions with related parties or others, which are not on arms length basis shall be placed before the audit committee together with the management justification for the same.

Explanation: The term “Related Party Transactions” shall have the meaning as contained in the Accounting Standard 18, Related Party Transactions, issued by the Institute of Chartered Accountants of India.

y) To attend Annual General Meeting

The Chairman of the Audit Committee shall attend the Annual General Meetings of the Company to provide any clarification on matters relating to audit sought by the members of the Company.

Statutory Auditors of the Company shall be special invitees to the Audit Committee meetings, wherein they participate on discussions related to the review of financial statements of the Company and any other matter that in the opinion of the statutory auditors needs to be brought to the notice of the Committee.

z) Subsidiary Companies

The Audit Committee of the listed holding company shall also review the financial statements, in particular the investments made by the unlisted subsidiary companies.

aa) Annual Review of the Terms of Reference of the Audit Committee

The Committee will review and reassess the adequacy of the terms of reference of the Audit Committee annually, and where necessary obtain the assistance of management, the Group's external auditors and external legal counsel.

Eight meetings of the Audit Committee were held during the year, on the following dates:

July 14, 2011

July 25, 2011

October 14, 2011

October 17, 2011

January 11, 2012

January 16, 2012

April 11, 2012

April 16, 2012

Attendance details of each member at the Audit Committee meetings held during the year ended June 30, 2012 are as follows:

Name of the Committee Member	Position	Number of Meetings held	Number of Meetings attended
Mr. Amal Ganguli	Chairman	8	8
Ms. Robin Abrams	Member	8	8*
Mr. Subroto Bhattacharya	Member	8	8
Mr. T. S. R. Subramanian**	Chairman	4	4

** includes five meetings attended through conference call.*

*** ceased to be the member w.e.f. November 02, 2011.*

2. Compensation Committee

The Compensation Committee was re-constituted during the year which consists of following members:

a) Mr. R. Srinivasan (Chairman)*

b) Ms. Robin Abrams^

c) Mr. P. C. Sen **

d) Mr. Ajai Chowdhry**

** Appointed as a member of the Committee w.e.f November 03, 2011 and he has been appointed as the Chairman of the Committee w.e.f. July 12, 2012.*

^ Ceased to be the Chairperson of the Committee w.e.f. July 12, 2012 and continues as the member of the Committee.

*** Ceased to be the member w.e.f. November 2, 2011.*

Terms of Reference

The Terms of Reference of the Compensation Committee are as under:

a) Review and recommend to the Board the remuneration policy for the Company.

b) Review and approve/recommend the remuneration for the Corporate Officers or Whole-Time Directors of the Company.

c) Approve inclusion of senior officers of the Company as Corporate Officers.

d) Approve promotions within the Corporate Officers.

e) Regularly review the Human Resource function of the Company.

f) Approve grant of stock options to the employees and / or Directors of the Company and subsidiary companies and perform such other functions and take such decisions as are required under the various Employees Stock Option Plans of the Company.

g) Discharge such other function(s) or exercise such power(s) as may be delegated to the Committee by the Board from time to time.

h) Make reports to the Board as appropriate.

i) Review and reassess the adequacy of this charter periodically and recommend any proposed changes to the Board for approval from time to time.

Three meetings of the Compensation Committee were held during the year on the following dates:

July 26, 2011

October 17, 2011

April 17, 2012

Apart from the physical meetings, 3 meetings were held via conference call and based on the discussions, the resolutions were passed by circulation. These meetings were attended by all the members.

Attendance details of each member at the Compensation Committee meetings held physically during the year ended June 30, 2012 are as follows:

Name of the Committee Member	Position	Number of Meetings held	Number of Meetings attended
Ms. Robin Abrams^	Chairperson	3	3
Mr. R. Srinivasan*	Chairman	3	1
Mr. P. C. Sen**	Member	3	-
Mr. Ajai Chowdhry**	Member	3	2

** Appointed as a member of the Committee w.e.f November 03, 2011 and he has been elected as the Chairman of the Committee w.e.f. July 12, 2012.*

*** Ceased to be the members' w.e.f. November 2, 2011.*

^ Ceased to be the Chairperson of the Committee w.e.f. July 12, 2012 and continues as the member of the Committee.

Remuneration Policy and criteria of making payments to Executive and Non-Executive Directors

The remuneration policy of the Company is aimed at rewarding performance, based on review of achievements on a regular basis and is in consonance with the existing industry practices.

The criteria for making payments to Executive and Non-Executive Directors of the Company are as under:

Executive Directors:

The remuneration of the Executive Directors is recommended by the Compensation Committee to the Board and after approval by the Board the same is put up for the shareholders approval. Executive Directors do not receive any sitting fees for attending the Board and Committee meetings.

The composition of the Board consists of two Executive Directors viz. Mr. Shiv Nadar and Mr. Vineet Nayar. The remuneration paid to Mr. Shiv Nadar and Mr. Vineet Nayar for the year ended June 30, 2012 from the Company/subsidiaries is as under:

Remuneration to Mr. Shiv Nadar from the Company:

Particulars	₹ / crores
Salary	3.75
Allowances and Perquisites	1.17
Contribution to Provident Fund	0.09
Total	**5.01**

In addition, Mr. Shiv Nadar received ₹4.83 Crores as salary and perquisites from the subsidiaries of the Company. The overall compensation is in accordance with the approval given by the Board and Shareholders of the Company.

Remuneration to Mr. Vineet Nayar from the Company:

Particulars	₹ / crores
Salary	8.10
Allowances and Perquisites	0.03
Contribution to Provident Fund	0.30
Total	**8.43**

In addition, Mr. Vineet Nayar received ₹0.09 Crores as salary and perquisites from a subsidiary of the Company. The overall compensation is in accordance with the approval given by the Board and Shareholders of the Company.

Mr. Vineet Nayar was also granted Stock Options of the Company. The details of the same as on June 30, 2012 are as under:

Grant Date	Number of Options Granted*	Grant Price Per Option (₹)	Vesting Details #		Options Exercised so far
			No. of options Vested/ to be vested	Vesting Dates	
24-10-2005	7,50,000	8.00	2,50,000	01-Jul-08	2,50,000
			2,50,000	01-Jul-09	2,50,000
			2,50,000	01-Jul-10	2,50,000
24-08-2009	1,75,000	8.00	1,75,000	31-Aug-10	1,75,000
19-10-2010	12,50,000	8.00	2,50,000	01-Jan-12	2,50,000
			2,50,000	01-Jan-13	Nil
			2,50,000	01-Jan-14	Nil
			2,50,000	01-Jan-15	Nil
			2,50,000	01-Jan-16	Nil

** Each option entitles 4 equity shares of face value of ₹ 2/- each.*
 # The options are exercisable within 5 years from the date of vesting.

Non-Executive Directors:

During the year, the Company paid sitting fees to its Non-Executive Directors for attending the meetings of the Board of Directors, Audit Committee and Finance Committee of the Company. The Company pays commission to its Non-Executive Directors as approved by the Board within the limits approved by the shareholders of the Company. The amount of such commission, taken together for all Non-Executive Directors, does not exceed 1% of the net profits of the Company in a financial year. The said commission is decided each year by the Board of Directors and distributed amongst the Non-Executive Directors based on their attendance and contribution at the Board and certain Committee meetings, as well as the time spent on operational matters other than at meetings.

The sitting fees and commission paid/ payable to the Non-Executive Directors for the year ended June 30, 2012 are as under:

Name of the Director	Sitting Fees for the year ended June 30, 2012 ₹ / lacs	Commission for the year ended June 30, 2012 ₹ / lacs
Mr. Amal Ganguli	3.80	27.00
Ms. Robin Abrams	1.20	32.13
Mr. Subroto Bhattacharya	4.00	25.00
Mr. R. Srinivasan	1.00	22.00
Mr. Sudhinder Krishan Khanna*	0.40	13.75
Mr. T. S. R. Subramanian**	1.20	-
Mr. Ajai Chowdhry**	0.40	-

** appointed as an Additional Director w.e.f. November 03, 2011.*
*** ceased to be the Director w.e.f November 02, 2011.*

There were no other pecuniary relationships or transactions of the Non-Executive Directors vis-á-vis the Company.

3. Nominations Committee

The Nominations Committee consists of the following members:

a) Mr. Shiv Nadar (Chairman)
b) Mr. R. Srinivasan**
c) Mr. Vineet Nayar**
d) Mr. T. S. R. Subramanian*

*** Mr. Vineet Nayar ceased to be the member of the Committee and Mr.R. Srinivasan has been appointed as the member of the Committee w.e.f. July 12, 2012.*

** ceased to be the member w.e.f. November 2, 2011.*

Terms of Reference:

The Terms of Reference of Nominations Committee are as under:

a) Succession planning for certain key positions in the Company viz. Chief Executive Officer (CEO), Chief Operating Officer (COO), Chief Financial Officer (CFO). The Committee to identify, screen and review candidates, inside or outside the Company and provide its recommendations to the Board.

b) Reviewing the Company's corporate Governance guidelines periodically and recommending such amendments to the Board as it deems necessary.

c) Review and reassess the adequacy of this charter periodically and recommend any proposed changes to the Board for approval from time to time.

4. Risk Management Committee

The Risk Management Committee consists of the following members:

a) Mr. Amal Ganguli (Chairman)
b) Ms. Robin Abrams
c) Mr. Subroto Bhattacharya
d) Mr. T. S. R. Subramanian *

**ceased to be the member w.e.f. November 2, 2011.*

Terms of Reference

The Terms of Reference of the Risk Management Committee are as under:

a) Assist the Board in overseeing the responsibilities with regard to the identification, evaluation and mitigation of operational, strategic and external environmental risks.

b) Review and approve the Risk management policy and associated framework, processes and practices.

c) Assist the Board in taking appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities.

d) Evaluating significant risk exposures including business continuity planning and disaster recovery planning.

e) Assessing management's actions in mitigating the risk exposures in a timely manner.

f) Promote the Enterprise Risk Management and to ensure that the risk management process and culture are embedded in the Company.

g) Assist the Board in maintenance and development of a supportive culture, in relation to the management of risk, appropriately embedded through procedures, training and leadership actions so that all employees are alert to the wider impact on the whole organization of their actions and decisions.

h) Maintaining aggregated view on the risk profile of the Company/ Industry in addition to the solo and individual risk profile.
i) Ensure the implementation of the objectives as per the Risk Management Policy and compliance with them.
j) Advise the Board on Board's risk appetite, tolerance and strategy.
k) Review and reassess the adequacy of this charter periodically and recommend any proposed changes to the Board for approval from time to time.
l) The Committee shall have access to any internal information necessary to fulfill its oversight role. As and when required the Committee can assign tasks to the Internal Auditor and Risk management team in the Company who will provide their findings to the Committee.

5. Finance Committee

The Finance Committee consists of the following members:

a) Mr. Amal Ganguli (Chairman)
b) Mr. Subroto Bhattacharya
c) Mr. Shiv Nadar
d) Mr. R. Srinivasan

Terms of Reference

The Terms of Reference of the Finance Committee are as under:

a) To review and approve the capital structure plans and specific equity and debt financings and recommend the same for approval to the Board.
b) To review and approve the annual budgets and other financial estimates and provide its recommendations to the Board.
c) To review the actual performance of the Company against the budgets.
d) To review and approve the capital expenditure plans and specific capital projects and recommend the same to the Board for approval.
e) To evaluate the performance of and returns on approved capital expenditure.
f) To consider and approve the proposal which involves funding assets on operating and / or financial lease in the normal course of business.
g) To review and approve the proposals for mergers, acquisitions and divestitures and provide its recommendations to the Board.
h) To evaluate the performance of acquisitions.
i) To consider and approve the proposals for fresh investments by way of infusion of capital and/or providing of loan and any further investments (by capital / loan) in wholly owned subsidiaries / branches and providing any guarantees for funding the same.
j) To evaluate the performance of subsidiaries / JVs / branches.
k) To plan and strategize for managing the foreign exchange exposure - The Committee to approve the hedging policy and monitor its performance.
l) To approve the investment policy and review the performance thereof.
m) To recommend dividend policy to the Board.
n) To review and approve the insurance coverage and program for the Company.
o) To consider and approve the guarantees / bonds provided by the Company either directly or through banks in connection with the Company's business.
p) To approve opening / closing of bank accounts of the Company and change in signatories for operating the bank accounts.
q) To perform any other activities or responsibilities assigned to the Committee by the Board of Directors from time to time.
r) To delegate authorities from time to time to the Executives/ Authorised persons to implement the decisions of the Committee within the powers authorised above.

During the year under review, the Committee met 6 times.

6. Shareholders' Committee

The Shareholders' Committee was re-constituted during the year which consists of the following members:

a) Mr. Subroto Bhattacharya (Chairman)**
b) Mr. Shiv Nadar
c) Mr. Vineet Nayar*
d) Mr. T. S. R. Subramanian (Chairman)**
e) Mr. Ajai Chowdhry**

* appointed as a member of the Committee w.e.f November 3, 2011.

** Mr. T.S.R. Subramanian ceased to be the member w.e.f. November 2, 2011 & Mr. Subroto Bhattacharya was appointed as the Chariman w.e.f. November 3, 2011.

Mr. Manish Anand, Company Secretary is the Compliance Officer of the Company.

Terms of Reference

The Shareholders' Committee has been formed to undertake the following activities:

a) To review and take all necessary actions for redressal of investors' grievances and complaints as may be required in the interest of the investors.
b) To approve requests of rematerialisation of shares, issuance of split and duplicate share certificates.

The details relating to the number of shareholders' complaints received and resolved and number of pending transfers have been provided in the shareholders information section.

During the year under review, the Committee met 7 times.

7. Employees' Stock Option Allotment Committee

The Employees' Stock Option Allotment Committee consists of following members:

a) Mr. Shiv Nadar
b) Mr. Vineet Nayar
c) Mr. Subroto Bhattacharya
d) Mr. T. S. R. Subramanian*
e) Mr. Anil Chanana

**Ceased to be the member w.e.f. November 2, 2011.*

This Committee has been formed to allot shares to the employees who have exercised their stock options under the Stock Option Plans of the Company.

During the year under review, the Committee met 12 times.

Succession Planning

Succession planning for certain key positions in the Company viz. Chief Executive Officer (CEO), Chief Operating Officer (COO) and Chief Financial Officer (CFO) is part of the charter of the Nominations Committee of the Company. The Committee shall identify, screen and review candidates, inside or outside the Company and provide its recommendations to the Board.

Independence of Statutory Auditors

The Board ensures that the statutory auditors of the Company are independent and have arm's length relationship with the Company.

Materially significant related party transactions

There have been no materially significant related party transactions, monetary transactions or relationships between the Company and its directors, management, subsidiary or relatives, except for those disclosed in the financial statements for the year ended June 30, 2012.

Code of Business Ethics and Conduct

The Board has prescribed a Code of Conduct that provides for transparency, behavioral conduct, a gender friendly workplace, legal compliance and protection of Company's property and information. During the year, the said code was revised to increase its scope and applicability and now titled as Code of Business Ethics and Conduct (Code). The code covers all employees, Directors, third party vendors, consultants and customers across the world. The code is also posted on the website of the Company.

All Board members and senior management personnel have confirmed compliance with the Code for the year 2011-12. A declaration to this effect signed by the Chairman & Chief Strategy Officer and Vice-Chairman & CEO of the Company is provided elsewhere in this Report.

Code for Prevention of Insider Trading:

The Company has comprehensive guidelines on prevention of insider trading in line with the SEBI (Prohibition of Insider Trading) Regulations, 1992. The Code for prevention of Insider Trading inter-alia prohibits purchase/sale of shares of the Company by employees/directors while in possession of unpublished price sensitive information in relation to the Company. The Company within two working days of receipt of the information under the Initial and Continual disclosures from Directors shall disclose the same to all the Stock Exchanges, where the shares of the Company are listed.

Anti-Bribery Policy and Anti Corruption Policy

To ensure the Company's policy for conducting its business activities with honesty, integrity and highest possible ethical standards and company's commitment towards prevention, deterrence and detection of fraud, bribery and other corrupt business practices, the Company has introduced and Anti Bribery an Anti Corruption Policy that applies to the employees at all levels, directors, consultants, agents and other persons associated with the Company, its affiliates and subsidiaries. This policy covers matters relating to hospitality, offset obligations, employment of relatives, guidance on gifts, political/ charitable contributions, extortion/ blackmail responses etc. The same has been available on our website www.hcltech.com.

Sexual Harassment Policy

In order to ensure an additional available mode for the employees, under the Sexual Harassment Policy, to voice their concern and bring it to the organization's notice, a mechanism is in place for employees to report any issues, abuse, etc. to a Council formed for this purpose. Any employee dissatisfied with the decision has a direct access to the CEO of the Company.

Whistle Blower Policy

The principles of Trust through transparency and accountability are at the core of the Company's existence. To ensure strict compliance with ethical and legal standards across the Company, the Whistleblower policy is in place to provide appropriate avenues to the employees, contractors, clients, vendors, internal or external auditors, law enforcement / regulatory agencies or other third parties to bring to the attention of the management any issues which are perceived to be in violation or in conflict with the fundamental business principles of the Company. All cases registered under the Whistle Blower Policy of the Company are reported to the Ethics Committee and the mechanism shall be reviewed by the Audit Committee.

Corporate Governance Voluntarily Guidelines 2009

Ministry of Corporate Affairs, Government of India had published the Corporate Governance Voluntarily Guidelines 2009 which is recommendatory in nature. These guidelines have been published keeping in view the objective of encouraging the use of better practices through voluntary adoption, which not only serve as a benchmark for the corporate sector but also help them in achieving the highest standard of corporate governance. The Corporate sector has been advised to voluntarily adopt these guidelines with the objective of using better corporate governance practices which the Ministry believes will enables the Indian corporate sector to enhance not only the economic value of the Company but also the value for every shareholder who has contributed in the success of the Company. These guidelines broadly focus on the areas like Board of Directors, responsibilities of the Board, audit committee functions, roles and responsibilities, appointment of auditors, Compliances and a mechanism for Whistle Blower support. The Company is already majorly in compliance with these guidelines.

Observance of the Secretarial Standards issued by the Institute of Company Secretaries of India

The Institute of Company Secretaries of India (ICSI), one of the premier professional bodies in India, has issued secretarial standards on important aspects like board meetings, general meetings, payment of dividend, maintenance of registers and records, minutes of meetings, transmission of shares and debentures, passing of resolution by circulation, affixing of common seal, forfeiture of shares and board's report. Although these standards are optional in nature, the Company however substantially adheres to the standards voluntarily.

General Body Meetings

The location and time of the General Meetings held during the preceding 3 years are as follows:

Year	Date	Venue	Time	Special Resolution
Annual General Meetings				
2008-2009	December 8, 2009	FICCI Auditorium, Federation House, Tansen Marg, New Delhi.	11.00 A.M.	• Approval u/s 198, 269, 309, and all other applicable provisions of the Companies Act, 1956, (Act) read with Schedule XIII to the said Act, to re-appoint Mr. Shiv Nadar, Chairman & Chief Strategy Officer as Managing Director of the Company for a period of 5 years w.e.f. September 13, 2009 with the designation of Chairman & Chief Strategy Officer or such other designation as the Board/Compensation Committee may decide from time to time.
2009-2010	October 28, 2010	FICCI Auditorium, Federation House, Tansen Marg, New Delhi.	11.00 A.M.	—
2010-2011	November 02, 2011	Air Force Auditorium, Subroto Park, New Delhi	3.00 P.M.	—

Details of Resolution passed by way of Postal Ballot:

During the year ended June 30, 2012, pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011, shareholders of the Company have approved the resolutions by means of postal ballot, the details of which are as under:

1. Special Resolution for seeking shareholders' approval for increasing the total shareholding of Foreign Institutional Investors (FIIs) from 24% upto the sectoral cap (49% or 74% as the case may be applicable) in the Company.
2. Ordinary Resolution for the terms of remuneration of Mr. Shiv Nadar as the Managing Director of the Company for a period of 5 years w.e.f. February 01, 2012.

Details of the person who conducted postal ballot exercise:

During the year ended June 30, 2012, postal ballot exercise was conducted and Mr. Nityanand Singh, Practising Company Secretary was appointed as a scrutinizer for the same. The results of the postal ballot were announced on May 31, 2012.

Summary of the results of the postal ballot of the Company on May 31, 2012 is as follows:

Resolution 1:

S. No.	Particulars	Details
(a)	**Total Postal Ballot Forms received**	
	No. of Postal Ballot Forms	1,276
	No. of Votes exercised	49,78,36,360
(b)	**Invalid Postal Ballot Forms**	
	No. of Invalid Postal Ballot Forms	80
	No. of Invalid Votes	12,992
(c)	**Valid Postal Ballot Forms**	
	- No. of Valid Postal Ballot Forms	1,196
	- No. of Valid Votes	49,78,23,368
	- No. of votes exercised	49,70,89,741
(d)	**Votes in favour of the Resolution**	
	- No. of Postal Ballot Forms	1,170
	- No. of Votes in favour of the resolution	49,70,78,340
	- Percentage of Votes in favour of the resolution	99.998%
(e)	**Votes against the Resolution**	
	- No. of Postal Ballot Forms	26
	- No. of Votes cast against the resolution	11,401
	- Percentage of votes against the resolution	0.002%

Resolution 2:

S. No.	Particulars	Details
(a)	**Total Postal Ballot Forms received**	
	No. of Postal Ballot Forms	1,276
	No. of Votes exercised	49,78,36,360
(b)	**Invalid Postal Ballot Forms**	
	No. of Invalid Postal Ballot Forms	81
	No. of Invalid Votes	12,922
(c)	**Valid Postal Ballot Forms**	
	- No. of Valid Postal Ballot Forms	1,195
	- No. of Valid Votes	49,78,23,438
	- No. of votes exercised	49,70,89,811
(d)	**Votes in favour of the Resolution**	
	- No. of Postal Ballot Forms	1,166
	- No. of Votes in favour of the resolution	48,93,25,639
	- Percentage of Votes in favour of the resolution	98.438%
(e)	**Votes against the Resolution**	
	- No. of Postal Ballot Forms	29
	- No. of Votes cast against the resolution	77,64,172
	- Percentage of votes against the resolution	1.562%

Subsidiary Companies

During the year, none of the subsidiaries was a material non-listed Indian subsidiary Company as per the criteria given in clause 49 of the Listing Agreement. The Audit Committee of the Company reviews the financial statements and investments made by the unlisted subsidiary companies. The minutes of the board meetings as well as the statements of significant transactions and arrangements entered into by the unlisted subsidiary companies, if any, are placed before the Board of Directors of the Company from time to time.

CEO/ CFO Certification

The Certificate as stipulated in clause 49(V) of the Listing Agreement was placed before the Board along with the financial statements for the year ended June 30, 2012 and the Board reviewed the same. The said Certificate is provided elsewhere in the Annual Report.

Disclosures

a) **Related party transactions**

The details of the transactions with related parties or others, if any, as prescribed in the Listing Agreement, are being placed before the Audit Committee from time to time. During the year under review, the Company has not entered into any transaction of a material nature with its subsidiaries, promoters, directors or the management, their relatives, etc., that may have any potential conflict with the interest of the Company.

b) **Compliances by the Company**

The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or any other statutory authorities relating to the above.

c) **Material transactions with senior managerial personnel**

During the year, no material transaction has been entered into by the Company with the senior management personnel where they had or were deemed to have any personal interest that may have a potential conflict with the interest of the Company. The Company has obtained requisite declarations from all senior management personnel in this regard and the same were placed before the Board of Directors.

d) **Other Disclosures**

The Company has also laid down the procedures to inform the Board members about the risk assessment and minimization procedures.

During the year, the Company did not raise any money through public issue, right issue or preferential issue and there was no unspent money raised through such issues.

Means of Communication

a) **Quarterly Results:** Quarterly Results of the Company are generally published inter alia, in Financial Express and Jansatta newspapers.

b) **Website:** Company's corporate website www.hcltech.com provides comprehensive information on company's portfolio of businesses. The website has an entire section dedicated to Company's profile, its core values, corporate governance, business lines and Industry sections. An exclusive section on 'Investors' enables them to access information at their convenience. The entire Reports as well as quarterly, half yearly, annual financial statements, releases and shareholding pattern are available in downloadable format as a measure of added convenience to the investors.

c) **News Releases, Presentations, etc.:** Official news releases, detailed presentations made to media, analysts, institutional investors, etc. are displayed on the Company's website www.hcltech.com . Official media releases are also sent to the Stock Exchanges.

d) **Annual Report:** Annual Report containing, inter alia, Audited Annual Accounts, Consolidated Financial Statements, Director's Report, Auditor's Report and other important information is circulated to members and others entitled thereto. The Annual Report of the Company is available on the Company's website in a user- friendly and downloadable form.

e) **Management Discussion and Analysis:** The Management's Discussion and Analysis (MD & A) Report forms part of the Annual Report.

f) **Intimation to the Stock Exchanges:** The Company intimates the Stock Exchanges all price sensitive information or such other matters which in its opinion are material and of relevance to the Shareholders.

g) **Corporate Filing and Dissemination System (CFDS):** Pursuant to clause 52 of the Listing Agreement, the company during the year has uploaded financial information like annual and quarterly financial statements, segment-wise results and shareholding pattern on the CFDS website www.corpfiling.co.in.

h) **National ECS facility:** As per RBI notification, with effect from October 1, 2009, the remittance of money through ECS is replaced by National Electronic Clearing Services (NECS) and banks have been instructed to move to the NECS platform.

NECS essentially operates on the new and unique bank account number, allotted by banks post implementation of Core Banking Solutions (CBS) for centralized processes of inward instructions and efficiency in handling bulk transactions.

The Company is using NECS mandate for remittance of dividend either through NECS or other electronic modes failing which the bank details available with Depository Participants are printed on the dividend warrant. All the arrangements are subject to RBI guidelines, issued from time to time.

i) **Designated Exclusive email-id:** The Company has the following designated email-id investors@hcl.com exclusively for investors servicing.

Green Initiatives Drive by the Ministry of Corporate Affairs, Government of India

The Company, as a corporate entity, is committed to protect and conserve the natural environment in our operations and services. As a responsible corporate citizen, the Company welcomes and supports the `Green Initiative' taken by the Ministry of Corporate Affairs, Government of India, enabling electronic delivery of documents to the shareholders at their e-mail addresses registered with the Depository participants/Registrar & Share Transfer Agent.

The Company sends the communications to the shareholders by electronic mode. We request all the shareholders of the Company to register their email addresses with their depository participants to ensure that the annual report and other documents reaches them on their preferred email address. Shareholders who hold shares in physical form are requested to register their e-mail addresses with the Registrar & Share Transfer Agent, by sending a letter, duly signed by the first/ sole holder quoting details of Folio No.

Investor Relations- Enhancing Investor Dialogue

Global macro and business environment has been very dynamic in the past year with implications on enterprise's business and financial performance. In this context, the Company recognize the imperatives to maintain continuous dialogue with the investor community. This is done with the objective to abreast the investors of all the significant developments that may likely impact the Company's performance. This translates into feeding timely, accurate and relevant information that helps investors in taking informed investment decisions.

We focus on to build investor relations on pillars of trust and transparency. Our proactive approach has enabled global investor community to better understand our management objectives, corporate strategies and overall performance over a period of time.

To deliver an effective communication, our Investor Relations Department effectively deploys tools like Annual Report; Quarterly Earnings Investor Release; Conference calls, Face to Face Investor meets, Annual General Meetings and Internet (Web Investor page) to serve as a link to stay connected with the investors.

Investors Satisfaction Survey

It is our constant endeavor to improve the standard of our investor services. The Company has stipulated internal timeframes for responding to investors' correspondence and adherence thereof is monitored by the Shareholders Committee.

In pursuit of excellence in Corporate Governance and to constantly improve standards of service, communication and disclosures; during the year we conducted a small survey to assess the requirement and satisfaction of valuable investors on following parameters:

1. Timely receipt of Annual reports, Dividend and other documents.
2. Response time and satisfaction level experienced in Transfer/ Transmission of shares, change of address, revalidation of dividend warrants etc.
3. Quality of information in Annual Report and investor section of company's website.
4. Interaction with company officials.
5. Interaction with Registrar and transfer agents.
6. Overall rating of our investor services.

The shareholders were asked to respond with any one of the following ratings:

- Excellent
- Good
- Needs Improvement

More than 88% of the shareholders have given the rating "Good" or "Excellent".

Shareholders' Information

a) General Information

Dates of book closure	October 23, 2012 to October 24, 2012 (both days inclusive)
Date, time and venue of the ensuing Annual General Meting	October 22, 2012 at 11.00 a.m. FICCI Auditorium, Federation House, 1, Tansen Marg, New Delhi -110 001
Dividend Payment Date (subject to the approval of the shareholders)	On or before November 21, 2012
Listing of Equity Shares on stock exchanges in India at	The National Stock Exchange of India Ltd. (NSE) Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra East, Mumbai - 400 051, India. Tel.: +91-22-26598236, Fax: +91-22-26598237
	The Bombay Stock Exchange Ltd. (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001, India Tel.: +91-22-22721233, Fax: +91-22-22723121
Listing of Non-Convertible Debentures on stock exchanges in India at	The Wholesale Debt Market Segment of NSE.
Listing fees	Paid to all the above stock exchanges for the Year 2012-2013.
Stock Code	National Stock Exchange - “HCLTECH” Bombay Stock Exchange - “532281”
Corporate Identification Number (CIN) of the Company	L74140DL1991PLC046369
Registered Office	806, Siddharth, 96, Nehru Place, New Delhi - 110 019, India Tel.: +91-11-26444812, Fax: +91-11-26436336 Homepage: www.hcltech.com
Registrar & Shares Transfer Agent	Alankit Assignments Limited 205-208, Anarkali Market, Jhandewalan Extension, New Delhi - 110 055, India. Tel.: +91-11-42541234, 23541234 Fax: +91-11-42541967 E-mail: rta@alankit.com
Debenture Trustee	IDBI Trusteeship Services Limited Asian Building, Ground Floor, 17, R Kamani Marg, Ballard Estate Mumbai 400 023

b) Share Transfer System

The Company's share transfer authority has been delegated to the Company's officials who generally consider and approve the share transfer requests on a fortnightly basis.

The shares sent for physical transfer are generally registered and returned within a period of 15 days from the date of receipt of request, if the documents are complete in all respects. As per the requirements of clause 47 (c) of the Listing Agreement with the Stock Exchanges, the Company has obtained half-yearly certificates from Practising Company Secretary for due compliance of share transfer formalities.

c) Reconciliation of Share Capital Audit Report

As required under Regulation 55A of SEBI (Depositories and Participants), Regulations, 1996, the reconciliation of share capital audit report on the total admitted capital with National Securities Depository Limited ("NSDL") and Central Depository Services (India) Ltd. ("CDSL") and the total issued and listed capital for each of the quarter in the financial year ended June 30, 2012 was carried out. The audit reports confirm that the total issued/ paid-up share 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.

d) Dematerialization of Shares

The shares of the Company under compulsory dematerialization ("Demat") category and consequently, shares of the Company can be traded only in electronic form.

The system for getting the shares dematerialized is as under:

- ✓ Share certificate(s) along with Demat Requisition Form (DRF) is to be submitted by the shareholder to the Depository Participant (DP) with whom he/she has opened a Depository Account.
- ✓ DP processes the DRF and generates a unique number viz. DRN.
- ✓ DP forwards the DRF and share certificates to the Company's Registrar & Shares Transfer Agent.
- ✓ The Company's Registrar & Shares Transfer Agent after processing the DRF confirm or reject the request to the Depositories.
- ✓ Upon confirmation, the Depository gives the credit to shareholder in his/her depository account maintained with DP.

As on June 30, 2012, about 99.93% of the equity shares issued by the Company are held in dematerialized form.

Company's ISIN in NSDL & CDSL for Equity Shares: INE860A01027.

Company's ISIN in NSDL & CDSL for Debentures: INE860A07016, INE860A07024 and INE860A07032.

Since the trading in the shares of the Company can be done only in electronic form, it is advisable that the shareholders who have the shares in physical form get their shares dematerialized.

e) Transfer of Unclaimed Dividend to Investor Education and Protection Fund (IEPF)

Pursuant to section 205A of the Companies Act, 1956, unclaimed balance of the dividends lying in the dividend accounts in respect of the dividend declared till April 2005 have been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. The dividends for the following years, which remain unclaimed for seven years, will be transferred to the IEPF in accordance with the schedule given below. Shareholders who have not enchased their dividend warrants relating to the dividend specified in Table below are requested to immediately send their request for issue of duplicate warrants. Once unclaimed dividend is transferred to the IEPF, no claim shall lie in respect thereof either with the Company or IEPF:

Financial Year	Type of Dividend	Date of Declaration	Due Date for transfer to IEPF
2004-05	Final	December 16, 2005	January 15, 2013
2005-06	1st Interim	October 25, 2005	November 24, 2012
	2nd Interim	January 18, 2006	February 17, 2013
	3rd Interim	April 19, 2006	May 19, 2013
	Final	December 14, 2006	January 13, 2014
2006-07	1st Interim	October 16, 2006	November 15, 2013
	2nd Interim	January 15, 2007	February 14, 2014
	3rd Interim	April 17, 2007	May 17, 2014
	Final	December 13, 2007	January 12, 2015
2007-08	1st Interim	October 16, 2007	November 15, 2014
	2nd Interim	January 17, 2008	February 16, 2015
	3rd Interim	April 15, 2008	May 15, 2015
	Final	October 22, 2008	November 21, 2015
2008-09	1st Interim	October 15, 2008	November 14, 2015
	2nd Interim	January 23, 2009	February 22, 2016
	3rd Interim	April 22, 2009	May 22, 2016
	Final	December 08, 2009	January 07, 2017
2009-10	1st Interim	October 28, 2009	November 27, 2016
	2nd Interim	January 25, 2010	February 24, 2017
	3rd Interim	April 21, 2010	May 21, 2017
	Final	October 28,2010	November 27, 2017
2010-11	1st Interim	October 19-20, 2010	November 19, 2017
	2nd Interim	January 18-19, 2011	February 18, 2018
	3rd Interim	April 19-20, 2011	May 20, 2018
	Final	November 02, 2011	December 01, 2018
2011-12	1st Interim	October 17-18, 2011	November 16, 2018
	2nd Interim	January 16-17, 2012	February 15, 2019
	3rd Interim	April 16-18, 2012	May 15, 2019

f) Distribution of shareholding as on June 30, 2012

Number of Equity Shares held	No. of Shareholders	Shareholders (%)	No. of Shares	Shares (%)
1 - 100	66,796	76.59	2,149,837	0.31
101 - 200	9,726	11.15	1,666,416	0.24
201 - 500	5,174	5.93	1,770,079	0.26
501 - 1000	1,734	1.99	1,299,266	0.19
1001 - 5000	2,197	2.52	5,370,745	0.77
5001 - 10000	615	0.70	4,408,719	0.63
10001 and above	974	1.12	676,618,414	97.60
Total	**87,216**	**100.00**	**693,283,476**	**100.00**

g) Categories of shareholders as on June 30, 2012

Category	Number of Equity shares held	Voting Strength (%)
Promoters	431,522,669	62.24
Mutual Funds/ UTI	35,339,467	5.10
Financial Institutions/ Banks	289,624	0.04
Insurance Companies	30,328,282	4.37
Foreign Institutional Investors	138,419,049	19.97
Foreign Banks	1,244	0.00
Bodies Corporate	22,245,664	3.21
Individuals	20,986,081	3.02
NRIs / OCBs	2,851,208	0.41
Foreign Nationals	89,342	0.01
Trusts	322,465	0.05
Foreign Corporate Body	8,815,800	1.28
HUF	167,980	0.03
Clearing Members	1,904,601	0.27
Grand Total	**693,283,476**	**100.00**

h) Stock market data

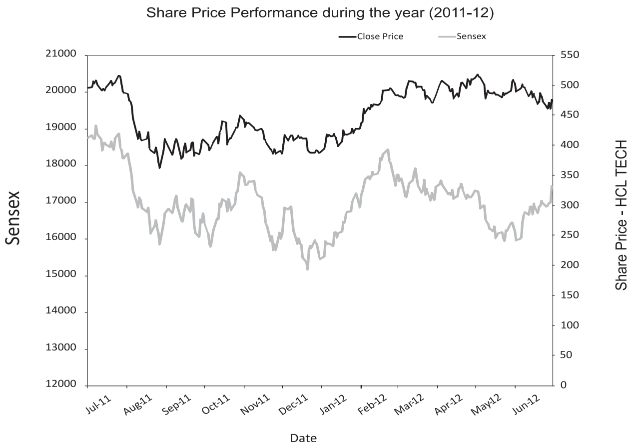
Monthly high and low quotations, as well as the volume of shares traded at the National Stock Exchange of India Limited ("NSE") and the Bombay Stock Exchange Limited ("BSE"), for fiscal year are as follows:

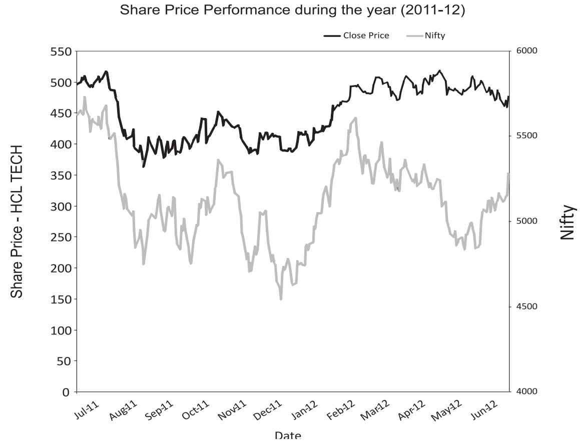
Month	NSE			BSE		
	High (₹)	Low (₹)	Volume (Number)	High (₹)	Low (₹)	Volume (Number)
July 2011	521.85	479.05	1,34,21,187	521.00	479.00	10,09,347
August 2011	494.85	360.00	2,78,43,836	494.00	360.10	23,64,175
September 2011	419.30	372.00	2,72,92,195	419.25	373.00	23,83,971
October 2011	455.00	386.50	2,51,43,926	452.00	386.60	22,63,363
November 2011	449.00	372.65	2,39,09,435	449.90	374.00	12,81,909
December 2011	427.40	380.40	2,55,66,653	427.20	380.00	23,05,735
January 2012	439.50	386.00	2,56,07,923	439.00	387.00	18,13,868
February 2012	502.90	431.55	1,72,72,184	502.00	432.00	12,76,812
March 2012	519.20	440.60	2,27,76,058	518.35	463.50	9,86,536
April 2012	519.50	471.00	2,25,70,193	518.80	471.75	14,80,951
May 2012	524.45	473.05	1,61,28,595	523.50	474.00	1,10,13,969
June 2012	505.00	453.25	2,67,80,633	508.00	453.90	49,21,136

i) Liquidity

The Company's shares are among the most liquid and actively traded shares on NSE and BSE. The monthly trading volumes of the Company's shares on these exchanges are given in the table above in the Paragraph (h) titled `Stock Market Data'.

j) **Share price performance in comparison to broad based Indices**





k) **Shareholders Services**

(i) **Complaints received during the year 2011-2012**

The Company gives utmost priority to the interests of the shareholders. We have a shareholders' committee to examine and redress shareholders' and investors' complaints. All the requests / complaints of the shareholders have been resolved to the satisfaction of the shareholders within the statutory time limits. The status of shareholders' complaints received during the financial year is as follows:

Source of Complaint	Received	Resolved
Directly from the Investors	24	24
Through SEBI, Stock Exchanges, etc.	5	5
Total	**29**	**29**

(ii) **Share Transfers -** As on June 30, 2012, no equity share was pending for transfer.

(iii) **National Electronic Clearing Services (NECS) facility**

The divided remittances to shareholders happen predominantly through NECS as per the locations approved by RBI from time to time. If you are located at any of the NECS centers and have not registered your NECS mandate, please arrange to forward your NECS mandate to your depository participant if the shares are held in demat form, or to the Company/ Registrars, if the shares are held in physical form, immediately.

l) **Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments, conversion date and likely impact on equity**

The Company has not issued any GDRs/ ADRs/ Warrants or other instruments, which are pending for conversion.

m) **Financial Calendar (tentative and subject to change)**

Financial reporting for the first quarter ending September 30, 2012	October 16-17, 2012
Financial reporting for the second quarter ending December 31, 2012	January 15-16, 2013
Financial reporting for the third quarter ending March 31, 2013	April 15-16, 2013
Financial reporting for the year ending June 30, 2013	July 30-31, 2013
Annual General Meeting for the year ending June 30, 2013	October / November 2013

n) **Address for Shareholders' correspondence**

The Secretarial Department
HCL Technologies Limited
A-10 & 11, Sector - 3,
Noida – 201 301 U.P., India
Tel. +91-120-2520917 / 937 / 997
Fax: +91-120-2526907
E-mail: investors@hcl.com

o) **Compliance Certificate on the Corporate Governance from the Auditors**

The certificate dated July 25, 2012 obtained from Statutory Auditors of the Company, M/s. S.R. Batliboi & Co., confirming compliance with the Corporate Governance requirements as stipulated under clause 49 of the Listing Agreement, is annexed hereto.

p) Centers' Locations

Chennai – Centers

50-53, Greams Road,
Chennai - 600 006, India
Tel. : +(91) 44 2829 3298
Fax : +(91) 44 2829 4969

34 & 35 Haddows Road,
Chennai - 600 034, India
Tel. : +(91) 44 4220 9999
Fax : +(91) 44 4213 2749

49-50, Nelson,
Manickam Road,
Chennai - 600 029, India
Tel. : +(91) 44 2374 1939
Fax :+(91) 44 2374 1038

158, Arcot Road, Vadapalani,
Chennai - 600 026, India
Tel. : +(91) 44 2375 0171
Fax : +(91) 44 2375 0185

Thapar House,
43 / 44, Montieth Road, Egmore,
Chennai - 600 008, India
Tel. : +(91) 44 2855 2903/4
Fax : +(91) 44 2851 1986

No.184-188, 190,192 & 196,
Arcot Road, Vadapalani,
Chennai - 600 026, India
Tel. : +(91) 44 2372 9000
Fax :+(91) 44 2480 6640

64 & 65, Second Main Road,
Ambattur Industrial Estate,
Ambattur (AMB-3),
Chennai - 600 058, India
Tel. : +(91) 44 2613 3300
Fax : +(91) 44 4218 0653

D-12, 12B, Ambattur Industrial Estate,
Ambattur (AMB-1),
Chennai - 600 058, India
Tel. : +(91) 44 2623 0711
Fax : +(91) 44 2624 4213

8,South Phase, MTH Road,
Ambattur Industrial Estate,
Ambattur (AMB-6),
Chennai - 600 058, India
Tel. :+(91) 44 4396 8000
Fax :+(91) 44 4396 7004

78- Ambattur Industrial Estate,
Ambattur (AMB-2),
Chennai - 600 058, India
Tel. : +(91) 44 2623 2318
Fax : +(91) 44 6107 7555

94, South Phase,
Ambattur Industrial Estate,
Ambattur (AMB-4),
Chennai - 600 058, India
Tel. : +(91) 44 4226 2222
Fax : +(91) 44 4215 3333

73-74, South Phase,
Ambattur Industrial Estate,
Ambattur (AMB-5),
Chennai - 600 058, India
Tel. :+(91) 44 4393 5000
Fax :+(91) 44 4206 0441

Sterling Technopolis
4/293 Old Mahabalipuram Road
Kandanchavadi
Chennai - 600 096, India
Tel. : +(91) 44 4395 7777
Fax : +(91) 44 4359 3445

Sapna Trade Centre,
109/110 P H Road,
Chennai - 600 084, India
Tel. : +(91) 44 2822 1119
Fax : +(91) 44 2821 4278

601-602, 604 Tidel Park,
4 Canal Road, Taramani,
Chennai - 600 113, India
Tel. : +(91) 44 2254 0473
Fax :+(91) 44 2254 0308

Module 1, Tower 1,
Floor Nos. 1 & 6,
"Chennai One" SEZ Unit
ETL Infrastructure Services Ltd.,
200 Ft, Thoraipakkam,
Pallavaram Ring Road,
Thoraipakkam,
Chennai - 600 096
Tel : (91) 44 6630 1000

35, South Phase,
Guindy Industrial Estate,
Ekkaduthangal, (GUINDY-2)
Chennai - 600 097, India
Tel. : +(91) 44 2231 8321
Fax : +(91) 44 2231 8320

Unit-2, Block-1, No. 84,
Greams Road,
Thousand Lights,
Chennai - 600 006, India
Tel. : (91) 44 6622 5522

#30, Ethiraj Salai, Egmore
Chennai - 600105, India
Tel : +(91) 44 2828 9200

Chennai SEZ

ETA- Techno Park
SPECIAL ECONOMIC ZONE,
33, Rajiv Gandhi Salai, Navallur Village and
Panchayat, Thiruporur Panchayat Union, Chengalpet Taluk,
Kanchipuram Dist,
Chennai - 603 103
Tel. : +(91) 44 4746 1000
Fax : +(91) 44 6741 2222

ELCOT – SEZ
Special Economic Zone,
602/3, 138, Shollinganallur Village,
Shollinganallur - Medavakkam High Road,
Tambaram Taluk, Kancheepuram (Dist.),
Chennai - 600 119, Tamilnadu, India
Tel. : +(91) 44 6105 0000
Fax: +(91) 44 4332 5443

Gurgaon – Centers

Plot No CP-3, Sector - 8,
Techno park, Manesar Zip
Haryana, India
Tel : +(91) 0124 6186000
Fax :+(91) 0124 4012518

Plot No. 244, Udyog Vihar Phase 1,
Gurgaon - 122 016
Haryana, India
Tel. : +(91) 124 434 6200
Fax : +(91) 124 234 9020

Kolkata Centers

SDF Building, 1st & 3rd floors,
Module Nos. 212-214, 228-230 & 413,
Block – GP, Sector – V,
Salt Lake, Kolkata 700 091, India
Tel. : (33) 2357 3024-25
Fax : (33) 2357 3027

M/s. Unitech Hi-Tech Structures Ltd.
Special Economic Zone – IT/ITES,
Plot No.1, Block No. A2, 3rd & 4th Floors,
DH Street, 316 New Town,
Rajarhat, Dist. North 24 Parganas,
Kolkata - 700 156, India
Tel: (33) 3027 2350

Noida Centers

A 9, 10 & 11, Sector 3,
Noida - 201 301
U.P., India
Tel. : +(91) 120 2520917
Fax : +(91) 120 2526907

A – 5, Sector 24,
Noida - 201 301,
U.P., India
Tel. : +(91) 120 4382020
Fax : +(91) 120 2411005

A11, Sector 16,
Noida - 201 301,
U.P., India
Tel. : +(91) 120 4383000
Fax : +(91) 120 2510713

Plot No. 1& 2, Noida Express Highway
Sector-125, Noida - 201 301,
U.P., India
Tel. : +(91) 120 4046000
Fax : +(91) 120 4258946

A 91, Sector 2,
Noida - 201 301,
U.P., India
Tel. : +(91) 120 4502700
Fax : +(91) 120 2529000

A- 8 & 9, Sector 60,
Noida - 201 301,
U.P., India
Tel. : +(91) 120 4384000
Fax : +(91) 120 2582915

C - 22 A, Sector 57,
Noida - 201301,
U.P., India,
Tel. : +(91) 120 4385000
Fax : +(91) 120 2586420

C-39, Sector 59,
Noida - 201 307,
U.P., India
Tel. : +(91) - 0120-2589690
Fax : +(91) - 0120-2589688

C-49, Sec-57,
Noida - 201 301,
U.P. India,
Tel. :+(91) 120 3387000
Fax. :+(91) 120 4120303

A - 22, Sector 60,
Noida - 201 307,
U.P., India
Tel. : +(91) 120-2589690
Fax : +(91) 120-4347485

A-104, Sector 58,
Noida 201307,
U.P., India
Tel. : +(91) 120-4364200
Fax : +(91) 120-2589688

B-34 / 3, Sector 59,
Noida - 201307,
U.P., India
Tel. : +(91) 120-4364488
Fax : +(91) 120-2589688

C-23, Sector 58,
Noida - 201 307,
U.P., India
Tel. : +(91) 120-4364500
Fax : +(91) 120-2490428

Noida SEZ

Noida Technology Hub (SEZ)
Plot No: 3A, Sector-126,
Noida - 201 303
U.P., India
Tel : +(91) 120 4683000
Fax :+(91) 120 4683030

Hyderabad Center

DHFLVC Silicon Towers, Second Floor,
Kothaguda,
Hyderabad - 500 084
Tel. : +(91) 40 6615 2222

Avance Business Hub
Tower-H08, Phoenix Infocity Pvt. Ltd.{SEZ},
HITEC CITY 2 - Survey No.30, 34, 35 & 38,
Hyderabad - 500 081, India
Land Mark: Behind Cyber Gateway
Tel. : +(91) 40 3094 1000
Fax : +(91) 40 4027 3333

Ascendas IT Park,
The V, First Floor, Auriga Block,
Plot No.17, Software Units Layout,
Madhapur,
Hyderabad - 500 081, India
Tel. : +(91) 40 3056 3500

Bangalore – Centers

Vertex Tech Park,
#564, Pattandur Agrahara Road,
Off Whitefield Road , Next to ITPL,
Bangalore - 560 066, India
Tel. : +(91) 80 4187 3000
Fax : +(91) 80 4115 7474

The Senate,
33/1, Ulsoor Road,
Bangalore - 560 042, India
Tel. : +(91) 80 4190 6000
Fax : +(91) 80 4124 6888

8 & 9, G.B. Palya,
Off. Hosur Road,
Bangalore - 560 068, India
Tel. : +(91) 80 4158 4000
Fax: +(91) 80 2573 5516

#690, 5th & 6th Floor,
Gold Hill Square (GHS),
Bommanahalli,
Hosur Main Road,
Bangalore - 560 068, India
Tel. : +(91) 80 4141 5000
Fax : +(91) 80 2572 7989

Surya Sapphire,
Plot No: 3,
1st Phase Electronic City,
Hosur Road,
Bangalore - 560 100, India
Tel. : +(91) 80 6626 7000
Fax : +(91) 80 2852 9100

#6, A.S. Chambers,
80 Feet Road,
6th Block, Koramangala.
Bangalore – 560 095, India
Tel. : +(91) 80 6644 1000
Fax: +(91) 80 6644 1117

SJR Equinox, Survey No.47/8, Dhodda Thogur Village, Begur Hobli, Electronic City- 1st phase, Bangalore-560100 Tel. : +(91) 80 33209000 Fax: +(91) 80 33208000	**Bangalore SEZ** No. 129, Jigani Bomasandra, Link Road, Jigani Industrial Area Bangalore: 562106, India Tel. : +(91) 80 6781 0000 Fax: +(91)80 6631 1111	**Pune SEZ** Tower-7, Upper Ground Floor, Wing A&B Magarpatta SEZ Hadapsar, Pune-400013 Tel : +(91) 20 3040 6300-01

Compliance with non-mandatory requirements of clause 49 of the Listing Agreement

Clause 49 of the Listing Agreement provides certain mandatory requirements which have to be fulfilled by the Company. The clause further states certain non-mandatory requirements which may be implemented as per the discretion of the Company. We comply with the following non-mandatory requirements:

1. **The tenor of Independent Director**

   The Board has decided that Independent Directors shall have tenure, in the aggregate, a period of 9 years on the Board of the Company. For the independent directors who were on the Board on July 01, 2008, the period of 9 years shall be w.e.f. July 1, 2008 and for any appointments thereafter, the said term shall be from the date of the appointment.

2. **Remuneration Committee**

   The Compensation Committee of the Company is in existence from September, 1999. An independent non executive director of the Company is the Chairperson of the Compensation Committee. All the members of the Compensation Committee are independent non executive directors. The details of the Compensation Committee are provided elsewhere in the Report.

3. **Shareholders Rights**

   The Clause states that half- yearly declaration of financial performance including summary of the significant events in the last six months, may be sent to each shareholder.

   We communicate with investors regularly through e-mail, telephone and face to face meetings either in investor's conferences, Company visits or on road shows.

   We also leverage the internet in communicating with our investor's base. After the announcement of the quarterly results, a business television channel in India telecasts discussions with our Management. This enables a large number of retail investors in India to understand our operations better. The announcement of quarterly results is followed by media briefing in press conferences and earning conference calls. The earning calls are also webcast live on the internet. Further, transcripts of the earning calls are posted on the website www.hcltech.com. We also publish our quarterly results in English and Hindi daily newspapers.

4. **Audit Qualifications**

   It is always the Company's endeavor to present unqualified financial statements. There is no audit qualification in the Company's financial statements for the year ended June 30, 2012.

5. **Training to Board Members**

   The Board has adopted a policy for training of new non-executive directors which shall inter-alia provide (a) orientation and presentations to the non-executive directors to enable them to get familiarized with the operations of the Company; (b) orientation on group structure, subsidiaries, constitution, Board procedures and matters reserved for the Board, major risks and risk management strategies, etc. and (c) training on corporate excellence.

   The Company believes that the Board be continuously empowered with the knowledge of the latest developments in the Company's businesses and the external environment affecting the industry as a whole. The non executive directors are also provided with reports issued by the Company from time to time and internal policies to enable them to familiarize with the Company's procedures and practices. Independent Directors are regularly updated on performance of each line of business of the Company, state of the market, business strategy going forward and new initiatives being taken/ proposed to be taken by the Company.

6. **Whistle Blower Framework**

   The Company has a Whistleblower Framework for making a disclosure of any unethical activity that they have observed which includes violation of any law, rule, regulation or code of business ethics and conduct or any company policy or fraudulent and corrupt practices. The Complaint shall be reported to the Ethics Committee formed by the Chairman's office.

AUDITORS' CERTIFICATE

REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of HCL Technologies Limited

We have examined the compliance of conditions of corporate governance by HCL Technologies Limited (the 'Company'), for the year ended on June 30, 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the 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 Agreement.

We further 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 S. R. BATLIBOI & CO.
Firm registration number: 301003E
Chartered Accountants

per Tridibes Basu
Partner
Membership No.: 17401

Place: Gurgaon (Haryana)
Date: July 25, 2012

DECLARATION BY CHIEF EXECUTIVE OFFICER PURSUANT TO

CLAUSE 49(I)(D)(ii) OF THE LISTING AGREEMENT OF THE INDIAN STOCK EXCHANGES

We, Shiv Nadar, Chairman & Chief Strategy Officer and Vineet Nayar, Vice Chairman and Chief Executive Officer of HCL Technologies Limited ("the Company") confirm that the Company has adopted a Code of Business Ethics and Conduct ("Code of Conduct") for its Board members and senior management personnel and the Code of Conduct is available on the Company's web site.

We, further confirm that the Company has in respect of the financial year ended June 30, 2012, received from its Board members as well as senior management personnel affirmation as to compliance with the Code of Conduct.

Place: Noida (U.P.), India	**Vineet Nayar**	**Shiv Nadar**
Date: July 25, 2012	Vice Chairman and CEO	Chairman and Chief Strategy Officer

CERTIFICATE BY CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO)

PURSUANT TO CLAUSE 49(V) OF THE LISTING AGREEMENT OF THE INDIAN STOCK EXCHANGES

We, Shiv Nadar, Chairman & Chief Strategy Officer, Vineet Nayar, Vice Chairman and Chief Executive Officer, Anil Chanana, Chief Financial Officer of HCL Technologies Limited ("the Company") certify that:

1. We have reviewed the financial statements and the Cash Flow Statement of the Company for the year ended June 30, 2012 and that to the best of our knowledge and belief -
   (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the auditors and the Audit Committee -
   (i) significant changes, if any, in internal control over financial reporting during the year.
   (ii) significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
   (iii) instances of significant fraud of which we are aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Vineet Nayar	**Shiv Nadar**
Vice Chairman and CEO	Chairman and Chief Strategy Officer

Anil Chanana
Chief Financial Officer

Place Noida (U.P.), India
Date : July 25, 2012

Financial Statements

AUDITORS' REPORT

To the Members of HCL Technologies Limited

1. We have audited the attached Balance Sheet of HCL Technologies Limited ('the Company') as at June 30, 2012 and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. 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 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) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ("the Act"), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that:

   i. 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.

   ii. 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.

   iii. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.

   iv. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

   v. On the basis of the written representations received from the directors, as on June 30, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on June 30, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

   vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

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

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

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

For S.R. Batliboi & Co.
Firm registration number: 301003E
Chartered Accountants

per Tridibes Basu
Partner
Membership No.: 17401

Gurgaon, India
July 25 , 2012

Annexure referred to in paragraph 3 of our report of even date
Re: HCL Technologies Limited

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

(b) All fixed assets were physically verified by the management in the year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) There was no substantial disposal of fixed assets during the year.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) 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) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

(iii) (a) According to the information and explanations given to us, 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. Accordingly, the provisions of clause 4 (iii) (a) to (d) of the Order are not applicable to the Company and hence not commented upon.

(b) According to information and explanations given to us, 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. Accordingly, the provisions of clause 4 (iii) (e) to (g) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct major weakness in internal control system of the Company in respect of these areas.

(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rs. 500,00 have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.

(viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act for the products of the Company.

(ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities *though there has been a slight delay in a few cases.*

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the Statute	Nature of Dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	1,345,534,742	2007-08	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	1,226,810,544	2006-07	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	11,712,348	2005-06	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	7,572,400	2005-06	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	69,651,461	2005-06	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961*	Income Tax	45,261,752	2005-06	Delhi High Court
Income Tax Act, 1961	Income Tax	454,078	2004-05	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	13,650,000	2004-05	Income Tax Appellate Tribunal
Income Tax Act, 1961*	Income Tax	56,398,101	2004-05	Delhi High Court
Income Tax Act, 1961	Income Tax	362,195,797	2004-05	Supreme Court of India
Income Tax Act, 1961*	Income Tax	17,666,135	2004-05	Delhi High Court
Income Tax Act, 1961*	Income Tax	159,810,992	2003-04	Delhi High Court
Income Tax Act, 1961	Income Tax	1,300,000	2003-04	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	12,119,243	2003-04	Supreme Court of India
Income Tax Act, 1961	Income Tax	42,881,360	2002-03	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	64,507,488	2002-03	Karnataka High Court
Customs Act, 1962	Custom Duty	2,018,406	2005-06	Customs, Excise, Service Tax Appellant Tribunal, Bangalore
Indian Stamp Act, 1889	Stamp Duty	17,500,000	2005-06	Chief Controlling Revenue Authority, Meerut
Karnataka Value Added Tax Act, 2003	Sales Tax	2,614,431	2008-09	Sales Tax, Joint Commissioner Appeal, Bangalore.
Karnataka Value Added Tax Act, 2003	Sales Tax	2,712,000	2007-08	Sales Tax, Joint Commissioner Appeal, Bangalore.

*In these cases tax demand may arise only if the matter currently subjudice before Honorable Delhi High Court is decided against the Company.

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

(xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has given guarantees for loans taken by others from bank or financial institutions, the terms and conditions whereof in our opinion are not prima-facie prejudicial to the interest of the Company.

(xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act.

(xix) The Company has created security or charge in respect of debentures outstanding at the year end.

(xx) The Company has not raised any money by public issue during the year.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.R. Batliboi & Co.
Firm registration number: 301003E
Chartered Accountants

per Tridibes Basu
Partner
Membership No.: 17401

Gurgaon, India
July 25 , 2012

Balance Sheet as at 30 June 2012

(All amounts in crores of ₹)

	Note No.	As at 30 June 2012	As at 30 June 2011
I. **EQUITY AND LIABILITIES**			
(1) Shareholders' funds			
(a) Share capital	2.1	138.66	137.74
(b) Reserves and surplus	2.2	6,465.15	5,720.41
		6,603.81	**5,858.15**
(2) Share application money pending allotment	2.3	2.77	1.00
(3) Non - current liabilities			
(a) Long-term borrowings	2.4	525.65	847.11
(b) Other long-term liabilities	2.5	349.63	92.05
(c) Long term provisions	2.6	163.18	100.72
		1,038.46	**1,039.88**
(4) Current liabilities			
(a) Short term borrowings	2.7	173.22	0.29
(b) Trade payables	2.8	380.32	340.16
(c) Other current liabilities	2.8	1,883.84	1,323.20
(d) Short term provisions	2.9	794.61	502.12
		3,231.99	**2,165.77**
TOTAL		**10,877.03**	**9,064.80**
II. **ASSETS**			
(1) Non-current assets			
(a) Fixed Assets			
(i) Tangible assets	2.10	1,552.39	1,188.53
(ii) Intangible assets	2.10	61.32	107.40
(iii) Capital work in progress		549.55	518.69
		2,163.26	**1,814.62**
(b) Non-current investments	2.11	2,933.67	2,240.65
(c) Deferred tax assets (net)	2.12	237.15	133.06
(d) Long term loans and advances	2.13	621.67	538.89
(e) Other non-current assets	2.14	242.57	205.01
		4,035.06	**3,117.61**
(2) Current Assets			
(a) Current investments	2.11	364.28	412.63
(b) Inventories	2.15	99.99	124.97
(c) Trade receivables	2.16	1,992.42	1,657.26
(d) Cash and bank balances	2.17	1,041.20	953.70
(e) Short - term loans and advances	2.18	428.71	430.80
(f) Other current assets	2.19	752.11	553.21
		4,678.71	**4,132.57**
TOTAL		**10,877.03**	**9,064.80**
Significant accounting policies and notes to financial statements	1 & 2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For **HCL Technologies Limited**

For S. R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

Shiv Nadar
Chairman and Chief Strategy Officer

Vineet Nayar
Vice Chairman and CEO

per Tridibes Basu
Partner
Membership Number: 17401

Anil Chanana
Chief Financial Officer

Manish Anand
Company Secretary

Gurgaon, India
25 July 2012

Noida (UP), India
25 July 2012

Statement of Profit and Loss

(All amounts in crores of ₹ except share data and unless otherwise stated)

	Note No.	Year ended 30 June 2012	Year ended 30 June 2011
Income			
Revenue from operations	2.20	8,907.22	6,794.48
Other income	2.21	300.86	166.27
Total revenue		**9,208.08**	**6,960.75**
Expenses			
Cost of materials	2.22	206.36	165.31
Employee benefit expenses	2.23	3,923.06	3,259.09
Other expenses	2.24	2,267.58	1,853.71
Finance costs	2.25	97.27	101.39
Depreciation and amortization expense	2.10	353.07	291.37
Total expenses		**6,847.34**	**5,670.87**
Profit before tax		**2,360.74**	**1,289.88**
Provision for tax			
- current tax		(416.20)	(130.27)
- deferred tax credit		5.88	38.67
Profit after tax		**1,950.42**	**1,198.28**
Earnings per equity share of par value ₹ 2 each	2.33		
Basic (in ₹)		28.23	17.53
Diluted (in ₹)		27.72	17.18
Significant accounting policies and notes to financial statements	1 & 2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For **HCL Technologies Limited**

For S. R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

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Membership Number: 17401

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Gurgaon, India
25 July 2012

Noida (UP), India
25 July 2012

Cash Flow statement

(All amounts in crores of ₹)

		Year ended 30 June 2012	Year ended 30 June 2011
A	**Cash flows from Operating activities**		
	Profit before tax	2,360.74	1,289.88
	Adjustment for:		
	Depreciation and amortization	353.07	291.37
	Interest income	(87.85)	(124.49)
	Dividend income	(43.39)	(28.05)
	Profit on sale of investments (net)	-	(3.89)
	Interest expenses	88.65	92.13
	Profit on sale of fixed assets	(2.48)	(1.13)
	Employee stock compensation expense	135.29	133.22
	Other non cash charges	43.62	0.12
	Operating profit before working capital changes	**2,847.65**	**1,649.16**
	Movement in Working Capital		
	(Increase)/decrease in trade receivables	(370.92)	421.96
	Decrease/ (increase) in inventories	25.30	(112.93)
	Decrease/(increase) in loans and advances	7.68	(86.81)
	Increase in other assets	(278.54)	(171.69)
	Increase/ (decrease) in liabilities and provisions	346.51	(47.74)
	Cash generated from operations	**2,577.68**	**1,651.95**
	Direct taxes paid (net of refunds)	(417.58)	(132.56)
	Net cash flow from operating activities (A)	**2,160.10**	**1,519.39**
B	**Cash flows from investing activities**		
	Redemption / maturity of bank deposits	839.00	894.59
	Investments in bank deposits	(959.50)	(866.02)
	Purchase of investments in mutual funds	(4,091.77)	(4,769.19)
	Proceeds from sale of investments in mutual funds	4,140.11	5,107.94
	Proceeds from sale of bonds	-	50.00
	Investments in bonds	-	(92.78)
	Deposits placed with body corporate	(50.00)	(50.00)
	Proceeds from maturity of deposits placed with body corporate	-	100.00
	Investments in subsidiaries	(693.31)	(710.02)
	Proceeds from repayment of loans given to subsidiaries	38.61	387.84
	Loans given to subsidiary	(0.15)	-
	Purchase of fixed assets, including intangible assets, CWIP and capital advances	(693.73)	(698.14)
	Proceeds from sale of fixed assets	2.73	1.36
	Dividend received	43.39	28.05
	Interest received	107.62	117.28
	Taxes paid	(25.76)	(35.94)
	Net cash flow used in investing activities (B)	**(1,342.76)**	**(535.03)**
C	**Cash flows from Financing activities**		
	Proceeds from issue of share capital	39.13	89.55
	Proceeds from long term borrowings	21.90	12.12
	Repayment of long term borrowings	(3.74)	(0.76)
	Repayment of debentures	(170.00)	-
	Proceeds from loans taken from subsidiaries	171.00	-

Cash Flow statement (Contd.)
(All amounts in crores of ₹)

	Year ended 30 June 2012	Year ended 30 June 2011
Proceeds from short term borrowings	296.85	750.44
Repayment of short term borrowings	(294.93)	(1,110.71)
Dividend paid	(691.02)	(444.60)
Corporate dividend tax	(112.10)	(73.32)
Interest paid	(89.22)	(94.14)
Principal payment on finance lease obligations	(4.99)	(11.16)
Net cash flows used in financing activities (C)	**(837.12)**	**(882.58)**
Effect of exchange differences on cash and cash equivalents held in foreign currency	(13.23)	1.08
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(19.78)	101.78
Cash and cash equivalents at the beginning of the year	167.70	64.84
Cash and cash equivalents at the end of the year as per note 2.17 (refer note 1 below)	**134.69**	**167.70**

Notes:

1. Cash and cash equivalents include the following:

Investor Education and Protection Fund-Unclaimed dividend *	2.37	2.38

   * The Company can utilize these balances only towards the settlement of the respective above mentioned liabilities:
2. Previous year figures have been regrouped and recast wherever necessary to conform to the current year classification.

As per our report of even date

For **HCL Technologies Limited**

For S. R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

Shiv Nadar
Chairman and Chief Strategy Officer

Vineet Nayar
Vice Chairman and CEO

per Tridibes Basu
Partner
Membership Number: 17401

Anil Chanana
Chief Financial Officer

Manish Anand
Company Secretary

Gurgaon, India
25 July 2012

Noida (UP), India
25 July 2012

Significant accounting policies and notes to financial statements 30 June 2012

(All amounts in crores of ₹ except share data and as stated otherwise)

Company Overview

HCL Technologies Limited (hereinafter referred to as 'HCL' or the 'Company') is primarily engaged in providing a range of software services, business process outsourcing and infrastructure services. The Company was incorporated in India in November 1991. The Company leverages an extensive offshore infrastructure and its global network of offices in various countries and professionals to deliver solutions across select verticals including Financial Services, Manufacturing (Automotive, Aerospace, Hi-tech and Semi conductor), Telecom, Retail & CPG , Media publishing & entertainment, Public services, Energy & utility, Healthcare, Travel, Transport and Logistics.

1. Significant Accounting Policies

a) Basis of preparation

These financial statements have been prepared to comply in all material aspect with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the other relevant provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI). The financial statements are presented in the format prescribed by the revised Schedule VI to the Companies Act, 1956 and have been prepared under the historical cost convention on an accrual and going concern basis except for certain financial instruments which are measured at fair value.

The accounting policies adopted in the preparation of the financial statements are consistent with those of previous year.

b) Presentation and disclosure of financial statements

The revised Schedule VI notified by the Companies Act-1956, has become applicable to the Company, for preparation and presentation of its financial statements for the financial years commencing on or after 1 July 2011. The adoption of the revised schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However it has a significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

c) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

d) Tangible fixed assets and capital work-in-progress

Fixed assets are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed assets is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day to day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Fixed assets under construction and cost of assets not ready for use before the year-end, are disclosed as capital work in progress.

e) Depreciation on tangible fixed assets

Depreciation on fixed assets except leasehold land and leasehold improvement is provided on the straight-line method over their estimated useful lives, as determined by the management, at rate which are equal to or higher than the rates prescribed under Schedule XIV of the Companies Act, 1956. Depreciation is charged on a pro-rata basis for assets purchased/sold during the year. Assets costing less than ₹ 5,000 are fully depreciated in the year of purchase.

The management's estimates of the useful lives of the various tangible fixed assets for computing depreciation are as follows:

	Life (in years)
Land-leasehold	Over the period of lease
Buildings	20
Plant and machinery (including, air conditioners and electrical installations)	4 to 5
Office equipments	4 to 5
Computers	2 to 4
Furniture and fixtures	4
Vehicles - owned	5
Vehicles - leased	Over the period of lease or 5 years, whichever is lower
Leasehold-Improvements	Over the remaining period of lease or 4 years, whichever is lower

f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If persuasive evidence exists to the affect that useful life of an intangible asset exceed ten years, the Company amortizes that intangible asset over the best estimate of its useful life.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from the previous estimate, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefit from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with *AS-5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.*

Gains or losses arising from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognized in the statement of profit and loss when the asset is derecognized.

The management's estimates of the useful life of the Software as follows:

	Life (in years)
Software	3

g) Research and development costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate all the following:

(i) The technical feasibility of completing the intangible asset so that it will be available for use or sale;

(ii) Its intention to complete the asset;

(iii) its ability to use or sell the asset;

(iv) how the asset will generate future economic benefits;

(v) the availability of adequate resources to complete the development and to use or sell the asset; and

(vi) the ability to measure reliably the expenditure attributable to the intangible asset during development.

Any expenditure so capitalized is amortized over the period of expected future sales from the related project.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

h) Leases

Where the Company is the lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value and present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance cost in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of the lease are capitalized.

A leased asset is depreciated on a straight line basis over the useful life of the asset or the useful life envisaged in Schedule XIV to the Companies Act, 1956, whichever is lower. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of lease term, the capitalized asset is depreciated on a straight line basis over the shorter of the estimated useful life of the asset or the lease term.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

i) Borrowing cost

Borrowing costs include interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

j) Impairment of tangible and intangible assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

k) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises the purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired by the issue of shares or the other securities, the acquisition cost is the fair value of securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried at the lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the long term investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

l) Inventories

Stock in trade, stores and spares are valued at the lower of the cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Cost of stock in trade procured for specific projects is assigned by specific identification of individual costs of each item. Costs of stock in trade, that are interchangeable and not specific to any project is determined using the weighted average cost formula. Cost of stores and spare parts is determined using weighted average cost less provision for obsolescence, if any.

m) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue from sale of goods and rendering of services is recognized when risk and reward of ownership have been transferred to the customer, the sale price is fixed or determinable and collectability is reasonably assured. The Company derives revenues primarily from:-

- Software services;
- Infrastructure services; and
- Business process outsourcing services.

i) **Software services**

Revenue from software services comprises income from time and material and fixed price contracts. Revenue with respect to time and material contracts is recognized as related services are performed. Revenue from fixed price contracts and fixed time frame contracts is recognized in accordance with the percentage completion method under which the sales value of performance, including earnings thereon, is recognized on the basis of cost incurred in respect of each contract as a proportion of total cost expected to be incurred. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the year in which the change becomes known. Provision for estimated losses is made during the year in which a loss becomes probable based on current contract estimates. Revenue from sale of licenses for the use of software applications is recognized on transfer of title in the user license. Revenue from annual technical service contracts is recognized on a pro rata basis over the period in which such services are rendered. Income from revenue sharing agreements is recognized when the right to receive is established.

ii) **Infrastructure services**

Revenue from sale of products is recognized when risk and reward of ownership have been transferred to the customer, the sales price is fixed or determinable and collectability is reasonably assured. Revenue from installation services is recognized when installation of networking equipment at customer site is completed and accepted by the customer. Revenue from bandwidth services is recognized upon actual usage of such services by customers based on either the time for which these service are provided or volume of data transferred or both and excludes service tax. Revenue from maintenance services is recognized ratably over the period of the contract. Revenue from infrastructure management services comprise income from time-and-material, and fixed price contracts. Revenue with respect to time-and-material contracts is recognized as related services are performed. Revenue with respect to fixed price contracts is recognized in accordance with the percentage of completion method.

Warranty costs on sale of goods and services are accrued based on management estimates and historical data at the time those related revenues are recognized.

Unearned income arising in respect of bandwidth services and maintenance services is calculated on the basis of unutilized period of service at the balance sheet date and represents revenue, which is expected to be earned in future periods in respect of these services.

In case of multi-deliverable contracts where revenue cannot be allocated to various deliverables in a contract, the entire contract is accounted for as one deliverable and accordingly the revenue is recognized on a proportionate completion method following the performance pattern of predominant services in the contract or is deferred until the last deliverable is delivered.

iii) **Business process outsourcing services**

Revenue from business process outsourcing services is derived from both time based and unit-price contracts. Revenue is recognized as the related services are performed in accordance with the specific terms of the contracts with the customers.

Costs and earnings in excess of billing are classified as unbilled revenue, while billing in excess of costs and earnings are classified as unearned revenue. Incremental revenue from existing contracts arising on future sales of the customers' products will be recognized when it is earned. Revenue and related direct costs from transition services in outsourcing arrangements are deferred and recognized over the period of the arrangement. Certain upfront non-recurring costs incurred in the initial phases of outsourcing contracts and contract acquisition costs, are deferred and amortized usually on a straight line basis over the term of the contract. The Company periodically estimates the undiscounted cash flows from the arrangement and compares it with the unamortized costs. If the unamortized costs exceed the undiscounted cash flow, a loss is recognized.

The Company gives volume discounts and pricing incentives to customers. The discount terms in the Company's arrangements with customers generally entitle the customer to discounts, if the customer completes a specified level of revenue transactions. In some arrangements, the level of discount varies with increases in the levels of revenue transactions. The Company recognizes discount obligations as a reduction of revenue based on the rateable allocation of the discount to each of the underlying revenue transactions that result in progress by the customer toward earning the discount.

Revenues are shown net of sales tax, value added tax, service tax and applicable discounts and allowances. The revenue is recognized net of discounts and allowances.

iv) **Others**

Interest on the deployment of surplus funds is recognized using the time-proportion method, based on interest rates implicit in the transaction. Brokerage, commission and rent are recognized once the same are earned and accrued to the Company and dividend income is recognized when the right to receive the dividend is established.

Significant accounting policies and notes to financial statements 30 June 2012

(All amounts in crores of ₹ except share data and as stated otherwise)

n) Foreign currency translation

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. 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.

(iii) Exchange Differences

Exchange differences arising on the settlement of monetary items, or on reporting such monetary items of Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

(iv) Hedging

(a) Cash flow hedging

The Company uses derivative financial instruments (foreign currency forward and option contracts) to hedge its risks associated with foreign currency fluctuations relating to certain highly probable forecast transactions.

The use of foreign currency forward and options contracts is governed by the Company's policies, which provide written principles on the use of such financial derivatives consistent with the Company's risk management strategy. The Company does not use derivative financial instruments for speculative purposes.

The derivative instruments are initially measured at fair value, and are remeasured at subsequent reporting dates.

In respect of derivatives designated as hedges, the Company formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also formally assesses both at the inception of the hedge and on an ongoing basis, whether each derivative is highly effective in offsetting changes in fair values or cash flows of the hedged item. Changes in the fair value of these derivatives (net of tax) that are designated and effective as hedges of future cash flows are recognized directly in the hedging reserve account under shareholders' funds and the ineffective portion is recognized immediately in the statement of profit and loss. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the statement of profit and loss as they arise.

Hedge accounting is discontinued from the last testing date when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Cumulative gain or loss on such hedging instrument recognized in shareholders' funds is retained there until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in shareholders' funds is transferred to the statement of profit and loss for the period.

(b) Hedging of monetary assets and liabilities

Exchange differences on such contracts are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of a forward exchange contract is recognized as income or as expense for the period.

(v) Translation of Integral and Non-integral foreign operation

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation had been those of the Company itself.

In translating the financial statements of a non-integral foreign operation for incorporation in the 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 monthly weighted average rates ,which approximate the actual exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which had been deferred and which relate to that operation are recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized.

o) Retirement and other employee benefits

i. Contributions to provident fund, a defined benefit plan, are deposited with a Recognized Provident Fund Trust, set up by the Company. The contributions are charged to the statement of profit and loss of the year when the contributions to the fund are due. The interest rate payable by the trust to the beneficiaries every year is notified by the government and the Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

ii. The Company made contributions to a scheme administered by an insurance company in respect of superannuation, a defined contribution plan for applicable employees and such contributions are charged to the statement of profit and loss. The Company has no further obligations to the superannuation plan beyond its contributions.

iii. Gratuity liability: The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each period.

iv. Compensated absences: The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the Balance Sheet date. The expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

v. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

vi. State Plans : The Company's contribution to State Plans, a defined contribution plan namely Employee State Insurance Fund and Employees Pension Scheme are charged to the statement of profit and loss for every period, when the contributions are due.

p) Taxation

Tax expense comprises current and deferred tax. Current income tax expense comprises taxes on income from operations in India and in foreign jurisdictions. Income tax payable in India is determined in accordance with the provisions of the Income Tax Act, 1961 and tax expense relating to overseas operations is determined in accordance with tax laws applicable in countries where such operations are domiciled.

Deferred tax expense or benefit is recognized on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss . Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by the same governing taxation laws.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date the Company re-assesses recognized and unrecognized deferred tax assets. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which the deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available. The Company recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Minimum Alternative tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the MAT Credit Entitlement at each balance sheet date and writes down the carrying amount of the MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

q) Employee stock compensation cost

The Company calculates the compensation cost based on the intrinsic value method where in the excess of market price of underlying equity shares on the date of the grant of the options over the exercise price of the options given to the employees under the employee stock option schemes of the Company, is recognized as deferred stock compensation cost and is amortized on a graded vesting basis over the vesting period of the options.

Significant accounting policies and notes to financial statements 30 June 2012

(All amounts in crores of ₹ except share data and as stated otherwise)

r) **Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

s) **Provisions**

A provision is recognized when there exists a present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to present value and are determined based on best estimates required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

t) **Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably, the Company does not recognize a contingent liability but discloses its existence in the financial statements.

u) **Cash and cash equivalent**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short term deposits with banks with an original maturity of three months or less.

Significant accounting policies and notes to financial statements 30 June 2012

(All amounts in crores of ₹ except share data and as stated otherwise)

2. Notes on accounts

2.1 Share Capital

	As at 30 June	
	2012	2011
Authorized		
750,000,000 (previous year 750,000,000 equity shares of ₹ 2 each)	150.00	150.00
Issued, subscribed and fully paid up		
693,283,476 (Previous year 688,688,524) equity shares of ₹ 2 each	138.66	137.74

The Company has only one class of shares referred to as equity shares having a par value of ₹ 2/-. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

	As at 30 June			
	2012		2011	
	No. of shares	₹ in Crores	No. of shares	₹ in Crores
Number of shares at the beginning	688,688,524	137.74	678,783,812	135.76
Add: Shares issued on exercise of employee stock options	4,594,952	0.92	9,904,712	1.98
Number of shares at the end	693,283,476	138.66	688,688,524	137.74

The Company does not have any holding/ ultimate holding company.

Details of shareholders holding more than 5 % shares in the company:-

	As at 30 June			
	2012		2011	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of ₹ 2 each fully paid				
Slocum Investments (Delhi) Private Limited	311,973,367	45.00%	323,082,542	46.91%
HCL Holdings Private Limited	119,548,908	17.24%	120,259,208	17.46%
HSBC Global Investment Funds A/C HSBC Global Investment Funds Mauritius Limited	28,214,889	4.07%	40,126,088	5.83%

As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

	As at 30 June				
	2012	2011	2010	2009	2008
Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash.	Nil	Nil	Nil	Nil	Nil
Aggregate number and class of shares allotted as fully paid up by way of bonus shares.	Nil	Nil	Nil	Nil	Nil
Aggregate number and class of shares bought back	Nil	Nil	Nil	Nil	Nil

Significant accounting policies and notes to financial statements 30 June 2012
(All amounts in crores of ₹ except share data and as stated otherwise)

Employee Stock Option Plan (ESOP)

The Company has provided various share-based payment schemes to its employees. During the year ended 30 June 2012, the following schemes were in operation:

	ESOP1999	ESOP 2000	ESOP 2004
Number of options granted	20,000,000	15,000,000	20,000,000
Method of Settlement (Cash/Equity)	Equity	Equity	Equity
Vesting Period (Maximum)	110 months	104 months	96 months
Exercise Period from the date of vesting (maximum)	5 years	5 years	5 years
Vesting Conditions	Service Period	Service Period	Service Period/ Group performance

During the year ended 30 June 2011, the following schemes were in operation:

	ESOP1999	ESOP 2000	ESOP 2004
Number of options granted	20,000,000	15,000,000	20,000,000
Method of Settlement (Cash/Equity)	Equity	Equity	Equity
Vesting Period (Maximum)	110 months	104 months	96 months
Exercise Period from the date of vesting (Maximum)	5 years	5 years	5 years
Vesting Conditions	Service Period	Service Period	Service Period/ Group performance

Each option granted under the above plans entitles the holder to four equity shares of the Company at an exercise price, which is approved by the Compensation Committee.

The details of activity under various plans have been summarized below:-

ESOP 1999	Year ended 30 June			
	2012		2011	
	No. of options	Weighted average exercise price (₹)	No. of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	745,947	650.99	1,522,857	753.56
Add: Granted during the year	-	-	-	-
Less: Forfeited during the year	-	-	(1,610)	704.04
Exercised during the year	(193,018)	640.18	(517,161)	778.46
Expired during the year	(16,299)	629.90	(258,139)	1,000.38
Options outstanding at the end of the year	**536,630**	**655.52**	**745,947**	**650.99**
Options exercisable at the end of the year	**536,630**		**745,947**	

The weighted average share price at the date of exercise for stock options exercised during the year was ₹ 1,755.22 (Previous year ₹ 1,775.90)

Significant accounting policies and notes to financial statements 30 June 2012

(All amounts in crores of ₹ except share data and as stated otherwise)

ESOP 2000	Year ended 30 June			
	2012		2011	
	No. of options	Weighted average exercise price (₹)	No. of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	1,484,659	622.94	2,351,180	649.20
Add: Granted during the year	-	-	-	-
Less: Forfeited during the year	-	-	(1,800)	636.00
Exercised during the year	(382,084)	606.70	(727,283)	655.42
Expired during the year	(78,545)	581.54	(137,438)	900.09
Options outstanding at the end of the year	**1,024,030**	**632.18**	**1,484,659**	**622.94**
Options exercisable at the end of the year	**1,024,030**		**1,484,659**	

The weighted average share price at the date of exercise for stock options exercised during the year was ₹ 1,749.35 (Previous year ₹ 1,835.43)

ESOP 2004	Year ended 30 June			
	2012		2011	
	No. of options	Weighted average exercise price (₹)	No. of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	3,928,675	17.22	2,079,112	33.34
Add: Granted during the year	484,740	8.00	3,194,000	8.00
Less: Forfeited during the year	(230,480)	8.00	(111,150)	8.00
Exercised during the year	(573,636)	31.70	(1,231,734)	21.38
Expired during the year	(3,811)	640.17	(1,553)	8.94
Options outstanding at the end of the year*	**3,605,488**	**13.61**	**3,928,675**	**17.22**
Options exercisable at the end of the year	**464,828**		**7,99,525**	

The weighted average share price at the date of exercise for stock options exercised during the year was ₹ 1,704.10 (Previous year ₹ 1,840.81)

* Total number of outstanding options includes 17,32,660 as on 30 June 2012 (18,74,400 as on 30 June 2011) performance based options. These options will vest to the employees of the Group based on the achievement of certain targets by the Group.

The details of exercise price for stock options outstanding at the end of the year 30 June 2012 are:

Name of the Plan	Range of exercise prices	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price(₹)
Employee Stock Option Plan - 1999	₹ 240 - ₹ 750	536,630	1.46	655.52
Employee Stock Option Plan - 2000	₹ 260 - ₹ 470 ₹ 483 - ₹ 823	20,785 1,003,245	0.26 1.31	393.67 637.12
Employee Stock Option Plan - 2004	₹ 8 ₹ 642 - ₹ 741	3,575,936 29,552	6.47 1.45	8.00 691.65

Significant accounting policies and notes to financial statements 30 June 2012
(All amounts in crores of ₹ except share data and as stated otherwise)

The details of exercise price for stock options outstanding at the end of the year 30 June 2011 are:

Name of the Plan	Range of exercise prices	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price(₹)
Employee Stock Option Plan - 1999	₹ 240 - ₹ 750	745,947	2.39	650.99
Employee Stock Option Plan - 2000	₹ 260 - ₹ 470	60,556	0.73	405.34
	₹ 483 - ₹ 823	14,24,103	2.13	632.20
Employee Stock Option Plan - 2004	₹ 8	3,875,763	6.99	8.00
	₹ 642 - ₹ 741	52,912	2.22	692.33

The weighted average fair value of stock options granted during the year was ₹ 1,532.85 (Previous year ₹ 1309.65). The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	Year ended 30 June	
	2012	2011
Weighted average share price	321.95	356.25
Exercise Price	₹ 2.00	₹ 2.00
Expected Volatility	37.06%	40.93%
Historical Volatility	37.06%	40.93%
Life of the options granted (Vesting and exercise period) in years	1.71 - 6.00 years	1.20 - 7.96 years
Expected dividends	₹ 8.00	₹ 8.00
Average risk-free interest rate	7.78%	7.78%
Expected dividend rate	2.48%	1.52%

The expected volatility was determined based on historical volatility data.

The Company has calculated the compensation cost based on the intrinsic value method i.e. the excess of market price of underlying equity shares on the date of the grant of options over the exercise price of the options granted to employees under the employee stock option schemes of the Company. The same is recognized as deferred stock compensation cost and is amortized on a graded vesting basis over the vesting period of the options. Had the Company applied the fair value method for determining compensation cost, the impact on net income and earnings per share is provided below:

		Year ended 30 June	
		2012	2011
Net income - As reported		**1,950.42**	**1,198.28**
Add:-Employee stock compensation under intrinsic value method		135.29	133.22
Less:-Employee stock compensation under fair value method		130.81	128.05
Net income - Proforma		**1,954.90**	**1,203.45**
Earnings per share (₹) (refer note 2.33)			
Basic	- As reported	28.23	17.53
	- Proforma	28.29	17.61
Diluted	- As reported	27.72	17.18
	- Proforma	27.78	17.26

Significant accounting policies and notes to financial statements 30 June 2012

(All amounts in crores of ₹ except share data and as stated otherwise)

2.2 Reserves and Surplus

	As at 30 June	
	2012	**2011**
Securities premium account		
Balance as per last financial statements	1,654.23	1,438.99
Add: Exercise of stock option by employees	115.53	215.24
	1,769.76	**1,654.23**
Debenture redemption reserve		
Balance as per last financial statements	590.00	295.00
Add: amount transferred from surplus in the statement of profit and loss	210.00	295.00
Less: amount transferred to statement of profit and loss due to redemption of debentures	(170.00)	-
	630.00	**590.00**
Share options outstanding		
Employee stock options reserve outstanding	555.08	591.26
Less: Deferred employee compensation	(292.19)	(384.56)
	262.89	**206.70**
Hedging reserve account (net of deferred tax) (refer note 2.32)		
Balance as per last financial statements	19.24	(92.46)
Add: Movement during the year (net)	(404.81)	111.70
	(385.57)	**19.24**
Foreign currency translation reserve		
Balance as per last financial statements	0.37	1.14
Add: Exchange difference during the year on net investment in non-integral operations	(7.27)	(0.77)
	(6.90)	**0.37**
General Reserve		
Balance as per last financial statements	814.16	694.33
Add: amount transferred from surplus in the statement of profit and loss	195.04	119.83
	1,009.20	**814.16**
Surplus in the statement of profit and loss		
Balance as per last financial statements	2,435.71	2,260.95
Add: Profit for the year	1,950.42	1,198.28
Add: Amount transferred from debenture redemption reserve due to redemption of debentures	170.00	-
Loss acquired under the scheme of amalgamation (refer note 2.37)	-	(9.81)
Amount available for appropriation	**4,556.13**	**3,449.42**
Less: Appropriations		
Interim dividend [amount per share ₹ 8 (Previous year ₹ 5.5)]	552.98	376.40
Proposed final dividend [including ₹ 0.29 crores (previous year ₹ 0.35 crores) paid for previous year] [amount per share ₹ 4 (Previous year ₹ 2)]	277.60	138.09
Total dividend	**830.58**	**514.49**
Corporate dividend tax [including ₹ 0.05 crores (previous year ₹ 0.06 crores) paid for previous year]	134.74	84.39
Transfer to general reserve	195.04	119.83
Transfer to debenture redemption reserve	210.00	295.00
Net surplus in the statement of profit and loss	**3,185.77**	**2,435.71**
	6,465.15	**5,720.41**

Significant accounting policies and notes to financial statements 30 June 2012
(All amounts in crores of ₹ except share data and as stated otherwise)

2.3 Share application money pending allotment

	As at 30 June	
	2012	2011
- number of shares proposed to be issued	211,332	112,880
- the amount of premium	2.73	0.98
- whether the Company has sufficient authorized share capital to cover the share capital amount on allotment of shares out of share application money	Yes	Yes
- Interest accrued on amount due for refund	Nil	Nil

Note- Share application money has not remained pending beyond the period mentioned in the share application. The maximum period within which the shares shall be allotted will be 180 days from the date of receipt of share application money.

2.4 Borrowings

	Non-current portion		Current maturities	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
Long term borrowings				
(a) Secured				
Debentures (refer note 1 below)				
8.80% Secured redeemable non convertible debentures of ₹ 10 lacs each (repayable on 10 September 2014)	500.00	500.00	-	-
8.20% Secured redeemable non convertible debentures of ₹ 10 lacs each (repayable on 25 August 2012)	-	330.00	330.00	-
7.55% Secured redeemable non convertible debentures of ₹ 10 lacs each (repayable on 25 August 2011)	-	-	-	170.00
From banks				
Long term loans (refer note 2 below)	23.66	9.35	5.87	2.03
From others				
Finance lease obligations (refer note 3 below and Note 2.26)	1.99	7.76	5.08	10.73
	525.65	**847.11**	**340.95**	**182.76**
Amount disclosed under the head "other current liabilities" (note 2.8)	**-**	**-**	**(340.95)**	**(182.76)**
	525.65	**847.11**	**-**	**-**

Note:-

1. These debentures have a maturity period ranging from three years to five years and are secured against computers, softwares, plant and machinery, receivables from subsidiaries and specified land and building of the Company.
2. Secured by hypothecation of gross block of vehicles of ₹ 43.86 crores (Previous year ₹ 15.49 crores) at an interest rate ranging from 8% to 11%. The loans are repayable over a period of 3 to 5 years on a monthly basis.
3. Obligations under finance lease are secured by vehicles taken on lease.

2.5 Other long term Liabilities

	As at 30 June	
	2012	2011
Income received in advance	67.15	54.06
Income received in advance- related parties	1.07	-
Liability for expenses	13.70	35.79
Liability for expenses - related parties	-	2.20
Unrealized Loss on Forward Covers	267.71	-
	349.63	**92.05**

Significant accounting policies and notes to financial statements 30 June 2012
(All amounts in crores of ₹ except share data and as stated otherwise)

2.6 Long term provisions

	As at 30 June	
	2012	2011
Provision for employee benefits	163.18	100.72
	163.18	**100.72**

2.7 Short term borrowings

	As at 30 June	
	2012	2011
Unsecured		
Bank overdraft	2.22	0.29
Loans from related parties	171.00	-
	173.22	**0.29**

2.8 Trade payable and other current liabilities

	As at 30 June	
	2012	2011
Trade Payables (refer note 2.34 for details of dues to micro, small and medium enterprise)	96.32	133.95
Trade Payables-related parties	284.00	206.21
	380.32	**340.16**
Other current liabilities		
Current maturities of long term debts	340.95	182.76
Interest accrued but not due on borrowings	5.26	7.92
Interest accrued but not due on borrowings- related parties	1.23	-
Investor education and protection fund (shall be credited by following amounts		
as and when due)		
- Unclaimed dividend	2.37	2.38
Advance received from customers	29.12	24.26
Advance received from customers- related parties	2.98	1.50
Capital Accounts Payables	98.93	74.82
Capital Accounts payables-Related parties	2.57	1.51
Unrealized loss on Forward Cover	209.80	-
Income received in advance	83.96	121.29
Income received in advance-related parties	227.51	162.76
Accrued salaries and benefits		
Employee bonuses accrued	224.75	156.13
Other employee costs	142.68	116.36
Other liabilities		
Liabilities for expenses	357.31	315.45
Liabilities for expenses-related parties	103.61	59.96
Withholding and other taxes payable	44.85	38.79
Book Overdraft	5.96	57.31
	1,883.84	**1,323.20**

Significant accounting policies and notes to financial statements 30 June 2012
(All amounts in crores of ₹ except share data and as stated otherwise)

2.9 Short term provisions

	As at 30 June	
	2012	**2011**
Provision for employee benefits	123.45	88.31
Proposed dividend on equity shares	277.31	137.74
Taxes on dividend	44.99	22.34
Income taxes (refer note 1 below)	347.49	252.36
Wealth tax (refer note 2 below)	1.37	1.37
	794.61	**502.12**

Notes:-

1. Net of advance income tax of ₹ 1,113.29 crores (Previous year ₹ 672.54 crores)
2. Net of advance wealth tax of ₹ 3.96 crores (Previous year ₹ 2.71 crores).

Note 2.10 Fixed Assets
Refer Note 1(d), (e) and (f) and 2.37)

	Gross Block					Accumulated Depreciation and amortization					Net Block	
	As at 1 July 2011	Additions	Deletions/ Adjustments	Translation exchange differences	As at 30 June 2012	As at 1 July 2011	Charge for the year	Deletion Adjustments	Translation exchange differences	As at 30 June 2012	As at 30 June 2012	As at 30 June 2011
Tangible Assets												
Freehold land	80.68	0.21	-	-	80.89	-	-	-	-	-	80.89	80.68
Leasehold land	126.44	-	-	-	126.44	9.04	1.43	-	0.01	10.48	115.96	117.40
Buildings	646.23	210.28	-	-	856.51	86.50	38.31	-	-	124.81	731.70	559.73
Plant and machinery	432.36	124.57	9.09	0.16	548.00	282.27	71.64	9.09	0.07	344.89	203.11	150.09
Office Equipment	106.21	23.80	2.03	0.05	128.03	81.18	15.55	1.99	0.03	94.77	33.26	25.03
Computers	687.40	197.80	16.00	0.24	869.44	503.13	117.25	15.89	0.11	604.60	264.84	184.27
Furniture and fittings	349.68	71.74	9.77	0.26	411.91	313.32	31.88	9.77	0.12	335.55	76.36	36.36
Vehicles - owned	21.12	29.57	1.05	-	49.64	5.99	6.82	0.16	-	12.65	36.99	15.13
- leased	42.70	-	21.14	-	21.56	22.86	6.50	17.08	-	12.28	9.28	19.84
Total (A)	**2,492.82**	**657.97**	**59.08**	**0.71**	**3,092.42**	**1,304.29**	**289.38**	**53.98**	**0.34**	**1,540.03**	**1,552.39**	**1,188.53**
Intangible												
Goodwill	1.98	-	-	-	1.98	1.98	-	-	-	1.98	-	-
Software	385.77	19.28	2.19	0.00	402.86	278.37	63.69	0.67	0.15	341.54	61.32	107.40
Total (B)	**387.75**	**19.28**	**2.19**	**-**	**404.84**	**280.35**	**63.69**	**0.67**	**0.15**	**343.52**	**61.32**	**107.40**
Total (A)+(B)	**2,880.57**	**677.25**	**61.27**	**0.71**	**3,497.26**	**1,584.64**	**353.07**	**54.65**	**0.49**	**1,883.55**	**1,613.71**	**1,295.93**
Previous year	2,293.37	647.75	61.10	0.56	2,880.57	1,349.54	291.37	56.53	0.18	1,584.64	1,295.93	943.83

Significant accounting policies and notes to financial statements 30 June 2012

(All amounts in crores of ₹ except share data and as stated otherwise)

2.11 Investments

		As at 30 June	
		2012	2011
Non-current investments- at cost			
In subsidiary companies trade (unquoted), fully paid up			
Equity Instruments			
409,670,582 (Previous year 409,670,582) equity shares of USD 1 each in HCL Bermuda Limited, Bermuda		1,829.27	1,829.27
12,804,909 (Previous year 12,796,404) equity shares of ₹ 10 each, in HCL Comnet Systems & Services Limited		24.09	23.71
HCL Technologies (Shanghai) Limited		9.95	9.95
939,440 (Previous year 939,440) equity shares of SGD 1 each, in HCL Singapore Pte. Limited		5.25	5.25
Nil (Previous year 4,900) equity shares of SGD 1 each, in DSI Financial Solutions Pte Limited, Singapore *		-	0.23
1 (Previous year 1) equity shares of Euro 100 each, in HCL GmbH		0.11	0.11
92,000 (Previous year Nil) equity shares of ₹ 10 each in HCL Eagle Limited		0.09	-
Preference shares 190,000,000 (Previous year 60,000,000) Preference shares of USD 1 each in HCL Bermuda Limited, Bermuda		959.49	266.42
In Joint venture trade (unquoted), fully paid up			
10,780,000 (Previous year 10,780,000) shares of ₹ 10 each, in NEC HCL System Technologies Limited		10.78	10.78
Aggregate amount of unquoted investments	**(A)**	**2,839.03**	**2,145.72**
(Non trade and quoted)			
Investment in bonds(refer note 1 and 3 (i) below)		94.64	94.93
Aggregate amount of quoted investments	**(B)**	**94.64**	**94.93**
Aggregate amount of non- current investments	**(A+B)**	**2,933.67**	**2,240.65**
Current investments (At lower of cost and fair value) (unquoted)			
Investment in mutual fund(refer note 2 and 3(ii) below)		364.28	412.63
Aggregate amount of current investments	**(C)**	**364.28**	**412.63**
Aggregate amount of total investments	**(A+B+C)**	**3,297.95**	**2,653.28**

* Ceased to exist w.e.f. 11 April 2012

Note:-

1. Market value of investments in bonds as on 30 June 2012 ₹ 91.54 crores (Previous year ₹ 91.80 crores).
2. Net asset value of current investments in mutual funds as on 30 June 2012 ₹ 364.28 crores (Previous year ₹ 412.63 crores).
3. The details of investments in mutual funds/ bonds are provided below:

i) Details of Investments in bonds - Other than trade and quoted

	Face Value	Balance as at 30 June 2012		Balance as at 30 June 2011	
		Units	Amount	Units	Amount
Indian Railway Finance 6% 2015 (Series 68)	100,000	5,000	50.00	5,000	50.00
IIFCL 6.85% 2014 (Tax Free Bonds)	100,000	4,418	44.64	4,418	44.93
Total			**94.64**		**94.93**

Significant accounting policies and notes to financial statements 30 June 2012

(All amounts in crores of ₹ except share data and as stated otherwise)

ii) Details of Investments in mutual funds - Other than trade and unquoted

	Face Value	Balance as at 30 June 2012		Balance as at 30 June 2011	
		Units	Amount	Units	Amount
Daily Dividend					
Tata Floater Fund	10	-	-	71,453,996	71.71
Birla Sun Life Savings Fund -IP	10	-	-	99,932,046	100.00
IDFC Money Manager Fund-Treasury Plan C	10	-	-	40,297,800	40.30
SBI SHF Ultra short term fund - IP	10	-	-	79,970,247	80.02
Birla Sun Life Ultra Short Term Fund - IP	10	-	-	51,566,653	51.60
ICICI Prudential Flexible income plan	10	-	-	6,525,748	69.00
ICICI Prudential Institutional Liquid Plan -Super Institutional	100	7,150,262	71.52	-	-
TATA Liquid Fund-Super High Investment Plan	1,000	598,727	66.73	-	-
Kotak Liquid fund-IP	10	45,130,252	55.19	-	-
SBI Premier Liquid Fund Super IP	1,000	591,808	59.37	-	-
UTI Liquid Fund-Cash Plan	1,000	1,093,472	111.47	-	-
Total			**364.28**		**412.63**

2.12 Deferred Tax Assets (net)

	As at 30 June	
	2012	2011
Deferred tax assets:		
Accrued employee costs	63.42	65.67
Unrealized loss on derivative financial instruments	93.94	-
Depreciation and amortization	48.36	52.43
Others	32.89	20.73
Gross Deferred Tax Assets (A)	**238.61**	**138.83**
Deferred tax liabilities:		
Unrealized gain on derivative financial instruments	-	4.27
Leased vehicles	1.46	1.50
Gross Deferred Tax Liabilities (B)	**1.46**	**5.77**
Net Deferred Tax Assets (A-B)	**237.15**	**133.06**

2.13 Long term loans and advances

	As at 30 June	
	2012	2011
Unsecured, considered good		
Capital advances	60.30	49.86
Capital advances-related parties	0.58	0.17
Security deposits	161.78	149.98
Others		
MAT credit entitlement	328.92	263.44
Inter corporate deposit with HDFC Limited	50.00	50.00
Prepaid expenses	19.96	25.31
Loans and advances to employees	0.13	0.13
	621.67	**538.89**

Significant accounting policies and notes to financial statements 30 June 2012

(All amounts in crores of ₹ except share data and as stated otherwise)

2.14 Other non- current assets

	As at 30 June	
	2012	2011
Unsecured considered good unless otherwise stated		
Deferred cost	109.25	82.83
Bank deposits more than 12 months (refer note 1 below)	110.02	110.02
Interest receivable	23.30	12.16
	242.57	**205.01**

Note:

1. Pledged with banks as security for guarantees and letter of credit ₹ 0.01 crores (Previous year ₹ 0.01 crores)

2.15 Inventories

	As at 30 June	
	2012	2011
Inventories		
Stock in trade	88.12	113.97
Stores and spares	11.87	11.00
	99.99	**124.97**

2.16 Trade receivables (Unsecured)

	As at 30 June	
	2012	2011
(a) Considered good unless stated otherwise outstanding for a period exceeding six months from the date they are due for payment		
Unsecured considered good	62.95	279.12
Unsecured considered doubtful	4.76	30.29
	67.71	**309.41**
Provision for doubtful receivables	(4.76)	(30.29)
Total (A)	**62.95**	**279.12**
(b) Other receivables		
Unsecured considered good	1,929.47	1,378.14
Unsecured considered doubtful	60.59	0.55
	1,990.06	**1,378.69**
Provision for doubtful receivables	(60.59)	(0.55)
Total (B)	**1,929.47**	**1,378.14**
Total (A)+(B) (refer note 1 below)	**1,992.42**	**1,657.26**

Note:

1. Includes receivables from related parties amounting to ₹ 1,068.78 (Previous year ₹ 1,028.03)

Significant accounting policies and notes to financial statements 30 June 2012

(All amounts in crores of ₹ except share data and as stated otherwise)

2.17 Cash and bank balances

	As at 30 June	
	2012	**2011**
(a) Cash and cash equivalent		
Balance with banks		
- in current accounts	47.19	26.28
Cheques in hand	13.78	17.35
Remittances in transit	71.35	121.69
Unclaimed dividend account	2.37	2.38
	134.69	**167.70**
(b) Other bank balances		
Deposits with original maturity for more than 3 months but less than 12 months	906.51	786.00
	1,041.20	**953.70**

2.18 Short- term loans and advances

	As at 30 June	
	2012	**2011**
Unsecured, considered good ;		
Loans and advances to related parties	153.31	166.53
Others		
Security deposits	9.39	4.12
Inter corporate deposit with HDFC Limited	50.00	-
Advance to suppliers	40.31	45.55
Prepaid expenses	50.87	88.09
Loans and advances to employees	11.46	13.82
Service Tax Receivable	103.83	105.65
Other loans and advances	9.54	7.04
	428.71	**430.80**
Unsecured, considered doubtful		
Loans and advances to employees	5.76	2.73
Loans and advances to others	3.53	0.03
	9.29	**2.76**
Less: Provision for doubtful advances	(9.29)	(2.76)
	428.71	**430.80**

2.19 Other current assets

	As at 30 June	
	2012	**2011**
Unbilled revenue	355.20	158.14
Unbilled revenue-related parties	271.09	207.65
Deferred cost	107.37	120.68
Deferred cost-related parties	6.04	-
Interest receivable	7.78	38.54
Interest receivable-related parties	0.01	0.16
Unrealized gain on derivative financial instruments	4.62	28.04
	752.11	**553.21**

Significant accounting policies and notes to financial statements 30 June 2012
(All amounts in crores of ₹ except share data and as stated otherwise)

2.20 Revenue from operations

	Year ended	
	30 June 2012	30 June 2011
Sale of hardware and software	226.33	183.68
Sale of services	8,680.89	6,610.80
	8,907.22	**6,794.48**

2.21 Other income

	Year ended	
	30 June 2012	30 June 2011
Interest income		
- On fixed deposits	76.44	102.48
- On investment	6.03	8.46
- Others	5.38	13.55
Profit on sale of investments	-	3.89
Dividends from current investments	27.47	19.57
Dividends from subsidiary companies	15.92	8.48
Profit on sale of fixed assets (refer note 1 below)	2.48	1.13
Exchange differences (net)	156.20	-
Miscellaneous income	10.94	8.71
	300.86	**166.27**

Note:
1. Net of loss on sale of fixed assets is ₹ 0.36 crores (Previous year ₹ 0.30 crores)

2.22 Cost of materials

	Year ended	
	30 June 2012	30 June 2011
Opening stock	113.97	4.49
Purchases	180.51	274.79
	294.48	**279.28**
Closing stock	(88.12)	(113.97)
	206.36	**165.31**

2.23 Employee benefit expenses

	Year ended	
	30 June 2012	30 June 2011
Salaries, wages and bonus	3,631.47	2,990.38
Contribution to provident fund and other funds	125.42	104.66
Staff welfare expenses	30.88	30.83
Employee stock compensation expense	135.29	133.22
	3,923.06	**3,259.09**

Significant accounting policies and notes to financial statements 30 June 2012
(All amounts in crores of ₹ except share data and as stated otherwise)

2.24 Other expenses

	Year ended	
	30 June 2012	30 June 2011
Rent	193.73	132.30
Power and fuel	154.23	126.94
Insurance	6.77	3.88
Repairs and maintenance		
- Plant and machinery	52.40	41.63
- Buildings	28.58	35.56
- Others	82.00	51.14
Communication costs	77.18	63.66
Books and periodicals	12.08	8.31
Travel and conveyance	504.61	677.49
Business promotion	11.20	12.83
Legal and professional charges (refer note 2.40)	59.22	43.31
Outsourcing costs	676.47	331.72
Software license fee	125.49	78.98
Printing and stationery	10.19	9.65
Rates and taxes	34.13	34.04
Advertising and publicity	10.62	10.44
Provision for doubtful advances / advances written off	6.53	1.18
Donations	4.04	0.06
Recruitment, training and development	52.25	56.31
Provision for doubtful debts/ bad debts written off	43.05	7.44
Exchange differences (net)	-	74.93
Miscellaneous expenses	122.81	51.91
	2,267.58	**1853.71**

2.25 Finance cost

	Year ended	
	30 June 2012	30 June 2011
Interest		
-on debentures	73.03	83.90
-on loans from banks	3.13	4.05
-on leased assets	3.62	5.44
-others	7.45	4.18
Exchange differences to the extent considered as an adjustment to borrowing costs	5.04	-
Bank charges	5.00	3.82
	97.27	**101.39**

Significant accounting policies and notes to financial statements 30 June 2012

(All amounts in crores of ₹ except share data and as stated otherwise)

2.26 Leases

i) Finance leases

The Company has acquired vehicles on finance leases. Total minimum lease payments and the maturity profile of finance leases at the balance sheet date, the element of interest included in such payments, and the present value of the minimum lease payments are as follows:

	Total minimum lease payments outstanding	Interest included in minimum lease payments	Present value of minimum lease payments
30 June 2012			
Not later than one year	6.00	0.92	5.08
Later than one year and not later than five years	2.31	0.32	1.99
Total	**8.31**	**1.24**	**7.07**
30 June 2011			
Not later than one year	12.86	2.13	10.73
Later than one year and not later than five years	9.08	1.32	7.76
Total	**21.94**	**3.45**	**18.49**

ii) Operating leases

The Company leases office spaces and accommodation for its employees under operating lease agreements. The lease rental expense recognized in the statement of profit and loss for the year is ₹ 180.32 crores (Previous year ₹ 133.98 crores). The escalation amount for non-cancellable operating lease payable in future years and accounted for by the Company is ₹ 78.17 crores (previous year ₹ 56.65 crores). Future minimum lease payments and the payment profile of non-cancellable operating leases are as follows:

	Year ended 30 June	
	2012	2011
Not later than one year	156.87	146.77
Later than one year and not later than five years	439.48	330.06
Later than five years	592.23	330.74
	1,188.58	**807.57**

2.27 Segment Reporting

Identification of Segments

The Company's operating businesses are organized and managed according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major divisions of the Company operate.

(i) Business Segments

The operations of the Company predominately relate to providing software services, infrastructure services including sale of networking equipment and business processing outsourcing services, which are in the nature of customer contact centres and technical help desks. The Chairman of the Company, who is the Chief Strategy Officer, evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by types of service provided by the Company and geographic segmentation of customers.

Accordingly, revenue from service segments comprises the primary basis of segmental information set out in these financial statements. Secondary segmental reporting is performed on the basis of the geographical location of customers.

Revenue in relation to service segments is categorized based on items that are individually identifiable to that segment, while expenditure is categorized in relation to the associated turnover of the segment. Assets and liabilities are also identified to service segments.

(ii) Geographic Segments

Segment revenue from customers by geographical area based on geographical location of the customer and segment assets are by geographical location of the assets .

The principal geographical segments are classified as America, Europe, India and others. Europe comprises business operations conducted by the Company in the United Kingdom, Sweden, Germany, Italy, Belgium, Netherlands, Northern Ireland, Finland, Poland and Switzerland. Since services provided by the Company within these European entities are subject to similar risks and returns, their operating results have been reported as one segment, namely Europe. India has been identified as a separate segment. All other customers, mainly in Japan, Australia, New Zealand, Singapore, Malaysia, Israel, South Korea, China, Czech Republic, Macau, UAE, Portugal, Russia and Hong Kong are included in others.

(All amounts in crores of ₹ except share data and as stated otherwise)

(iii) Segment accounting policies

The accounting principles consistently used in the preparation of the financial statements and consistently applied to record revenue and expenditure in individual segments are as set out in note 1 to the financial statements on significant accounting policies. The accounting policies in relation to segment accounting are as under:

a) Segment assets and liabilities

All segment assets and liabilities have been allocated to the various segments on the basis of specific identification.

Segment assets consist principally of allocable fixed assets, trade receivables, loans and advances and unbilled receivables. Segment assets do not include unallocated corporate assets, treasury assets, net deferred tax assets, advance taxes and Minimum Alternate Tax.

Segment liabilities include trade payable, other liabilities. Segment liabilities do not include share capital, reserves, borrowings and provision for taxes.

b) Segment revenue and expenses

Segment revenue is directly attributable to the segment and segment expenses have been allocated to various segments on the basis of specific identification. However, segment revenue does not include other income. Segment expenses do not include premium amortized on bonds, diminution allowance in respect of current and trade investments, other than temporary diminution in the value of long term investments, charge taken for stock options issued to employees, corporate expenses and finance cost.

Financial information about the business segments for the year ended 30 June 2012 is as follows:

	Software services	Business process outsourcing services	Infrastructure service	Total
Segment Revenues	6,793.42	575.55	1,538.25	**8,907.22**
Segment results	1,860.23	125.49	363.76	**2,349.48**
Unallocated corporate expenses				(192.33)
Interest Expense				(97.27)
Other Income				213.02
Interest Income				87.84
Net profit before taxes				**2,360.74**
Tax Expense				410.32
Net profit after taxes				**1,950.42**
Assets				
Segment assets	3,740.13	258.96	1,075.91	5,075.00
Unallocated corporate assets				5,802.03
Total assets				**10,877.03**
Liabilities				
Segment liabilities	1,512.37	95.49	510.48	2,118.34
Unallocated corporate liabilities				2,152.11
Total liabilities				**4,270.45**
Capital Expenditure				
Capital expenditure	536.03	51.96	87.04	675.03
Unallocated corporate capital expenditure				15.97
Total				**691.00**
Significant non-cash adjustments				
Depreciation	251.29	19.87	63.47	334.63
Unallocated corporate depreciation				18.44
Total				**353.07**
Provision/written off for doubtful debts and advances				49.58

Significant accounting policies and notes to financial statements 30 June 2012
(All amounts in crores of ₹ except share data and as stated otherwise)

Financial information about the business segments for the year ended 30 June 2011 is as follows:

	Software services	Business process outsourcing services	Infrastructure services	Total
Segment Revenues	5,424.40	423.64	946.44	**6,794.48**
Segment results	1,325.02	29.15	160.84	**1,515.01**
Unallocated corporate expenses				(290.01)
Interest Expense				(101.39)
Other Income				41.78
Interest Income				124.49
Net profit before taxes				**1,289.88**
Tax Expense				91.60
Net profit after taxes				**1,198.28**
Assets				
Segment assets	3,330.21	246.13	768.28	4,344.62
Unallocated corporate assets				4,720.18
Total assets				**9,064.80**
Liabilities				
Segment liabilities	1,313.54	93.46	359.50	1,766.50
Unallocated corporate liabilities				1,439.15
Total liabilities				**3,205.65**
Capital Expenditure				
Capital expenditure	578.63	21.08	42.95	642.66
Unallocated corporate capital expenditure				54.12
Total				**696.78**
Significant non-cash adjustments				
Depreciation	184.15	22.99	51.82	258.96
Unallocated corporate depreciation				32.41
Total				**291.37**
Provision/written off for doubtful debts and advances				8.62

Segment Revenue from customers by geographic area based on location of the customers is as follows:

	Year ended 30 June 2012	Year ended 30 June 2011
America	5,205.92	4,474.35
Europe	2,454.46	1,551.31
India	460.17	309.29
Others	786.67	459.53
	8,907.22	**6,794.48**

Carrying value of segment assets by geographic area based on geographic location of assets is as follows:

	Carrying amount of segment assets	
	30 June 2012	30 June 2011
America	1,164.49	1,466.25
Europe	599.34	517.22
India	8,892.12	6,912.87
Others	221.08	168.46
	10,877.03	**9,064.80**

Significant accounting policies and notes to financial statements 30 June 2012

(All amounts in crores of ₹ except share data and as stated otherwise)

Total Cost incurred during the period to acquire segment fixed assets (tangible and intangible) by geographical location of the assets is as follows:

	Additions to Segment Fixed Assets	
	30 June 2012	30 June 2011
America	-	-
Europe	0.08	0.05
India	689.74	696.27
Others	1.18	0.46
	691.00	**696.78**

2.28. Related party transactions

a) Related parties where control exists

Subsidiaries

HCL Comnet Systems & Services Limited
HCL Bermuda Limited
HCL Technologies (Shanghai) Limited
HCL GmbH
HCL Eagle Limited (Incorporated w.e.f 14 September 2011)
HCL Great Britain Limited
HCL (Netherlands) BV
HCL Belgium NV
HCL Sweden AB
HCL Italy SLR
HCL Australia Services Pty. Limited
HCL Singapore Pte. Limited
HCL (New Zealand) Limited
HCL Hong Kong SAR Limited
HCL Japan Limited
HCL Comnet Limited
HCL America Inc.
HCL Holdings GmbH
HCL Global Processing Services Limited
HCL BPO Services (NI) Limited
HCL (Malaysia) Sdn. Bhd.
HCL EAI Services Limited
HCL Poland sp. z o.o
HCL EAS Limited
HCL Insurance BPO Services Limited
HCL Expense Management Services Inc.
Axon Group Limited
Axon Solutions (Canada) Inc.
Bywater Limited
Axon Solutions Schweiz Gmbh
Axon Solutions Pty. Limited
Axon Solutions Inc.
Axon Acquisition Company, Inc.
Axon Solutions Limited
Axon Solutions Sdn. Bhd.
Axon Solutions Singapore Pte. Limited
Axon Solutions (Shanghai) Co. Limited
HCL Axon (Proprietary) Limited
JSPC- I Solutions Sdn. Bhd.
JSP Consulting Sdn. Bhd.
HCL Technologies Canada Inc.
HCL Argentina s.a.
HCL Mexico S. de R.L.
HCL Technologies Romania s.r.l.
HCL Hungary Limited
HCL Latin America Holding LLC
HCL (Brazil) Technologia da informacao Ltda.
HCL Technologies Denmark Apps
HCL Technologies Norway AS
PT. HCL Technologies Indonesia Limited
HCL Technologies Philippines Inc.
HCL Technologies South Africa (Proprietary) Limited
HCL Arabia LLC
HCL Technologies France (Incorporated w.e.f 7 March 2011)
Filial Espanola De HCL Technologies S.L. (Spain)
Anzospan Investments Pty Limited
HCL Investments (UK) Limited (Incorporated w.e.f 9 November 2011)

Employee benefit trusts

HCL Technologies Limited Employees Trust
Axon Group Plc Employee Benefit Trust No. 3
Axon Group Plc Employee Benefit Trust No. 4

Jointly controlled entities

NEC HCL System Technologies Limited, India
Axon Puerto Rico Inc. - through subsidiary

Associates

Statestreet Holding UK Limited-through subsidiary
Statestreet Services (India) Private Limited- through subsidiary

b) Related parties with whom transactions have taken place during the year

Subsidiaries

HCL Comnet Systems & Services Limited
HCL Bermuda Limited
HCL Technologies (Shanghai) Limited
HCL GmbH
HCL Eagle Limited
HCL Great Britain Limited
HCL (Netherlands) BV
HCL Belgium NV
HCL Sweden AB
HCL Italy SLR

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(All amounts in crores of ₹ except share data and as stated otherwise)

HCL Australia Services Pty. Limited
DSI Financial Solutions Pte. Limited (Ceased to exist w.e.f. 11 April 2012)
HCL Singapore Pte. Limited
HCL (New Zealand) Limited
HCL Hong Kong SAR Limited
HCL Japan Limited
HCL Comnet Limited
HCL America Inc.
HCL Global Processing Services Limited
HCL BPO Services (NI) Limited
HCL (Malaysia) Sdn. Bhd.
HCL EAI Services Limited
HCL Poland sp. z o.o
Capital Stream, Inc. (Merged with HCL America w.e.f. 1 January 2012)
HCL EAS Limited
HCL Insurance BPO Services Limited
HCL Jones Technologies LLC (Liquidated w.e.f 29 June 2012)
HCL Expense Management Services Inc.
Axon Solutions (Canada) Inc.
Axon Solutions Schweiz Gmbh
Axon Solutions Pty. Limited
Axon Solutions Inc.
Axon Solutions Limited
Axon Solutions Sdn. Bhd.
Axon Solutions Singapore Pte. Limited
Axon Solutions (Shanghai) Co. Limited
HCL Axon (Proprietary) Limited
HCL Technologies Canada Inc.
HCL Argentina s.a.
HCL Mexico S. de R.L.
HCL Hungary Limited
HCL (Brazil) Technologia da informacao Ltda.
HCL Technologies Denmark Apps
HCL Technologies Norway AS
PT. HCL Technologies Indonesia Limited
HCL Technologies Philippines Inc.
HCL Technologies South Africa (Proprietary) Limited
HCL Arabia LLC
HCL Technologies France
Filial Espanola De HCL Technologies S.L. (Spain)

Jointly controlled entities

NEC HCL System Technologies Limited, India

Associates

Statestreet HCL Services (India) Private Limited (incorporated w.e.f 6 January 2012)

Others (Significant influence)

Slocum investments (Delhi) Private Limited
HCL Corporation Private Limited [Formerly Guddu Investments (Pondi) Private Limited]
HCL Infosystems Limited
HCL Infinet Limited (Ceased to be related party w.e.f. 10 November 2011)
HCL Holding Private Limited
HCL Insys Pte Ltd., Singapore
Digilife Distribution and Marketing Services Limited. (Formerly HCL Security Limited)

c) **Key Management Personnel**

Shiv Nadar, Chairman and Chief Strategy Officer
Vineet Nayar, Vice Chairman and CEO

Significant accounting policies and notes to financial statements 30 June 2012

(All amounts in crores of ₹ except share data and as stated otherwise)

d) Transactions with related parties during the year in the ordinary course of business

	Revenues		Operating & Other Expenses		Interest Expenses		Interest Income	
	Year ended 30 June		Year ended 30 June		Year ended 30 June		Year ended 30 June	
	2012	2011	2012	2011	2012	2011	2012	2011
Subsidiaries								
-HCL America Inc.	3,349.84	2,957.70	302.96	326.89	0.17	0.44	0.44	1.88
-HCL Great Britain Limited	646.32	415.81	83.99	35.49	-	-	-	-
-HCL Australia Services Pty. Limited	379.52	219.66	-	-	-	-	-	-
-HCL Bermuda Limited	-	-	-	-	-	-	0.56	11.67
-HCL Comnet Limited	-	-	30.55	33.94	3.56	1.36	-	-
-HCL EAS Limited	-	-	-	-	-	0.50	-	-
-HCL Global Processing Services Limited	-	-	-	-	-	1.75	-	-
-HCL Comnet Systems & Services Limited	-	-	-	-	2.86	-	-	-
-Others	575.27	285.28	265.63	173.92	0.18	0.13	0.01	-
Total (A)	**4,950.95**	**3,878.45**	**683.13**	**570.24**	**6.77**	**4.18**	**1.01**	**13.55**
Jointly controlled entities								
-NEC HCL System Technologies Limited	4.50	4.43	-	-	-	-	-	-
-Statestreet HCL Services (India) Private Limited	2.44	-	-	-	-	-	-	-
Total (B)	**6.94**	**4.43**	**-**	**-**	**-**	**-**	**-**	**-**
Others (Significant influence)								
-HCL Infosystems Limited	6.14	11.77	86.95	55.53	-	-	-	-
-Others	-	-	0.46	2.02	-	-	-	-
Total (C)	**6.14**	**11.77**	**87.41**	**57.55**	**-**	**-**	**-**	**-**
Total (A+B+C)	**4,964.03**	**3,894.65**	**770.54**	**627.79**	**6.77**	**4.18**	**1.01**	**13.55**

d) Transactions with related parties during the year in the ordinary course of business (continued)

	Dividend income		Purchase of capital equipments		Investments		Dividend Paid		Interest on Debentures	
	Year ended 30 June		Year ended 30 June		Year ended 30 June		Year ended 30 June		Year ended 30 June	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Subsidiaries										
-HCL Comnet Systems & Services Limited	-	-	-	-	0.38	-	-	-	-	-
-HCL Technologies (Shanghai) Limited	-	-	-	-	-	2.27	-	-	-	-
-HCL Comnet Limited	-	-	2.34	2.57	-	-	-	-	-	-
-HCL Bermuda Limited	-	-	-	-	693.07	708.74	-	-	-	-
-HCL Singapore Pte. Limited	15.75	8.48	0.81	12.82	-	-	-	-	-	-
-DSI Financial Solutions Pte Limited, Singapore	-	-	-	-	(0.23)	-	-	-	-	-
-HCL Eagle Limited	-	-	-	-	0.09	-	-	-	-	-
-Others	0.17	-	-	-	-	-	-	-	-	-
Total (A)	**15.92**	**8.48**	**3.15**	**15.39**	**693.31**	**711.01**	**-**	**-**	**-**	**-**
Others (Significant influence)										
-HCL Infosystems Limited	-	-	78.45	55.65	-	-	-	-	-	-
-HCL Corporation Limited	-	-	-	-	-	-	-	210.00	-	-
-Slocum investments (Delhi) Private Limited	-	-	-	-	-	-	322.86	-	-	-
-HCL Holding Private Limited.	-	-	-	-	-	-	120.12	78.17	-	-
- HCL Corporation Private Limited [Formerly Guddu Investments (Pondi) P Ltd.]	-	-	-	-	-	-	-	-	3.28	3.28
- Others	-	-	11.38	6.36	-	-	-	-	-	-
Total (B)	**-**	**-**	**89.83**	**62.01**	**-**	**-**	**442.98**	**288.17**	**3.28**	**3.28**
Total (A+B)	**15.92**	**8.48**	**92.98**	**77.40**	**693.31**	**711.01**	**422.98**	**288.17**	**3.28**	**3.28**

Significant accounting policies and notes to financial statements 30 June 2012
(All amounts in crores of ₹ except share data and as stated otherwise)

d) Transactions with related parties during the year in the ordinary course of business (continued)

	Repayment of Loans Given to subsidiaries Year ended 30 June		Loans Given to subsidiaries Year ended 30 June		Loans taken from subsidiaries Year ended 30 June		Payment for use of facilities Year ended 30 June		Receipt for use of facilities Year ended 30 June	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Subsidiaries										
-HCL Comnet Limited	-	-	-	-	82.00	-	-	-	0.33	0.33
-HCL Comnet Systems & Services Limited	-	-	-	-	89.00	-	-	-	2.58	4.47
-HCL Global Processing Limited	(0.15)	-	0.15	-	-	-	-	-	-	-
-HCL Bermuda Limited	(38.46)	(313.44)	-	-	-	-	-	-	-	
Total (A)	**(38.61)**	**(313.44)**	**0.15**	**-**	**171.00**	**-**	**-**	**-**	**2.91**	**4.80**
Others (Significant influence)										
-HCL Infosystems Limited	-	-	-	-	-	-	1.50	0.25	-	-
-HCL Peripherals Limited	-	-	-	-	-	-	-	0.84	-	-
-HCL Corporation Limited	-	-	-	-	-	-	-	0.39	-	-
-Others	-	-	-	-	-	-	0.59	-	-	-
Total (B)	**-**	**-**	**-**	**-**	**-**	**-**	**2.09**	**1.48**	**-**	**-**
Total (A+B)	**(38.61)**	**(313.44)**	**0.15**	**-**	**171.00**	**-**	**2.09**	**1.48**	**2.91**	**4.80**

Transactions with Key Managerial personnel during the year

	Year ended 30 June	
	2012	2011
Vice Chairman and CEO		
i) Remuneration	8.43	6.84
ii) Dividend Paid (Includes shares held through family trust)	2.10	1.36
iii) Stock options		
- Granted - No's	-	12,50,000
- Vesting period	In trenches till 2016	In trenches till 2016
- Exercised - No's	2,50,000	4,25,000
- Exercise price - ₹	8	8
Chairman and Chief Strategy Officer i) Remuneration	5.01	-

Significant accounting policies and notes to financial statements 30 June 2012

(All amounts in crores of ₹ except share data and as stated otherwise)

e) Outstanding balances with related parties

	Trade Receivables As at 30 June		Trade Payables As at 30 June		Income received in advance As at 30 June	
	2012	2011	2012	2011	2012	2011
Subsidiaries						
-HCL America Inc.	646.48	841.65	117.66	111.97	135.88	98.19
-HCL Great Britain Limited	92.82	79.02	9.51	4.42	58.02	53.74
-HCL Singapore Pte. Ltd.	11.75	12.23	3.77	22.59	-	-
-HCL Australia Services Pty. Limited, Australia	134.01	23.37	-	-	-	-
-HCL Comnet Systems & Services Limited	0.28	0.21	87.39	20.97	-	-
-Others	174.58	66.56	65.30	45.86	33.14	10.36
Total (A)	**1,059.92**	**1,023.04**	**283.63**	**205.81**	**227.04**	**162.29**
Jointly controlled entities						
-NEC HCL System Technologies Limited	2.56	0.83	-	-	0.47	0.47
-Statestreet Services (India) Ltd.	4.64	-	-	-	-	-
Total (B)	**7.20**	**0.83**	**-**	**-**	**0.47**	**0.47**
Others (Significant influence)						
-HCL Infosystems Limited	1.66	4.13	0.37	0.40	-	-
-Others	-	0.03	-	-	-	-
Total (C)	**1.66**	**4.16**	**0.37**	**0.40**	**-**	**-**
Total (A+B+C)	**1,068.78**	**1,028.03**	**284.00**	**206.21**	**227.51**	**162.76**

e) Outstanding balances with related parties (continued)

	Capital accounts payables As at 30 June		Interest accrued but not due on borrowings As at 30 June		Advance received from customers As at 30 June		Loans outstanding As at 30 June		Guarantee outstanding As at 30 June	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Subsidiaries										
-HCL America Inc.	-	-	0.10	-	-	-	-	-	1,103.86	319.14
- HCL EAI Services Limited	-	-	-	-	-	1.50	-	-	2.02	0.42
- HCL Comnet Limited	-	-	-	-	-	-	82.00	-	-	-
- HCL Comnet Systems & Services Limited	-	-	0.59	-	-	-	89.00	-	-	-
- HCL Great Britain Limited	-	-	-	-	-	-	-	-	46.94	50.47
-HCL Bermuda Limited	-	-	-	-	-	-	-	-	86.89	71.58
-HCL EAS Limited	-	-	-	-	-	-	-	-	643.83	1,173.83
-HCL Japan Limited	-	-	-	-	-	-	-	-	172.48	125.15
-HCL Insurance BPO Services Limited	-	-	-	-	-	-	-	-	677.76	257.68
-HCL Jones Technologies LLC	-	-	-	-	-	-	-	-	-	6.70
-HCL BPO Services (NI) Limited	-	-	-	-	-	-	-	-	47.52	39.15
-HCL Singapore Pte Limited.	-	-	-	-	-	-	-	-	164.69	111.74
-HCL Netherlands B.V	-	-	-	-	-	-	-	-	126.10	128.00
-Others	-	-	0.54	-	-	-	-	-	15.47	-
Total (A)	**-**	**-**	**1.23**	**-**	**-**	**1.50**	**171.00**	**-**	**3,087.56**	**2,283.36**
Others (Significant influence)										
-HCL Infosystems Limited	1.92	1.07	-	-	2.98	-	-	-	-	-
-Others	0.65	0.44	-	-	-	-	-	-	-	-
Total (B)	**2.57**	**1.51**	**-**	**-**	**2.98**	**-**	**-**	**-**	**-**	**-**
Total (A+B)	**2.57**	**1.51**	**1.23**	**-**	**2.98**	**1.50**	**171.00**	**-**	**3,087.56**	**2,283.36**

Significant accounting policies and notes to financial statements 30 June 2012

(All amounts in crores of ₹ except share data and as stated otherwise)

e) Outstanding balances with related parties (continued)

	Liabilities for expenses		Long term liability for expenses		Capital Advances		Long term Income received in Advance	
	As at 30 June		As at 30 June		As at 30 June		As at 30 June	
	2012	2011	2012	2011	2012	2011	2012	2011
Subsidiaries								
-HCL America Inc.	52.34	22.41	-	1.41	-	-	1.07	-
- HCL Great Britain Limited	20.20	10.08	-	0.79	-	-	-	-
-Others	18.15	15.88	-	-	-	-	-	-
Total (A)	**90.69**	**48.37**	**-**	**2.20**	**-**	**-**	**1.07**	**-**
Others (Significant influence)								
-HCL Infosystems Limited	12.73	11.59	-	-	0.44	0.17	-	-
-Others	0.19	-	-	-	0.14	-	-	-
Total (B)	**12.92**	**11.59**	**-**	**-**	**0.58**	**0.17**	**-**	**-**
Total (A+B)	**103.61**	**59.96**	**-**	**2.20**	**0.58**	**0.17**	**1.07**	**-**

e) Outstanding balances with related parties- (continued)

	Loan and advances		Unbilled revenue		Deferred cost		Interest Receivables	
	As at 30 June		As at 30 June		As at 30 June		As at 30 June	
	2012	2011	2012	2011	2012	2011	2012	2011
Subsidiaries								
-HCL America Inc.	24.49	49.01	150.51	139.05	-	-	0.01	-
- HCL Great Britain Limited	4.03	3.26	64.13	34.30	4.02	-	-	-
-HCL Comnet Systems & Services Limited	48.94	23.52	-	-	2.02	-	-	-
-HCL Comnet Limited	44.21	29.24	-	-	-	-	-	-
- HCL Bermuda Limited	-	38.46	-	-	-	-	-	0.16
-Others	29.42	19.89	42.04	19.98	-	-	-	-
Total (A)	**151.09**	**163.38**	**256.68**	**193.33**	**6.04**	**-**	**0.01**	**0.16**
Jointly controlled entities								
-NEC HCL System Technologies Limited	-	0.43	-	-	-	-	-	-
Total (B)	-	**0.43**	-	-	-	-	-	-
Others (Significant influence)								
-HCL Infosystems Limited	2.16	2.31	14.41	14.32	-	-	-	-
-Others	0.06	0.41	-	-	-	-	-	-
Total (C)	**2.22**	**2.72**	**14.41**	**14.32**	**-**	**-**	**-**	**-**
Total (A+B+C)	**153.31**	**166.53**	**271.09**	**207.65**	**6.04**	**-**	**0.01**	**0.16**

2.29 Loans and advances in the nature of loans to subsidiaries and others

Name of the Company	Amount of loan	Rate of Interest	Maximum amount outstanding during the year
HCL Bermuda Limited	-	5% - 9.50%	38.46
	(38.46)	(5% - 9.50%)	(351.90)

Previous year figures are given in brackets.

Significant accounting policies and notes to financial statements 30 June 2012

(All amounts in crores of ₹ except share data and as stated otherwise)

2.30 Research and development expenditure

	Year ended 30 June 2012	Year ended 30 June 2011
Revenue	167.81	93.16
Capital	-	-
	167.81	**93.16**

2.31 Commitments and Contingent liabilities

	As at 30 June 2012	As at 30 June 2011
i) Capital and other commitments		
a) Capital commitments		
Estimated amount of unexecuted capital contracts (net of advances)	528.43	391.33
b) Outstanding letter of credit	9.83	-
	538.26	**391.33**
ii) Contingent Liabilities		
a) Others	4.29	2.30
	4.29	**2.30**

b) Guarantees have been given by the Company on behalf of various subsidiaries against credit facilities, financial assistance and office premises taken on lease amounting to ₹ 3,087.56 crores (Previous year ₹ 2,283.36 crores). These guarantees have been given in the normal course of the Company's operations and are not expected to result in any loss to the Company on the basis of the beneficiaries fulfilling their ordinary commercial obligations.

c) Bank guarantees of ₹ 14.25 crores (Previous year ₹ 24.39 crores). These guarantees have been given in the normal course of the Company's operations and are not expected to result in any loss to the Company, on the basis of the Company fulfilling its ordinary commercial obligations.

The amounts shown in the items above represent best possible estimates arrived at on the basis of available information. The uncertainties and possible reimbursements are dependent on the outcome of the different legal processes which have been invoked by the Company or the claimants as the case may be and therefore cannot be predicted accurately. The Company engages reputed professional advisors to protect its interest and has been advised that it has strong legal positions against such disputes.

iii) The Company has a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income Tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company appoints independent consultants for conducting a Transfer Pricing Study to determine whether the transactions with associated enterprises are undertaken, during the financial year, on an “arms length basis”. Adjustments, if any, arising from the transfer pricing study in the respective jurisdictions are accounted for as and when the study is completed for the current financial year. However the management is of the opinion that its international transactions are at arms' length so that the aforesaid legislation will not have any impact on the financial statements.

2.32 Derivative Financial Instruments

The Company is exposed to foreign currency fluctuations on foreign currency assets / liabilities, forecast cash flows denominated in foreign currency. The use of derivatives to hedge foreign currency forecast cash flows is governed by the Company's strategy, which provide principles on the use of such forward contracts and currency options consistent with the Company's Risk Management Policy. The counter parties in these derivative instruments are banks and the Company considers the risks of non-performance by the counterparty as non-material. A majority of the forward foreign exchange/option contracts mature within one to twelve months and the forecast transactions are expected to occur during the same period. The Company does not use forward contracts and currency options for speculative purposes.

Significant accounting policies and notes to financial statements 30 June 2012
(All amounts in crores of ₹ except share data and as stated otherwise)

The following table presents the aggregate contracted principal amounts of the Company's derivative contracts outstanding:-

Sell Covers	As at 30 June 2012	As at 30 June 2011
Foreign Currency	**₹ Equivalent**	
U.S. Dollar / INR	4,772.58	207.83
GBP/INR	60.86	32.21
Euro/INR	56.07	106.66
Euro/USD	35.03	45.25
AUD/INR	-	57.47
	4,924.54	**449.42**

Options	As at 30 June 2012	As at 30 June 2011
	₹ Equivalent	
Put Options		
USD/INR	-	89.39
Range Forward		
USD/INR	1,529.20	860.83
GBP/INR	99.11	42.95
Euro/INR	47.66	36.85
Seagull		
USD/INR	395.03	-
Euro/USD	43.78	-
Euro/INR	116.29	25.86
Total	**2,231.07**	**1,055.88**

The following table summarizes activity in the Hedging Reserve related to all derivatives classified as cash flow hedges during the years ended 30 June 2012 and 2011.

Particulars	Year ended 30 June 2012	Year ended 30 June 2011
Gain / (Loss) as at the beginning of the year	23.51	(99.97)
Unrealized (losses) / gain on cash flow hedging derivatives during the year	(646.88)	53.62
Net losses reclassified into net income on occurrence of hedged transactions	143.86	69.86
Net losses reclassified into net income as hedged transactions are not likely to occur	-	-
Gain / (Loss) as at the end of the year (refer note 1 and 2 below)	**(479.51)**	**23.51**

As of the balance sheet date, the Company's net foreign currency exposure that is not hedged is ₹ 1,758.84 crores (Previous year ₹ 1,399.20 crores).

Notes:
1. Balance as at year end is inclusive of deferred tax assets of ₹ 93.94 crores (Previous year deferred tax liability of ₹ 4.27 crores).
2. At 30 June 2012, the estimated net amount of existing loss that is expected to be reclassified into the income statement within the next twelve months is ₹ 211.86 crores (Previous year gain of ₹ 23.51 crores).

Significant accounting policies and notes to financial statements 30 June 2012

(All amounts in crores of ₹ except share data and as stated otherwise)

2.33 Earnings per equity share (EPS)

	Year ended 30 June 2012	Year ended 30 June 2011
Net profit as per statement of profit and loss for computation of EPS	1,950.42	1,198.28
Weighted average number of shares outstanding in computation of basic EPS	691,023,929	683,508,571
Dilutive effect of stock options outstanding	12,576,329	13,812,496
Weighted average number of equity shares and equity equivalent shares outstanding in computing diluted EPS	703,600,258	697,321,067
Nominal value of equity shares (in ₹)	2.00	2.00
Earnings per equity share (in ₹)		
- Basic	28.23	17.53
- Diluted	27.72	17.18

2.34 Micro, Small and Medium Enterprises

As per information available with the management, the dues payable to enterprises covered under "The Micro, Small and Medium Enterprises Development Act, 2006" are as follows:

	For the Year ended 30 June 2012		For the Year ended 30 June 2011	
	Principal	Interest	Principal	Interest
Amount due to Vendor	0.06	0.01	-	-
Principal amount paid beyond the appointed date	-	-	-	-
Interest under normal credit terms -				
Accrued and unpaid during the year	-	0.01	-	-
Total Interest payable -				
Accrued and unpaid during the year	-	0.01	-	-

This has been determined on the basis of responses received from vendors on specific confirmation sought by the Company in this regard.

2.35 Employee Benefit Plans

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

A. Defined Contribution Plans and State Plans

Superannuation Fund
Employer's contribution to Employees' State Insurance
Employer's contribution to Employees' Pension Scheme.

During the year the Company has recognized the following amounts in the statement of profit and loss:-

	Year ended 30 June 2012	Year ended 30 June 2011
Superannuation Fund	8.36	2.45
Employer's contribution to Employees' State Insurance	2.97	2.64
Employer's contribution to Employees' Pension Scheme.	35.95	31.13
Total	**47.28**	**36.22**

B. Defined Benefit Plans

a) Gratuity
b) Employers Contribution to Provident Fund

Gratuity

The Company has a unfunded defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

Significant accounting policies and notes to financial statements 30 June 2012

(All amounts in crores of ₹ except share data and as stated otherwise)

The following table set out the status of the gratuity plan as required under Accounting Standard 15 (Revised):

Statement of profit and loss

Net employee benefit expense (recognised in Employee Cost)

	Year ended 30 June 2012	Year ended 30 June 2011
Current service cost	25.98	20.40
Interest cost on benefit obligation	9.42	6.89
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognised in the year	17.02	(3.10)
Past service cost	-	-
Net benefit expense	**52.42**	**24.19**

Balance Sheet

Details of Provision for Gratuity

	Year ended 30 June 2012	Year ended 30 June 2011
Defined benefit obligations	140.65	100.58
Fair value of plan assets	-	-
	140.65	100.58
Less: Unrecognised past service cost	-	-
Plan (asset) / liability	**140.65**	**100.58**

Changes in present value of the defined benefit obligation are as follows:

	Year ended 30 June 2012	Year ended 30 June 2011
Opening defined benefit obligations	100.58	85.00
Current service cost	25.98	20.40
Interest cost	9.42	6.89
Actuarial (gain)/loss on obligation	17.02	(3.10)
Benefits paid	(12.35)	(8.61)
Closing defined benefit obligations	**140.65**	**100.58**

The principal assumptions used in determining gratuity for the Company's plans are shown below:

	Year ended 30 June 2012	Year ended 30 June 2011
Discount rate	8.10%	8.35%
Estimated Rate of salary increases	7%	6%-10%
Employee Turnover	18%	18%
Expected rate of return on assets	N.A	N.A

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

The following table set out the experience adjustment to plan liabilities as required under AS-15 (Revised):

	Year ended 30 June				
	2012	2011	2010	2009	2008
Defined benefit obligations	140.65	100.58	85.00	71.19	53.90
Plan assets	-	-	-	-	-
Experience adjustment on plan liabilities	7.69	6.75	2.21	7.58	4.65
Experience adjustment on plan assets	-	-	-	-	-

Employer's Contribution to Provident Fund

The guidance note on implementing AS-15, Employee Benefits (revised 2005) issued by Accounting Standard board (ASB) states that benefits involving employer established provident funds, which require interest shortfalls to be recompensed are to be considered as defined benefit plans. The Actuarial Society of India has issued the final guidance for measurement of provident fund liabilities during the current year. The actuary has accordingly provided a valuation and based on the assumption mentioned below there is no shortfall as at 30 June 2012.

The details of the fund and plan asset position are given below:-

	30 June 2012
Plan assets at the period end	942.78
Present Value of benefit obligation at period end	942.78
Asset recognized in balance sheet	**-**

Assumptions used in determining in the present value obligation of the interest rate guarantee under the Deterministic Approach.

	30 June 2012
Government of India (GOI) bond yield	8.10%
Remaining term of maturity	8.03 Years
Expected guaranteed interest rate	9.40%

During the year ended 30 June 2012, the Company has contributed ₹ 70.88 crores (Previous year ₹ 58.77 crores) towards employers' contribution to the Provident Fund.

2.36 Joint Venture

The Company has an interest in the following jointly controlled entities:

Name of the Company	Shareholding	Incorporated in
NEC HCL System Technologies Limited	49%	India
Axon Balance LLC#	50%	United States of America
Axon Puerto Rico Inc.-through subsidiary	49%	Puerto Rico

Dissolved w.e.f. January 18, 2011

Significant accounting policies and notes to financial statements 30 June 2012

(All amounts in crores of ₹ except share data and as stated otherwise)

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

	Year ended 30 June 2012	Year ended 30 June 2011
Revenue from operations	67.87	46.02
Other income	0.96	0.50
Total revenue	**68.83**	**46.52**
Employee benefit expenses	35.24	27.02
Operating and other expenses	17.32	14.08
Depreciation and Amortization expense	2.31	1.75
Total	**54.87**	**42.85**
Profit Before Tax	**13.96**	**3.67**
Provision for tax	4.03	0.39
Net profit after tax	**9.93**	**3.28**

	As at 30 June 2012	As at 30 June 2011
Assets		
Tangible assets		
Building	8.05	7.04
Plant and machinery	2.22	2.38
Computers	1.57	0.82
Furniture and fixture	0.46	0.21
Total tangible assets (A)	**12.30**	**10.45**
Intangible assets		
Software	0.29	0.41
Total intangible assets (B)	**0.29**	**0.41**
Total fixed assets (A+B)	**12.59**	**10.86**
Trade receivables	16.85	11.56
Cash and bank balances	20.55	12.64
Other current assets	7.74	4.38
Liabilities		
Liabilities and provisions	23.05	15.62

Notes:

a. NEC HCL System Technologies Limited financial statements are for the year ended 31 March 2012 and 2011 respectively.

b. Axon Puerto Rico Inc. financial statements are for the period ended 31 May 2012 and 2011 respectively.

c. There is no material transaction between the reporting dates of the JV and that of Company.

Significant accounting policies and notes to financial statements 30 June 2012

(All amounts in crores of ₹ except share data and as stated otherwise)

2.37 During the previous year, a scheme of Amalgamation ("Scheme") under sections 391 to 394 of the Companies Act, 1956 for amalgamation without issue of shares of HCL Technopark Limited, a wholly owned subsidiary ("Transferor Company"), held directly, with the Company has been approved by the Hon'ble High Court of Delhi on 16 August 2010 and is effective from 1 April 2009. The Transferor Company was engaged in the business of a developer of facilities for the IT industry. The amalgamation is expected to channelize synergies and lead to optimum utilization of available resources and result in greater economies of scale.

The Company has accounted for the amalgamation under the 'pooling of interest method' being an amalgamation in the nature of merger, as prescribed by the Accounting standard "AS-14", "Accounting for Amalgamations" as per Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended).

In terms of the Scheme, a shortfall arose representing the aggregate value of the assets reduced by the aggregate value of the liabilities and balance statement of profit and loss and reserves of the Transferor Company over the value of inter se loans and investments and share capital cancelled pursuant to the amalgamation. This shortfall of ₹ 9.81 crores has been adjusted from the statement of profit & loss. Details are given below:

Assets	Amount
Land Freehold	16.76
Capital work in progress	94.59
Cash and bank balances	0.22
Other assets	0.21
Total	**111.78**
Liabilities	
Current liabilities	20.42
Total	**20.42**
Net assets acquired on amalgamation	**91.36**
Transfer of balances of amalgamated company	
Less:-	
Adjustment for cancellation of Company's investment in Transferor Company	1.00
Adjustment of loan given to Transferor company	100.17
Shortfall arising on amalgamation	**9.81**
Balance transferred to statement of profit and loss as at 1 July 2010	**9.81**

Significant accounting policies and notes to financial statements 30 June 2012
(All amounts in crores of ₹ except share data and as stated otherwise)

2.38 Particulars of purchases, sales and closing stock of trading goods:

ITEMS	Opening Stock Value (₹)	Purchases Value (₹)	Sales Value (₹)	Closing Stock Value (₹)
Software Licenses (Unlimited Users)	27.77	12.38	24.65	15.78
	(-)	(84.16)	(60.69)	(27.77)
Servers	4.94	31.14	30.84	5.34
	(-)	(15.10)	(14.56)	(4.94)
Storage devices	1.49	1.30	6.28	1.89
	(-)	(3.41)	(10.75)	(1.49)
Routers	40.87	5.44	38.53	8.21
	(-)	(56.17)	(31.95)	(40.87)
Switches	9.25	1.96	12.58	2.39
	(-)	(19.04)	(19.33)	(9.25)
Others*	29.65	128.29	113.45	54.51
	(4.49)	(96.91)	(46.40)	(29.65)
Total	**113.97**	**180.51**	**226.33**	**88.12**
	(4.49)	(274.79)	(183.68)	(113.97)

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

Notes: Previous year figures are given in brackets.

2.39 CIF value of imports

	Year ended 30 June 2012	Year ended 30 June 2011
Capital goods	200.28	193.06
	200.28	**193.06**

2.40. Auditors' remuneration *

	Year ended 30 June 2012	Year ended 30 June 2011
A. As Auditors		
Statutory audit	1.83	1.83
Tax audit fees	0.19	0.19
B. For Certification	0.35	0.22
	2.37	**2.24**

* excluding service tax

Significant accounting policies and notes to financial statements 30 June 2012

(All amounts in crores of ₹ except share data and as stated otherwise)

2.41 Expenditure in foreign currency (on accrual basis)

	Year ended 30 June 2012	Year ended 30 June 2011
Outsourcing costs	615.97	260.87
Interest	2.38	4.20
Travel	140.79	226.08
Rates and taxes	17.66	11.75
Software License Fee	11.68	7.75
Communication costs	6.27	0.03
Professional fees	9.37	13.56
Personnel Expenses	10.63	5.27
Others	69.29	50.22
	884.04	**579.73**

2.42 Earnings in foreign currency(on accrual basis)

Income from Services	8,384.17	5,056.95
	8,384.17	**5,056.95**

2.43 Dividend remitted in foreign currency

	Year ended 30 June 2012	Year ended 30 June 2011
Final dividend		
Number of non-resident shareholders	73	75
Number of shares held	120,790,275	120,778,581
Amount remitted in ₹ (net of tax)	24.16	12.08
Amount remitted FCY	$4,910,174	$2,723,919
Year to which it relates	2010-11	2009-10
1st Interim dividend		
Number of non-resident shareholders	73	75
Number of shares held	120,790,275	120,778,581
Amount remitted in ₹ (net of tax)	48.32	18.12
Amount remitted FCY	$9,820,348	$4,085,879
Year to which it relates	2011-12	2010-11
2nd Interim dividend		
Number of non-resident shareholders	70	77
Number of shares held	120,779,637	120,779,711
Amount remitted in ₹ (net of tax)	24.16	24.16
Amount remitted FCY	$4,860,348	$5,297,356
Year to which it relates	2011-12	2010-11
3rd Interim dividend		
Number of non-resident shareholders	68	71
Number of shares held	120,124,750	120,729,884
Amount remitted in ₹ (net of tax)	24.02	24.15
Amount remitted FCY	$4,569,218	$5,423,625
Year to which it relates	2011-12	2010-11

Significant accounting policies and notes to financial statements 30 June 2012

(All amounts in crores of ₹ except share data and as stated otherwise)

2.44 Previous year comparatives

The previous year's figures have been re-classified/re-grouped to conform to current year's classification.

As per our report of even date

For **HCL Technologies Limited**

For S. R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

Shiv Nadar
Chairman and Chief Strategy Officer

Vineet Nayar
Vice Chairman and CEO

per Tridibes Basu
Partner
Membership Number: 17401

Anil Chanana
Chief Financial Officer

Manish Anand
Company Secretary

Gurgaon, India
25 July, 2012

Noida (UP), India
25 July, 2012

Consolidated Statements

AUDITORS' REPORT

The Board of Directors
HCL Technologies Limited

We have audited the attached consolidated Balance Sheet of HCL Technologies Limited and its subsidiaries (together referred to as 'Group') and joint ventures and associates as at June 30, 2012, and also the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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.

We report that the consolidated financial statements have been prepared by the Group's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements, Accounting Standards (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard (AS) 27, Financial Reporting of Interests in Joint Ventures notified pursuant to the Companies (Accounting Standards) Rules, 2006, (as amended).

In our opinion and to the best of our information and according to the explanations given to us, the 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 and joint venture and associate as at June 30, 2012;

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

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

For S.R. Batliboi & Co.
Firm registration number: 301003E
Chartered Accountants

per Tridibes Basu
Partner
Membership No.: 17401

Gurgaon, India
July 25, 2012

Consolidated Balance Sheet as at 30 June 2012

(All amounts in crores of ₹)

	Note No.	As at 30 June 2012	As at 30 June 2011
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	**3.1**	138.66	137.74
(b) Reserves and surplus	**3.2**	9,696.43	7,514.25
		9,835.09	**7,651.99**
(2) Share application money pending allotment	**3.3**	2.77	1.00
(3) Minority interest		1.07	3.71
(4) Non - current liabilities			
(a) Long-term borrowings	**3.4**	1,077.20	1,655.78
(b) Other long-term liabilities	**3.5**	661.64	373.93
(c) Long term provisions	**3.6**	289.55	150.41
		2,028.39	**2,180.12**
(5) Current liabilities			
(a) Short term borrowings	**3.7**	448.99	18.61
(b) Trade payables	**3.8**	469.44	277.04
(c) Other current liabilities	**3.8**	4,168.18	2,945.19
(d) Short term provisions	**3.9**	1,337.37	822.98
		6,423.98	**4,063.82**
TOTAL		**18,291.30**	**13,900.64**
II. ASSETS			
(1) Non-current assets			
(a) Fixed Assets			
(i) Tangible assets	**3.10**	1,918.03	1,509.61
(ii) Intangible assets	**3.10**	4,535.07	3,736.17
(iii) Capital work in progress		578.47	555.85
		7,031.57	**5,801.63**
(b) Non-current investments	**3.11**	127.00	94.93
(c) Deferred tax assets (net)	**3.12**	661.57	363.26
(d) Long term loans and advances	**3.13**	996.24	667.00
(e) Other non-current assets	**3.14**	426.09	317.19
		2,210.90	**1,442.38**
(2) Current Assets			
(a) Current investments	**3.11**	546.20	642.57
(b) Inventories	**3.15**	226.16	166.35
(c) Trade receivables	**3.16**	3,875.66	2,611.28
(d) Cash and bank balances	**3.17**	1,947.69	1,612.36
(e) Short - term loans and advances	**3.18**	674.69	473.04
(f) Other current assets	**3.19**	1,778.43	1,151.03
		9,048.83	**6,656.63**
TOTAL		**18,291.30**	**13,900.64**
Significant accounting policies and notes to financial statements	**1 to 3**		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For **HCL Technologies Limited**

For S. R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per Tridibes Basu
Partner
Membership Number: 17401

Gurgaon, India
25 July 2012

Shiv Nadar
Chairman and Chief Strategy Officer

Anil Chanana
Chief Financial Officer

Noida (UP), India
25 July 2012

Vineet Nayar
Vice Chairman and CEO

Manish Anand
Company Secretary

Consolidated Statement of Profit and Loss

(All amounts in crores of ₹ except share data unless otherwise stated)

	Note No.	Year ended 30 June 2012	Year ended 30 June 2011
Income			
Revenue from operations	3.20	20,830.55	15,730.43
Other income	3.21	206.50	299.65
Total revenue		**21,037.05**	**16,030.08**
Expenses			
Cost of materials	3.22	611.99	522.13
Employee benefit expenses	3.23	11,104.55	8,589.60
Other expenses	3.24	5,418.84	4,163.18
Finance costs	3.25	142.63	160.37
Depreciation and amortization expense	3.10	549.24	459.69
Total expenses		**17,827.25**	**13,894.97**
Profit before tax		**3,209.80**	**2,135.11**
Provision for tax			
- current tax		(934.42)	(492.52)
- deferred tax credit		151.70	4.04
Profit before minority interest / share of loss of associates		**2,427.08**	**1,646.63**
Share of loss of associates		(4.31)	-
Share of profit of minority interest		(0.07)	(0.12)
Profit after tax		2,422.70	1,646.51
Earnings per equity share of par value ₹ 2 each	3.27		
Basic (in ₹)		35.06	24.09
Diluted (in ₹)		34.43	23.61
Significant accounting policies and notes to financial statements	1 to 3		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For **HCL Technologies Limited**

For S. R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per Tridibes Basu
Partner
Membership Number: 17401

Gurgaon, India
25 July 2012

Shiv Nadar
Chairman and Chief Strategy Officer

Anil Chanana
Chief Financial Officer

Noida (UP), India
25 July 2012

Vineet Nayar
Vice Chairman and CEO

Manish Anand
Company Secretary

Consolidated Cash flow statement

(All amounts in crores of ₹)

	Year ended 30 June 2012	Year ended 30 June 2011
A. Cash Flows from operating activities		
Profit before tax	3,209.80	2,135.11
Adjustment for:		
Depreciation and amortization	549.24	459.69
Interest income	(138.46)	(135.90)
Dividend income	(34.65)	(25.82)
Profit on sale of investments (net)	-	(3.89)
Interest expenses	112.42	125.38
Profit on sale of fixed assets	(1.72)	(2.74)
Employee stock compensation expense	135.29	133.22
Other non cash charges / (benefits)	318.47	(41.63)
Operating profit before working capital changes	**4,150.39**	**2,643.42**
Movement in Working Capital		
Increase in trade receivables	(946.09)	(101.88)
Increase in inventories	(51.27)	(100.94)
Increase in loan and advances	(327.38)	(264.89)
Increase in other assets	(554.83)	(317.96)
Increase in other liabilities and provisions	1,048.57	233.67
Cash generated from operations	**3,319.39**	**2,091.42**
Direct taxes paid (net of refunds)	(766.04)	(328.51)
Net cash flow from operating activities (A)	**2,553.35**	**1,762.91**
B. Cash flows from investing activities		
Redemption / maturity of bank deposits	1,144.66	1,066.12
Investments in bank deposits	(1,326.67)	(1,163.05)
Purchase of investments in mutual funds	(4,884.06)	(5,918.08)
Proceeds from sale of investments in mutual funds	4,980.42	6,061.82
Investments in associates	(40.73)	-
Investments in bonds	-	(92.78)
Proceeds from sale of bonds	-	50.00
Deposits placed with body corporate	(50.00)	(50.00)
Proceeds from maturity of deposits placed with body corporate	-	100.00
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(909.41)	(785.11)
Proceeds from sale of fixed assets	3.61	3.03
Payment for deferred consideration on business acquistion	(100.64)	(10.05)
Payment for business acquisition (net of cash acquired)	-	(60.46)
Interest received	163.47	104.37
Dividend received	34.65	25.82
Proceeds from sale of business	-	14.66
Taxes paid	(41.57)	(36.22)
Net cash flow used in investing activities (B)	**(1,026.27)**	**(689.93)**
C. Cash flows from financing activities		
Proceeds from issue of share capital	39.13	89.55
Repayment of debentures	(170.00)	-
Proceeds from long term borrowings	23.68	12.12
Repayment of long term borrowings	(698.77)	(147.10)
Proceeds from short term borrowings	690.63	790.26
Repayment of short term borrowings	(294.86)	(1,140.72)

Consolidated Cash flow statement (Contd.)

(All amounts in crores of ₹)

	Year ended 30 June 2012	Year ended 30 June 2011
Interest paid	(114.15)	(126.90)
Dividend paid on equity shares	(691.02)	(444.60)
Tax on equity dividend paid	(112.10)	(73.32)
Proceeds under capital lease	96.42	-
Principal payment for finance lease obligations	(7.80)	(13.58)
Net Cash flows used in financing activities (C)	**(1,238.84)**	**(1,054.29)**
Effect of exchange differences on cash and cash equivalents held in foreign currency	(135.27)	33.56
Net increase / (decrease) in cash and cash equivalents (A+B+C)	288.24	18.69
Cash and cash equivalents at the beginning of the year	523.70	471.45
Cash and cash equivalents at the end of the year as per note 3.17 (refer note 1 below)	**676.67**	**523.70**

Notes:

1. Cash and cash equivalents include the following:

Investor Education and Protection Fund-Unclaimed dividend*	2.37	2.38

* The Group can utilize these balances only towards the settlement of the respective above mentioned liabilities

2. Previous year figures have been regrouped and recast wherever necessary to conform to the current year classification.

As per our report of even date

For **HCL Technologies Limited**

For S. R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per Tridibes Basu
Partner
Membership Number: 17401

Gurgaon, India
25 July 2012

Shiv Nadar
Chairman and Chief Strategy Officer

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Vice Chairman and CEO

Anil Chanana
Chief Financial Officer

Manish Anand
Company Secretary

Noida (UP), India
25 July 2012

Significant accounting policies and notes to consolidated financial statements 30 June 2012

(All amounts in crores of ₹ except share data and as stated otherwise)

Company Overview

HCL Technologies Limited (hereinafter referred to as "the Company" or "the parent company") and its consolidated subsidiaries (hereinafter collectively referred to as "the Group"), joint ventures and associates are primarily engaged in providing a range of software services, business process outsourcing and infrastructure product and management services. The Company was incorporated in India in November 1991. The Group leverages an extensive offshore infrastructure and its global network of offices in various countries and professionals to deliver solutions across select verticals including Financial Services, Manufacturing (Automotive, Aerospace, Hi-tech and Semi Conductor) Telecom, Retail & CPG, Media, Publishing and Entertainment, Public Services, Energy and Utility, Healthcare, Travel, Transport and Logistics.

1. **Significant Accounting Policies**

a) **Basis of preparation**

These consolidated financial statements have been prepared to comply in all material aspect with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the other relevant provisions of the Companies Act, 1956. The financial statements are presented in the format prescribed by the revised Schedule VI to the Companies Act, 1956 and have been prepared under the historical cost convention on an accrual and going concern basis except for certain financial instruments which are measured at fair value.

The accounting policies adopted in the preparation of the financial statements are consistent with those of previous year.

b) **Presentation and disclosure of financial statements**

The revised Schedule VI notified by the Companies Act-1956, has become applicable to the Group, for preparation and presentation of its financial statements for the financial years commencing on or after 1 July 2011. The adoption of the revised schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However it has a significant impact on presentation and disclosures made in the financial statements. The Group has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

c) **Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

d) **Principles of consolidation**

These consolidated financial statements relate to HCL Technologies Limited, the parent company, its subsidiaries, joint ventures and associates which are as follows:

Subsidiaries of HCL Technologies Limited are as follows:-

Sr. No.	Name of the Subsidiaries	Country of Incorporation	Year ended 30 June 2012	Year ended 30 June 2011
			Holding Percentage	
1	HCL Comnet Systems & Services Limited	India	99.97%	99.90%
2	HCL Bermuda Limited	Bermuda	100%	100%
3	HCL Technologies (Shanghai) Limited	China	100%	100%
4	HCL GmbH	Germany	100%	100%
5	HCL Eagle Limited %%	India	92%	-

%%Incorporated w.e.f 14 September 2011

Step down subsidiaries of direct subsidiaries of HCL Technologies as mentioned above are as follows:-

Sr. No.	Name of the Subsidiaries	Country of Incorporation	Year ended 30 June 2012	Year ended 30 June 2011
			Holding Percentage	
1	HCL Great Britain Limited	UK	100%	100%
2	HCL (Netherlands) BV	The Netherlands	100%	100%
3	HCL Belgium NV	Belgium	100%	100%
4	HCL Sweden AB	Sweden	100%	100%
5	HCL Italy SLR	Italy	100%	100%
6	HCL Australia Services Pty. Limited	Australia	100%	100%
7	DSI Financial Solutions Pte. Limited %	Singapore	100%	100%
8	HCL Singapore Pte. Limited	Singapore	100%	100%
9	HCL (New Zealand) Limited	New Zealand	100%	100%
10	HCL Hong Kong SAR Limited	Hong Kong	100%	100%
11	HCL Japan Limited	Japan	100%	100%
12	HCL Comnet Limited	India	99.97%	99.90%

Significant accounting policies and notes to consolidated financial statements 30 June 2012

(All amounts in crores of ₹ except share data and as stated otherwise)

Sr. No.	Name of the Subsidiaries	Country of Incorporation	Year ended 30 June 2012	Year ended 30 June 2011
			Holding Percentage	
13	HCL America Inc.	USA	100%	100%
14	HCL Holdings GmbH	Austria	100%	100%
15	HCL Global Processing Services Limited	India	100%	100%
16	HCL BPO Services (NI) Limited	UK	100%	100%
17	HCL Jones Technologies LLC%%	USA	51.00%	51.00%
18	HCL (Malaysia) Sdn. Bhd.	Malaysia	100%	100%
19	HCL EAI Services Limited	India	100%	100%
20	HCL Poland sp. z o.o	Poland	100%	100%
21	Capital Stream, Inc. $	USA	-	100%
22	HCL EAS Limited	UK	100%	100%
23	HCL Insurance BPO Services Limited	UK	100%	100%
24	HCL Expense Management Services Inc.	USA	100%	100%
25	Axon Group Limited	UK	100%	100%
26	Axon Solutions (Canada) Inc.	Canada	100%	100%
27	Bywater Limited	UK	100%	100%
28	Axon Solutions Schweiz Gmbh	Switzerland	100%	100%
29	Axon Solutions Pty. Limited	Australia	100%	100%
30	Axon Solutions Inc.	USA	100%	100%
31	Axon Acquisition Company, Inc.	USA	100%	100%
32	Axon Solutions Limited	UK	100%	100%
33	Axon Solutions Sdn. Bhd.	Malaysia	100%	100%
34	Axon Solutions Singapore Pte. Limited	Singapore	100%	100%
35	Axon Solutions (Shanghai) Co. Limited	China	100%	100%
36	HCL Axon (Proprietary) Limited	South Africa	100%	100%
37	JSPC- I Solutions Sdn. Bhd.	Malaysia	100%	100%
38	JSP Consulting Sdn. Bhd.	Malaysia	100%	100%
39	HCL Technologies Canada Inc.	Canada	100%	100%
40	HCL Argentina s.a.	Argentina	100%	100%
41	HCL Mexico S. de R.L.	Mexico	100%	100%
42	HCL Technologies Romania s.r.l.	Romania	100%	100%
43	HCL Hungary Limited	Hungary	100%	100%
44	HCL Latin America Holding LLC	USA	100%	100%
45	HCL (Brazil) Technologia da informacao Ltda.	Brazil	100%	100%
46	HCL Technologies Denmark Apps	Denmark	100%	100%
47	HCL Technologies Norway AS	Norway	100%	100%
48	PT. HCL Technologies Indonesia Limited	Indonesia	100%	100%
49	HCL Technologies Philippines Inc.	Philippines	100%	100%
50	HCL Technologies South Africa (Proprietary) Limited	South Africa	100%	100%
51	HCL Arabia LLC	Saudi Arabia	100%	100%
52	HCL Technologies France #	France	100%	100%
53	Filial Espanola De HCL Technologies S.L. (Spain)	Spain	100%	100%
54	Anzospan Investments Pty Limited	South Africa	100%	100%
55	HCL Investments (UK) Ltd $$	UK	100%	-

% Ceased to exist w.e.f. 11 April 2012
%% Liquidated w.e.f 29 June 2012
 # Incorporated w.e.f 7 March 2011
$ Merged with HCL America w.e.f. 1 January 2012
$$ Incorporated w.e.f 9 November 2011

Significant accounting policies and notes to consolidated financial statements 30 June 2012

(All amounts in crores of ₹ except share data and as stated otherwise)

Sr. No.	Name of the Joint Ventures	Country of Incorporation	Year ended 30 June 2012	Year ended 30 June 2011
			Holding Percentage	
1	NEC HCL System Technologies Limited.	India	49%	49%
2	Axon Puerto Rico	Puerto Rico	49%	49%

Sr. No.	Name of the Associates	Country of Incorporation	Year ended 30 June 2012	Year ended 30 June 2011
			Holding Percentage	
1	Statestreet Holding UK Limited $$	UK	49%	-
2	Statestreet Services (India) Private Limited *	India	49%	-

$$ Incorporated w.e.f 9 December 2011
** Incorporated w.e.f 6 January 2012*

The Company has a 49% equity interest in associates and 100% dividend rights. The shareholders agreement provides specific rights to the two shareholders. Management believes that these specific rights do not confer joint control as defined in Accounting Standard 27 "Financial Reporting of Interests in Joint Ventures". Consequently, the Statestreet Holding UK Limited and Statestreet Services (India) Private Limited is not considered as a joint venture and consolidation of financial statements is carried out as per the equity method in terms of Accounting Standard 23 "Accounting for Investments in Associates in Consolidated Financial Statements".

Subsidiary companies are those in which the Group, directly or indirectly, have an interest of more than one half of the voting power or otherwise has power to exercise control over the composition of board of directors of such company. Subsidiaries are consolidated from the date on which effective control is transferred to the Company until the date of cessation of the parent-subsidiary relationship. Joint ventures are accounted for using proportionate consolidation. Investment in associates is accounted for using equity method.

All material inter company transactions, balances and unrealized surplus and deficit on transactions between Group companies are eliminated and only parents share in net assets is considered for calculation of goodwill. Consistency in adoption of accounting policies among all Group companies is ensured to the extent practicable. Separate disclosures are made of minority interest.

Minority interest in subsidiaries represents the minority shareholders' proportionate share of net assets and the net income of HCL's majority owned subsidiaries.

Goodwill has been recorded to the extent that the cost of acquisition, comprising purchase consideration and transaction costs, exceeds the book value of net assets in each acquired company. The goodwill arising on consolidation is not amortized but tested for impairment on a periodic basis.

e) Tangible fixed assets and capital work-in-progress

Fixed assets are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed assets is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day to day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Fixed assets under construction and cost of assets not ready for use before the year-end, are disclosed as capital work in progress.

f) Depreciation on tangible fixed assets

Depreciation on fixed assets except leasehold land and leasehold improvement is provided on the straight-line method over their estimated useful lives, as determined by the management, at rate which are equal to or higher than the rates prescribed under Schedule XIV of the Companies Act, 1956. Depreciation is charged on a pro-rata basis for assets purchased/sold during the year. Assets costing less than ₹ 5,000 are fully depreciated in the year of purchase.

Significant accounting policies and notes to consolidated financial statements 30 June 2012

(All amounts in crores of ₹ except share data and as stated otherwise)

The management's estimates of the useful lives of the various tangible fixed assets for computing depreciation are as follows:

	Life (in years)
Land-leasehold	Over the period of lease
Buildings	20
Plant and machinery (including, air conditioners and electrical installations)	4 to 5
Office equipments	4 to 5
Computers	2 to 4
Furniture and fixtures	4
Vehicles - owned	5
Vehicles - leased	Over the period of lease or 5 years, whichever is lower
Leasehold-Improvements	Over the remaining period of lease or 4 years, whichever is lower

g) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in an amalgamation in the nature of purchase is their fair value as at date of amalgamation. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If persuasive evidence exists to the affect that useful life of an intangible asset exceed ten years, the Group amortizes that intangible asset over the best estimate of its useful life.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from the previous estimate, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefit from the asset the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with *AS-5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.*

Gains or losses arising from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognized in the statement of profit and loss when the asset is derecognized.

Goodwill other than arising on amalgamation is not amortized. Goodwill arising out of amalgamation is amortized over its useful life not exceeding 5 years unless longer period can be justified. The management's estimates of the useful life of the various other intangible assets are as follows:

	Life (in years)
Software	3
Intellectual Property Rights	10

h) Research and development costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Group can demonstrate all the following:

(i) The technical feasibility of completing the intangible asset so that it will be available for use or sale;
(ii) Its intention to complete the asset;
(iii) Its ability to use or sell the asset;
(iv) How the asset will generate future economic benefits;
(v) The availability of adequate resources to complete the development and to use or sell the asset; and
(vi) The ability to measure reliably the expenditure attributable to the intangible asset during development.

Any expenditure so capitalized is amortized over the period of expected future sales from the related project.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

i) Leases

Where the Company is the lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value and present value of the minimum lease payments. Lease

Significant accounting policies and notes to consolidated financial statements 30 June 2012

(All amounts in crores of ₹ except share data and as stated otherwise)

payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance cost in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of the lease are capitalized.

A leased asset is depreciated on a straight line basis over the useful life of the asset or the useful life envisaged in Schedule XIV to the Companies Act, 1956, whichever is lower. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of lease term, the capitalized asset is depreciated on a straight line basis over the shorter of the estimated useful life of the asset or the lease term.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Where the Company is the lessor

Leases in which the company transfers substantially all the risk and benefits of ownership of the asset are classified as finance leases. Assets given under a finance lease are recognized as a receivable at an amount equal to the net investment in the leases. After initial recognition, the company apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The interest income is recognized in the statement of profit and loss. Initial direct cost such as legal cost, brokerage cost etc are recognized immediately in the statement of profit and loss.

Leases in which the company does not transfers substantially all the risk and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct cost such as legal cost, brokerage cost etc are recognized immediately in the statement of profit and loss.

j) Borrowing cost

Borrowing costs include interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the year they occur.

k) Impairment of tangible and intangible assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

l) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises the purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired by the issue of shares or the other securities, the acquisition cost is the fair value of securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried at the lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the long term investments.

On disposal of investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

m) Inventories

Stock in trade, stores and spares are valued at the lower of the cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Cost of stock in trade procured for specific projects is assigned by specific identification of individual costs of each item. Costs of stock in trade, that are interchangeable and not specific to any project is determined using the weighted average cost formula. Cost of stores and spare parts is determined using weighted average cost less provision for obsolescence, if any.

n) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue from sale of goods and rendering of services is recognized when risk and reward of ownership have been transferred to the customer, the sale price is fixed or determinable and collectability is reasonably assured. The Group derives revenues primarily from:-

Significant accounting policies and notes to consolidated financial statements 30 June 2012

(All amounts in crores of ₹ except share data and as stated otherwise)

- Software services;
- Infrastructure services; and
- Business process outsourcing services.

i) Software services

Revenue from software services comprises income from time and material and fixed price contracts. Revenue with respect to time and material contracts is recognized as related services are performed. Revenue from fixed price contracts and fixed time frame contracts is recognized in accordance with the percentage completion method under which the sales value of performance, including earnings thereon, is recognized on the basis of cost incurred in respect of each contract as a proportion of total cost expected to be incurred. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the year in which the change becomes known. Provision for estimated losses is made during the year in which a loss becomes probable based on current contract estimates. Revenue from sale of licenses for the use of software applications is recognized on transfer of title in the user license. Revenue from annual technical service contracts is recognized on a pro rata basis over the period in which such services are rendered. Income from revenue sharing agreements is recognized when the right to receive is established.

ii) Infrastructure services

Revenue from sale of products is recognized when risk and reward of ownership have been transferred to the customer, the sales price is fixed or determinable and collectability is reasonably assured. Revenue from installation services is recognized when installation of networking equipment at customer site is completed and accepted by the customer. Revenue from bandwidth services is recognized upon actual usage of such services by customers based on either the time for which these service are provided or volume of data transferred or both and excludes service tax. Revenue from maintenance services is recognized ratably over the period of the contract. Revenue from infrastructure management services comprise income from time-and-material, and fixed price contracts. Revenue with respect to time-and-material contracts is recognized as related services are performed. Revenue with respect to fixed price contracts is recognized in accordance with the percentage of completion method.

Warranty costs on sale of goods and services are accrued based on management estimates and historical data at the time those related revenues are recognized.

Unearned income arising in respect of bandwidth services and maintenance services is calculated on the basis of unutilized period of service at the balance sheet date and represents revenue, which is expected to be earned in future periods in respect of these services.

In case of multi-deliverable contracts where revenue cannot be allocated to various deliverables in a contract, the entire contract is accounted for as one deliverable and accordingly the revenue is recognized on a proportionate completion method following the performance pattern of predominant services in the contract or is deferred until the last deliverable is delivered.

iii) Business process outsourcing services

Revenue from business process outsourcing services is derived from both time based and unit-price contracts. Revenue is recognized as the related services are performed in accordance with the specific terms of the contracts with the customers.

Costs and earnings in excess of billing are classified as unbilled revenue, while billing in excess of costs and earnings are classified as unearned revenue. Incremental revenue from existing contracts arising on future sales of the customers' products will be recognized when it is earned. Revenue and related direct costs from transition services in outsourcing arrangements are deferred and recognized over the period of the arrangement. Certain upfront non-recurring costs incurred in the initial phases of outsourcing contracts and contract acquisition costs, are deferred and amortized usually on a straight line basis over the term of the contract. The Group periodically estimates the undiscounted cash flows from the arrangement and compares it with the unamortized costs. If the unamortized costs exceed the undiscounted cash flow, a loss is recognized.

The Group gives volume discounts and pricing incentives to customers. The discount terms in the Group's arrangements with customers generally entitle the customer to discounts, if the customer completes a specified level of revenue transactions. In some arrangements, the level of discount varies with increases in the levels of revenue transactions. The Group recognizes discount obligations as a reduction of revenue based on the rateable allocation of the discount to each of the underlying revenue transactions that result in progress by the customer toward earning the discount.

Revenues are shown net of sales tax, value added tax, service tax and applicable discounts and allowances. The revenue is recognized net of discounts and allowances.

iv) Others

Interest on the deployment of surplus funds is recognized using the time-proportion method, based on interest rates implicit in the transaction. Brokerage, commission and rent are recognized once the same are earned and accrued to the Company and dividend income is recognized when the right to receive the dividend is established.

o) Foreign currency translation

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. 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.

Significant accounting policies and notes to consolidated financial statements 30 June 2012

(All amounts in crores of ₹ except share data and as stated otherwise)

(iii) Exchange Differences

Exchange differences arising on the settlement of monetary items, or on reporting such monetary items of Group at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

(iv) Hedging

(a) Cash flow hedging

The Group uses derivative financial instruments (foreign currency forward and option contracts) to hedge its risks associated with foreign currency fluctuations relating to certain highly probable forecast transactions.

The use of foreign currency forward and options contracts is governed by the Group's policies, which provide written principles on the use of such financial derivatives consistent with the Group's risk management strategy. The Group does not use derivative financial instruments for speculative purposes.

The derivative instruments are initially measured at fair value, and are remeasured at subsequent reporting dates.

In respect of derivatives designated as hedges, the Group formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also formally assesses both at the inception of the hedge and on an ongoing basis, whether each derivative is highly effective in offsetting changes in fair values or cash flows of the hedged item. Changes in the fair value of these derivatives (net of tax) that are designated and effective as hedges of future cash flows are recognized directly in the hedging reserve account under shareholders' funds and the ineffective portion is recognized immediately in the statement of profit and loss. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the statement of profit and loss as they arise.

Hedge accounting is discontinued from the last testing date when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Cumulative gain or loss on such hedging instrument recognized in shareholders' funds is retained there until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in shareholders' funds is transferred to the statement of profit and loss for the year.

(b) Hedging of monetary assets and liabilities

Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of a forward exchange contract is recognized as income or as expense for the year.

(v) Translation of Integral and Non-integral foreign operation

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation had been those of the Group itself.

In translating the financial statements of a non-integral foreign operation for incorporation in the 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 monthly weighted average rates, which approximate the actual exchange rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which had been deferred and which relate to that operation are recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized.

p) Retirement and other employee benefits

India

i. Contributions to provident fund, a defined benefit plan, are deposited with a Recognized Provident Fund Trust, set up by the Company. The contributions are charged to the statement of profit and loss of the year when the contributions to the fund are due. The interest rate payable by the trust to the beneficiaries every year is notified by the government and the Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

ii. The Company made contributions to a scheme administered by an insurance company in respect of superannuation, a defined contribution plan for applicable employees and such contributions are charged to the statement of profit and loss. The Company has no further obligations to the superannuation plan beyond its contributions.

iii. Gratuity liability: The Company provides for gratuity, a defined benefit plan (the “Gratuity Plan”) covering eligible employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company’s liability is actuarially determined (using the Projected Unit Credit method) at the end of each year.

iv. Compensated absences: The Group has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is measured based on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. The expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

v. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

vi. State Plans : The Company's contribution to State Plans, a defined contribution plan namely Employee State Insurance Fund and Employees Pension Scheme are charged to the statement of profit and loss for every period, when the contributions are due.

Subsidiaries in the US

The Company has a saving and investment plan under section 401(k) of the Internal Revenue Code of the United States of America. This is a defined contribution plan. Contributions are charged to income in the period in which they accrue.

Subsidiaries in Europe

The Company contributes towards pension plans of the various governments for the employees of its subsidiaries in United Kingdom, Sweden, Netherlands, Belgium, Germany and Northern Ireland. These are defined contribution plan. Contributions are charged to income in the period in which they accrue.

Subsidiaries in Australia

As per local laws of Australia, employers must provide a minimum level of superannuation for most employees or incur a non-tax deductible superannuation guarantee charge including interest and penalties. The required level of employer superannuation contribution is a percentage of the employee's earnings base. The Company contributes to a fund approved by the Government of Australia. This is a defined contribution plan. Contributions are charged to income in the period in which they accrue.

Subsidiaries in Malaysia and Singapore

As per local laws of Malaysia and Singapore, employers are required to contribute a notified percentage of the basic salary for the eligible employees to the fund set-up by the Government of the Country. This is a defined contribution plan. Contributions are charged to income in the period in which they accrue.

q) Taxation

Tax expense comprises current and deferred tax. Current income tax expense comprises taxes on income from operations in India and in foreign jurisdictions. Income tax payable in India is determined in accordance with the provisions of the Income Tax Act, 1961 and tax expense relating to overseas operations is determined in accordance with tax laws applicable in countries where such operations are domiciled.

Deferred tax expense or benefit is recognized on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss . Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by the same governing taxation laws.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date the Company re-assesses recognized and unrecognized deferred tax assets. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which the deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available. The Company recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Minimum Alternative tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the MAT entitlement at each balance sheet date and writes down the carrying amount of the MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

r) Employee stock compensation cost

The Group calculates the compensation cost based on the intrinsic value method where in the excess of market price of underlying equity shares on the date of the grant of the options over the exercise price of the options given to the employees under the employee stock option schemes of the Company, is recognized as deferred stock compensation cost and is amortized on a graded vesting basis over the vesting period of the options.

s) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

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(All amounts in crores of ₹ except share data and as stated otherwise)

t) **Provisions**

A provision is recognized when there exists a present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to present value and are determined based on best estimates required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

u) **Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably, the Company does not recognize a contingent liability but discloses its existence in the financial statements.

v) **Cash and cash equivalent**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short term deposits with banks with an original maturity of three months or less.

2. Acquisitions / Sale

Previous year acquisitions/sale

a) **Citibank International Plc.**

In January 2011, the Group acquired certain software assets and employees of Citi Securities and Fund Services.

The total purchase price for the acquisition was ₹ 109.98 which is allocated as intangibles of ₹ 9.22 crores with the residual ₹ 100.76 crores allocated to goodwill. The resultant goodwill has been allocated to the software segment.

b) **Telecom Expense Management Services**

The Group has sold certain portion of its Telecom Expense Management Services business for cash consideration of ₹ 14.32 crores ($3.24 Mn) and recorded a gain of ₹ 2.02 crores ($0.45 Mn) in other income during the year ended 30 June 2011.

Notes to Consolidated Financial Statements 30 June 2012

(All amounts in crores of ₹, except share data and as stated otherwise)

3. Notes to consolidated financial statements

3.1 Share Capital

	As at	
	30 June 2012	30 June 2011
Authorized		
750,000,000 (Previous year 750,000,000) equity shares of ₹ 2 each	150.00	150.00
Issued, subscribed and fully paid up		
693,283,476 (Previous year 688,688,524) equity shares ₹ 2 each	138.66	137.74

The Company has only one class of shares referred to as equity shares having a par value of ₹ 2/-. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

	As at			
	30 June 2012		30 June 2011	
	No. of Shares	₹ in crores	No. of Shares	₹ in crores
Number of shares at the beginning	688,688,524	137.74	678,783,812	135.76
Add: Shares issued on exercise of employee stock options	4,594,952	0.92	9,904,712	1.98
Number of shares at the end	693,283,476	138.66	688,688,524	137.74

The Company does not have any holding/ ultimate holding company.

Details of shareholders holding more than 5% shares are as follows:

	As at			
	30 June 2012		30 June 2011	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Slocum Investments (Delhi) Private Limited	311,973,367	45.00%	323,082,542	46.91%
HCL Holdings Private Limited	119,548,908	17.24%	120,259,208	17.46%
HSBC Global Investment Funds A/C HSBC Global Investment Funds Mauritius Limited	28,214,889	4.07%	40,126,088	5.83%

As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

	As at				
	30 June 2012	30 June 2011	30 June 2010	30 June 2009	30 June 2008
Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash.	Nil	Nil	Nil	Nil	Nil
Aggregate number and class of shares allotted as fully paid up by way of bonus shares.	Nil	Nil	Nil	Nil	Nil
Aggregate number and class of shares bought back	Nil	Nil	Nil	Nil	Nil

Notes to Consolidated Financial Statements 30 June 2012

(All amounts in crores of ₹, except share data and as stated otherwise)

Employee Stock Option Plan (ESOP)

The Group has provided various share-based payment schemes to its employees. During the year ended 30 June 2012, the following schemes were in operation:

	ESOP1999	ESOP 2000	ESOP 2004
Number of options granted	20,000,000	15,000,000	20,000,000
Method of Settlement (Cash/Equity)	Equity	Equity	Equity
Vesting Period (Maximum)	110 months	104 months	96 months
Exercise Period from the date of vesting (maximum)	5 years	5 years	5 years
Vesting Conditions	Service Period	Service Period	Service Period/ Group Performance

During the year ended 30 June 2011, the following schemes were in operation:

	ESOP1999	ESOP 2000	ESOP 2004
Number of options granted	20,000,000	15,000,000	20,000,000
Method of Settlement (Cash/Equity)	Equity	Equity	Equity
Vesting Period (Maximum)	110 months	104 months	96 months
Exercise Period from the date of vesting (Maximum)	5 years	5 years	5 years
Vesting Conditions	Service Period	Service Period	Service Period/ Group Performance

Each option granted under the above plans entitles the holder to four equity shares of the Company at an exercise price, which is approved by the Compensation Committee.

The details of activity under various plans have been summarized below:-

ESOP 1999	Year ended			
	30 June 2012		30 June 2011	
	No. of options	Weighted average exercise price (₹)	No. of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	745,947	650.99	1,522,857	753.56
Add: Granted during the year	-	-	-	-
Less: Forfeited during the year	-	-	(1,610)	704.04
Exercised during the year	(193,018)	640.18	(517,161)	778.46
Expired during the year	(16,299)	629.90	(258,139)	1,000.38
Options outstanding at the end of the year	**536,630**	**655.52**	**745,947**	**650.99**
Options exercisable at the end of the year	**536,630**		**745,947**	

The weighted average share price at the date of exercise for stock options exercised during the year was ₹ 1,755.22 (Previous year ₹ 1,775.90).

Notes to Consolidated Financial Statements 30 June 2012

(All amounts in crores of ₹, except share data and as stated otherwise)

ESOP 2000	Year ended			
	30 June 2012		30 June 2011	
	No. of options	Weighted average exercise price (₹)	No. of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	1,484,659	622.94	2,351,180	649.20
Add: Granted during the year	-	-	-	-
Less: Forfeited during the year	-	-	(1,800)	636.00
Exercised during the year	(382,084)	606.70	(727,283)	655.42
Expired during the year	(78,545)	581.54	(137,438)	900.09
Options outstanding at the end of the year	**1,024,030**	**632.18**	**1,484,659**	**622.94**
Options exercisable at the end of the year	**1,024,030**		**1,484,659**	

The weighted average share price at the date of exercise for stock options exercised during the year was ₹ 1,749.35 (Previous year ₹ 1,835.43).

ESOP 2004	Year ended			
	30 June 2012		30 June 2011	
	No. of options	Weighted average exercise price (₹)	No. of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	3,928,675	17.22	2,079,112	33.34
Add: Granted during the year	484,740	8.00	3,194,000	8.00
Less: Forfeited during the year	(230,480)	8.00	(111,150)	8.00
Exercised during the year	(573,636)	31.70	(1,231,734)	21.38
Expired during the year	(3,811)	640.17	(1,553)	8.94
Options outstanding at the end of the year*	**3,605,488**	**13.61**	**3,928,675**	**17.22**
Options exercisable at the end of the year	**464,828**		**7,99,525**	

The weighted average share price at the date of exercise for stock options exercised during the year was ₹ 1,704.10 (Previous year ₹ 1,840.81).

* Total number of outstanding options includes 1,732,660 as on 30 June 2012 (1,874,400 as on 30 June 2011) performance based options. These options will vest to the employees of the Group based on the achievement of certain targets by the Group.

The details of exercise price for stock options outstanding at the end of the year 30 June 2012 are:

Name of the Plan	Range of exercise prices	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (₹)
Employee Stock Option Plan - 1999	₹ 240 - ₹ 750	536,630	1.46	655.52
Employee Stock Option Plan - 2000	₹ 260 - ₹ 470 ₹ 483 - ₹ 823	20,785 1,003,245	0.26 1.31	393.67 637.12
Employee Stock Option Plan - 2004	₹ 8 ₹ 642 - ₹ 741	3,575,936 29,552	6.47 1.45	8.00 691.65

Notes to Consolidated Financial Statements 30 June 2012

(All amounts in crores of ₹, except share data and as stated otherwise)

The details of exercise price for stock options outstanding at the end of the year 30 June 2011 are:

Name of the Plan	Range of exercise prices	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price(₹)
Employee Stock Option Plan - 1999	₹ 240 - ₹ 750	745,947	2.39	650.99
Employee Stock Option Plan - 2000	₹ 260 - ₹ 470	60,556	0.73	405.34
	₹ 483 - ₹ 823	1,424,103	2.13	632.20
Employee Stock Option Plan - 2004	₹ 8	3,875,763	6.99	8.00
	₹ 642 - ₹ 741	52,912	2.22	692.33

The weighted average fair value of stock options granted during the year was ₹ 1,532.85 (Previous year ₹ 1,309.65). The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	Year ended	
	30 June 2012	30 June 2011
Weighted average share price	321.95	356.25
Exercise Price	₹ 2.00	₹ 2.00
Expected Volatility	37.06%	40.93%
Historical Volatility	37.06%	40.93%
Life of the options granted (Vesting and exercise period) in years	1.71 - 6.00 years	1.20 - 7.96 years
Expected dividends	₹ 8.00	₹ 8.00
Average risk-free interest rate	7.78%	7.78%
Expected dividend rate	2.48%	1.52%

The expected volatility was determined based on historical volatility data.

The Group has calculated the compensation cost based on the intrinsic value method i.e. the excess of market price of underlying equity shares on the date of the grant of options over the exercise price of the options granted to employees under the employee stock option schemes of the Company. Same is recognized as deferred stock compensation cost and is amortized on a graded vesting basis over the vesting period of the options. Had the Group applied the fair value method for determining compensation cost, the impact on net income and earnings per share is provided below:

	Year ended	
	30 June 2012	30 June 2011
Net income - As reported	**2,422.70**	**1,646.51**
Add: Employee stock compensation under intrinsic value method	135.29	133.22
Less: Employee stock compensation under fair value method	130.81	128.05
Net income - Proforma	**2,427.18**	**1,651.68**
Earnings per share (₹) (refer note 3.27)		
Basic - As reported	35.06	24.09
- Proforma	35.12	24.16
Diluted - As reported	34.43	23.61
- Proforma	34.50	23.69

Notes to Consolidated Financial Statements 30 June 2012

(All amounts in crores of ₹, except share data and as stated otherwise)

3.2 Reserves and Surplus

	As at	
	30 June 2012	30 June 2011
Capital redemption reserve		
Balance as per last financial statements	45.00	45.00
Add: Movement during the year	-	-
	45.00	**45.00**
Securities premium account		
Balance as per last financial statements	1,654.23	1,438.99
Add: Exercise of stock option by employees	115.53	215.24
	1,769.76	**1,654.23**
Debenture redemption reserve		
Balance as per last financial statements	590.00	295.00
Add: amount transferred from surplus in the statement of profit and loss	210.00	295.00
Less: amount transferred to statement of profit and loss due to redemption of debentures	(170.00)	-
	630.00	**590.00**
Share options outstanding		
Employee stock options reserve outstanding	555.08	591.26
Less: Deferred employee compensation	(292.19)	(384.56)
	262.89	**206.70**
Hedging reserve account (net of deferred tax) (refer note 3.32)		
Balance as per last financial statements	19.24	(92.46)
Add: Movement during the year (net)	(404.96)	111.70
	(385.72)	**19.24**
Foreign currency translation reserve		
Balance as per last financial statements	(202.97)	(185.03)
Add: Exchange difference during the year on net investment in non-integral operations	958.04	(17.94)
	755.07	**(202.97)**
General Reserve		
Balance as per last financial statements	1,034.11	914.28
Add: amount transferred from surplus in the statement of profit and loss	195.04	119.83
	1,229.15	**1,034.11**
Surplus in the statement of profit and loss		
Balance as per last financial statements	4,167.94	3,535.14
Add: Profit and loss for the year	2,422.70	1,646.51
Add: Transfer from debenture redemption reserve due to redemption of debentures	170.00	-
Amount available for appropriation	**6,760.64**	**5,181.65**
Less: Appropriations		
Interim dividend [amount per share ₹ 8 (Previous year ₹ 5.5)]	552.98	376.40
Proposed final dividend [including ₹ 0.29 (Previous Year ₹ 0.35) paid for previous year] [amount per share ₹ 4 (Previous year ₹ 2)]	277.60	138.09
Total dividend	**830.58**	**514.49**
Corporate dividend tax [including ₹ 0.05 (Previous Year ₹ 0.06) paid for previous year]	134.74	84.39
Transfer to general reserve	195.04	119.83
Transfer to debenture redemption reserve	210.00	295.00
Net surplus in the statement of profit and loss	**5,390.28**	**4,167.94**
	9,696.43	**7,514.25**

Notes to Consolidated Financial Statements 30 June 2012

(All amounts in crores of ₹, except share data and as stated otherwise)

3.3 Share application money pending allotment

	30 June 2012	30 June 2011
- number of shares proposed to be issued	211,332	112,880
- the amount of premium	2.73	0.98
- whether the Company has sufficient authorized share capital to cover the share capital amount on allotment of shares out of share application money	Yes	Yes
- Interest accrued on amount due for refund	Nil	Nil

Note- Share application money has not remained pending beyond the period mentioned in the share application. The maximum period within which the shares shall be allotted will be 180 days from the date of receipt of share application money.

3.4 Borrowings

	Non-current portion		Current maturities	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
Long term borrowings				
(a) Secured				
Debentures (refer note 1 below)				
8.80% Secured redeemable non convertible debentures of ₹ 10 Lacs each (repayable on 10 September 2014)	500.00	500.00	-	-
8.20% Secured redeemable non convertible debentures of ₹ 10 Lacs each (repayable on 25 August 2012)	-	330.00	330.00	-
7.55% Secured redeemable non convertible debentures of ₹ 10 Lacs each (repayable on 25 August 2011)	-	-	-	170.00
From banks				
Long term loans (refer note 2 & 3 below)	360.61	738.44	230.10	293.67
From others				
Finance lease obligations (refer note 3.26)	191.89	38.57	65.35	24.73
Others (refer note 4 below)	13.82	31.51	17.69	16.52
(b) Unsecured				
Others (refer note 5 below)	10.88	17.26	10.10	7.99
	1,077.20	**1,655.78**	**653.24**	**512.91**
Amount disclosed under the head "other current liabilities" (note 3.8)			**(653.24)**	**(512.91)**
	1,077.20	**1,655.78**	-	-

Note:-

1. These debentures have a maturity period ranging from three years to five years and are secured against computers, softwares, plant and machinery, receivables from subsidiaries and specified land and building of the Company.
2. The Group has availed a term loan of ₹ 1,395.90 crores at an interest rate ranging from 3% - 4% during December 2009. The balance outstanding of ₹ 559.90 (Previous year ₹ 1032.10 crores) crores is repayable in 5 equal half yearly installments of ($20.3 Mn approx) payable in November and May. The loan is secured by pledge of the Group's investment in Axon Group Limited and a corporate guarantee from the Company.
3. The Group has availed a term loan of ₹ 35.19 crores (Previous year ₹ 11.37 crores) secured by hypothecation of vehicles of ₹ 45.54 crores (Previous year ₹ 15.49 crores) at an interest rate ranging from 8% to 11%. The loans are repayable over a period of 3 to 5 years on a monthly basis.
4. The other long term debts of ₹ 31.51 crores represents loan taken for purchases of plant and machinery (Previous year ₹ 48.03 crores) at an interest rate ranging from 0% to 8.80% secured by hypothecation of gross block of plant and machinery of ₹ 81.49 crores (Previous year ₹ 81.49 crores) of a subsidiary. The loans are repayable till July 2014.
5. The other long term debts of ₹ 20.98 crores represents loan taken for purchases of plant and machinery (Previous year ₹ 25.25 crores) at an interest rate ranging from 0% to 8.80%. The loans are repayable till July 2015.

Notes to Consolidated Financial Statements 30 June 2012

(All amounts in crores of ₹, except share data and as stated otherwise)

3.5 Other long term Liabilities

	As at	
	30 June 2012	30 June 2011
Income received in advance	346.24	285.66
Liability for expenses	47.69	88.27
Unrealized Loss on Forward Covers	267.71	-
	661.64	**373.93**

3.6 Long term provisions

	As at	
	30 June 2012	30 June 2011
Provision for employee benefits	287.92	144.15
Provision for warranties	1.63	6.26
	289.55	**150.41**

3.7 Short term borrowings

	As at	
	30 June 2012	30 June 2011
Secured		
From Banks (refer note below)	417.28	-
Unsecured		
Bank overdraft	31.71	18.61
	448.99	**18.61**

Note:- The loan is secured by corporate guarantee from the Company.

Notes to Consolidated Financial Statements 30 June 2012

(All amounts in crores of ₹, except share data and as stated otherwise)

3.8 Trade payable and other current liabilities

	As at	
	30 June 2012	30 June 2011
Trade Payables	469.06	272.81
Trade Payables-related parties	0.38	4.23
	469.44	**277.04**
Other current liabilities		
Current maturities of long term debts	653.24	512.91
Interest accrued but not due on borrowings	6.74	8.33
Investor education and protection fund (shall be credited by following amounts as and when due):		
- Unclaimed dividend	2.37	2.38
Advance received from customers	61.92	70.01
Advance received from customers-related parties	2.98	-
Unrealized loss on Forward Cover	215.65	2.05
Capital Accounts Payables	122.29	72.00
Capital Accounts payables-related parties	2.57	1.58
Income received in advance	686.57	483.29
Income received in advance-related parties	0.69	0.66
Accrued salaries and benefits		
Employee bonuses accrued	593.63	409.93
Other employee costs	356.46	208.24
Other liabilities		
Liabilities for expenses	1,212.67	812.08
Liabilities for expenses-related party	12.92	11.59
Deferred consideration	-	95.45
Withholding and other taxes payable	231.48	182.89
Book Overdraft	5.99	71.80
	4,168.18	**2,945.19**

3.9 Short term provisions

	As at	
	30 June 2012	30 June 2011
Provision for employee benefits	288.20	234.67
Proposed dividend on equity shares	277.31	137.74
Taxes on dividend	44.99	22.34
Income taxes (refer note 1 below)	725.50	426.86
Wealth tax (refer note 2 below)	1.37	1.37
	1,337.37	**822.98**

Notes:-

1. Net of advance income tax of ₹ 1,800.54 crores (Previous year ₹ 1,040.02 crores)
2. Net of advance wealth tax of ₹ 3.96 crores (Previous year ₹ 2.71 crores)

Notes to Consolidated Financial Statements 30 June 2012

(All amounts in crores of ₹, except share data and as stated otherwise stated)

Note:- 3.10 Fixed Assets

	Gross Block						Accumulated Depreciation/ Amortisation					Net Block	
	As at 1 July 2011	Additions	Additions on Acquisition	Deletions/ Adjustments	Translation exchange differences	As at 30 June 2012	As at 1 July 2011	Charge for the year	Deletions/ Adjustments	Translations exchange differences	As at 30 June 2012	As at 30 June 2012	As at 30 June 2011
Tangible Assets													
Freehold land	85.24	0.21	-	-	1.12	86.57	-	-	-	-	-	86.57	85.24
Leasehold land	131.87	-	-	-	-	131.87	9.60	1.51	-	-	11.11	120.76	122.27
Buildings	738.85	211.87	-	-	16.82	967.54	106.80	45.17	-	2.67	154.64	812.90	632.05
Plant and machinery	635.46	137.83	-	11.24	10.37	772.42	428.57	107.35	10.49	5.87	531.30	241.12	206.89
Office Equipment	203.92	29.91	-	2.04	3.23	235.02	159.34	25.84	2.00	2.02	185.20	49.82	44.58
Computers - owned	1,169.35	332.81	-	97.89	88.30	1,492.57	849.40	204.49	96.78	76.07	1,033.18	459.39	319.95
- leased	0.01	-	-	-	-	0.01	0.01	-	-	-	0.01	-	-
Furniture and fittings - owned	496.40	79.18	-	10.24	22.63	587.97	434.16	46.51	10.24	18.74	489.17	98.80	62.24
- leased	0.07	-	-	0.07	-	-	0.07	-	0.07	-	-	-	-
Vehicles - owned	21.93	31.32	-	1.21	0.08	52.12	6.67	6.97	0.32	0.07	13.39	38.73	15.26
- leased	45.44	0.05	-	22.13	-	23.36	24.31	7.04	17.93	-	13.42	9.94	21.13
Total (A)	**3,528.54**	**823.18**	**-**	**144.82**	**142.55**	**4,349.45**	**2,018.93**	**444.88**	**137.83**	**105.44**	**2,431.42**	**1,918.03**	**1,509.61**
Intangible													
Goodwill	3,701.16	-	-	-	837.03	4,538.19	125.20	-	-	21.63	146.83	4,391.36	3,575.96
Software	591.00	81.47	-	19.46	30.09	683.10	439.86	103.19	17.73	23.89	549.21	133.89	151.14
Intellectual property rights	9.07	-	-	-	2.01	11.08	-	1.17	-	0.09	1.26	9.82	9.07
Total (B)	**4,301.23**	**81.47**	**-**	**19.46**	**869.13**	**5,232.37**	**565.06**	**104.36**	**17.73**	**45.61**	**697.30**	**4,535.07**	**3,736.17**
Total (A)+(B)	**7,829.77**	**904.65**	**-**	**164.28**	**1,011.68**	**9,581.82**	**2,583.99**	**549.24**	**155.56**	**151.05**	**3,128.72**	**6,453.10**	**5,245.78**
Previous year	7,061.60	809.18	109.98	102.96	(48.03)	7,829.77	2,221.98	459.69	92.81	(4.87)	2,583.99	5,245.78	4,839.62

Note:

1. Additions to fixed assets and accumulated depreciation include ₹ 3.33 crores (Previous year: ₹ 2.45 crores) and ₹ 1.88 crores (Previous year: ₹ 1.68 crores) respectively in respect of the Company's share of fixed assets on account of proportionate consolidation of joint ventures. (Refer note 3.34)

Notes to Consolidated Financial Statements 30 June 2012

(All amounts in crores of ₹, except share data and as stated otherwise)

3.11 Investments

	As at	
	30 June 2012	30 June 2011
Non-current investments- at cost		
(Non trade and quoted)		
Investment in bonds(refer note 1 and 3 (i) below)	94.64	94.93
Aggregate amount of quoted investments (A)	**94.64**	**94.93**
Investment in Associates (Trade and unquoted) 8,000,000 equity shares (30 June 2011: Nil) of $1 each Investment in Statestreet Holding UK Limited (B)	**32.36**	-
Aggregate amount of non- current investments (A+B)	**127.00**	**94.93**
Current investments (At lower of cost and fair value) (unquoted)		
Investment in mutual fund(refer note 2 and 3 (ii) below)	546.20	642.57
Aggregate amount of current investments (C)	**546.20**	**642.57**
Aggregate amount of total investments (A+B+C)	673.20	737.50
	673.20	**737.50**

Note:-

1. Market value of current investments in bond as on 30 June 2012 ₹ 91.54 crores (Previous year: ₹ 91.80 crores).
2. Net asset value of current investments in mutual funds as on 30 June 2012 ₹ 546.20 crores (Previous year: ₹ 642.57 crores).
3. The details of investments in mutual funds/ bonds are provided below:

i) Details of Investments in bonds - Other than trade and quoted

	Face Value	Balance as at 30 June 2012		Balance as at 30 June 2011	
		Units	Amount	Units	Amount
Indian Railway Finance 6% 2015 (Series 68)	100000	5,000	50.00	5,000	50.00
IIFCL 6.85% 2014 (Tax Free Bonds)	100000	4,418	44.64	4,418	44.93
Total			**94.64**		**94.93**

ii) Details of current investments in mutual funds (unquoted)

	Face Value	Balance as at 30 June 2012		Balance as at 30 June 2011	
		Units	Amount	Units	Amount
Daily Dividend					
Tata Floater Fund	10	-	-	100,727,467	101.09
Birla Sun Life savings Fund - IP	10	-	-	99,932,046	100.00
IDFC Money Manager Fund-Treasury Plan - Plan C	10	-	-	96,889,701	96.90
SBI SHF Ultra Short Term Fund - IP	1000	-	-	137,639,373	137.72
HDFC Cash Management Fund-Treasury Advantage Plan -Whole sale	10	-	-	45,418,515	45.56
Birla Sun Life Ultra Short Term Fund - IP	10	-	-	51,566,653	51.60
ICICI Prudential Flexible Income Plan	200	-	-	10,374,875	109.70
Kotak Liquid fund-IP	10	73,443,408	89.81	-	-
TATA Liquid Fund-Super High Investment Plan	1,000	695,645	77.53	-	-
ICICI Prudential Institutional Liquid Plan -Super Institutional	100	10,122,109	101.24	-	-
SBI Premier Liquid Fund Super IP	1000	1,304,468	130.87	-	-
UTI Liquid Fund-Cash Plan	1000	1,290,487	131.56	-	-
DSP BlackRock Liquidity Fund-IP	1000	151,877	15.19	-	-
Total			**546.20**		**642.57**

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(All amounts in crores of ₹, except share data and as stated otherwise)

3.12 Deferred Tax Assets (net)

	As at	
	30 June 2012	30 June 2011
Deferred tax assets:		
Business losses*	54.51	40.86
Provision for doubtful debts	64.65	35.30
Accrued employee costs	223.22	141.05
Unrealized loss on derivative financial instruments	93.94	-
Depreciation and amortization	64.33	76.68
Employee stock compensation	30.89	25.63
Others	145.34	57.51
Gross Deferred Tax Assets (A)	**676.88**	**377.03**
Deferred tax liabilities:		
Unrealized gain on derivative financial instruments	-	4.27
Others	15.31	9.50
Gross Deferred Tax Liabilities (B)	**15.31**	**13.77**
Net Deferred Tax Assets (A-B)	**661.57**	**363.26**

* The Group's US subsidiaries which are having a consistent profit history and binding customer contracts have recognized deferred tax assets on such portion of the carry forward business losses which can be utilized against its profit within the limit and carryover period permitted under US law.

3.13 Long term loans and advances

	As at	
	30 June 2012	30 June 2011
Unsecured, considered good		
Capital advances	68.69	53.34
Capital advances-related parties	0.61	0.20
Security deposits	188.41	171.03
Others		
MAT credit entitlement	331.01	267.99
Inter corporate deposit with HDFC Limited	50.00	50.00
Prepaid expenses	67.73	48.78
Loans and advances to employees	1.09	0.13
Finance lease receivables (refer note 3.26 iii (a))	288.70	75.53
	996.24	**667.00**
Unsecured, considered doubtful		
Security deposit	1.62	1.74
Less: Provision for doubtful advances	(1.62)	(1.74)
	996.24	**667.00**

3.14 Other non- current assets

	As at	
	30 June 2012	30 June 2011
Unsecured considered good unless otherwise stated		
Deferred cost	284.07	187.82
Bank deposits more than 12 months (refer note 1 below)	118.72	117.20
Interest receivable	23.30	12.17
	426.09	**317.19**

Note:

1. Pledged with banks as security for guarantees and letter of credit ₹ 8.69 crores (Previous year ₹ 7.18 crores)

Notes to Consolidated Financial Statements 30 June 2012

(All amounts in crores of ₹, except share data and as stated otherwise)

3.15 Inventories

	As at	
	30 June 2012	30 June 2011
Inventories		
Stock in trade (including in transit ₹ 2.25 Previous year ₹ 3.86 crores)	214.27	143.04
Stores and spares	11.89	23.31
	226.16	**166.35**

3.16 Trade receivables (Unsecured)

		As at	
		30 June 2012	30 June 2011
(a)	**Considered good unless stated otherwise outstanding for a period exceeding six months from the date they are due for payment**		
	Unsecured considered good	90.42	64.02
	Unsecured considered doubtful	119.16	122.78
		209.58	**186.80**
	Provision for doubtful receivables	(119.16)	(122.78)
Total (A)		**90.42**	**64.02**
(b)	**Other receivables**		
	Unsecured considered good	3,785.24	2,547.26
	Unsecured considered doubtful	94.97	0.76
		3,880.21	**2,548.02**
	Provision for doubtful receivables	(94.97)	(0.76)
Total (B)		**3,785.24**	**2,547.26**
Total (A)+(B) (refer note 1 below)		**3,875.66**	**2,611.28**

Note:

1. Includes receivables from related parties amounting to ₹ 25.48 crores (Previous year ₹ 24.11 crores)

3.17 Cash and bank balances

		As at	
		30 June 2012	30 June 2011
(a)	Cash and cash equivalent		
	Balance with banks		
	- in current accounts	526.26	333.08
	- in deposits with original maturity of less than 3 months	11.47	-
	Cheques in hand	34.82	33.52
	Cash in hand	0.05	0.06
	Remittances in transit	101.70	154.66
	Unclaimed dividend account	2.37	2.38
		676.67	**523.70**
(b)	Other bank balances		
	Deposits with original maturity for more than 3 months but less than 12 months(refer note 1 below)	1,271.02	1,088.66
		1,947.69	**1,612.36**

Note:

1. Pledged with banks as security for guarantees and letter of credit ₹ 4.40 crores (Previous year ₹ 4.05 crores)

Notes to Consolidated Financial Statements 30 June 2012

(All amounts in crores of ₹, except share data and as stated otherwise)

3.18 Short- term loans and advances

	As at	
	30 June 2012	30 June 2011
Unsecured , considered good;		
Loans and advances to related parties	2.30	3.28
Others		
Security deposits	22.07	14.47
Inter corporate deposit with HDFC Limited	50.00	-
Advance to suppliers	71.46	62.65
Prepaid expenses	197.18	173.75
Loans and advances to employees	44.34	44.95
Finance lease receivables (refer note 3.26 (i) (a))	139.90	37.60
Service Tax Receivable	123.53	119.82
Other loan and advances	23.91	16.52
	674.69	**473.04**
Unsecured, considered doubtful		
Loans and advances to employees	10.18	6.60
Loans and advances to others	7.28	1.73
	17.46	**8.33**
Less: Provision for doubtful advances	(17.46)	(8.33)
	674.69	**473.04**

3.19 Other current assets

	As at	
	30 June 2012	30 June 2011
Unbilled receivables	1,489.18	797.94
Unbilled receivables-related parties	17.85	15.51
Deferred cost	254.19	262.14
Interest receivable	11.26	47.40
Unrealized gain on derivative financial instruments	5.95	28.04
	1,778.43	**1,151.03**

3.20 Revenue from operations

	Year ended	
	30 June 2012	30 June 2011
Sale of hardware and software	716.16	616.29
Sale of services	20,114.39	15,114.14
	20,830.55	**15,730.43**

Notes to Consolidated Financial Statements 30 June 2012

(All amounts in crores of ₹, except share data and as stated otherwise)

3.21 Other income

	Year ended	
	30 June 2012	30 June 2011
Interest income		
- On fixed deposits	113.96	116.83
- On investment	6.03	5.90
- Others	18.47	13.17
Profit on sale of investments	-	3.89
Dividends from current investments	34.65	25.82
Provision for liabilities no longer required written back	0.40	0.01
Settlement of pre-acquisition claims	-	101.98
Profit on sale of fixed assets (refer note 1 below)	1.72	2.74
Miscellaneous income	31.27	29.31
	206.50	**299.65**

Note:

1. Net of loss on sale of fixed assets is ₹ 1.26 crores (Previous year ₹ 0.75 crores)

3.22 Cost of materials

	Year ended	
	30 June 2012	30 June 2011
Opening stock	139.18	55.47
Purchases	684.83	605.84
	824.01	**661.31**
Closing stock	(212.02)	(139.18)
	611.99	**522.13**

3.23 Employee benefit expenses

Particulars	Year ended	
	30 June 2012	30 June 2011
Salaries, wages and bonus	9,722.79	7,467.07
Contribution to provident fund and other employee funds	1,183.56	930.77
Staff welfare expenses	62.91	58.54
Employee stock compensation expense	135.29	133.22
	11,104.55	**8,589.60**

Notes to Consolidated Financial Statements 30 June 2012

(All amounts in crores of ₹, except share data and as stated otherwise)

3.24 Other expenses

	Year ended	
	30 June 2012	30 June 2011
Rent	312.02	238.97
Power and fuel	193.05	158.72
Insurance	23.84	26.22
Repairs and maintenance		
- Plant and machinery	48.35	50.09
- Buildings	45.16	48.58
- Others	107.92	71.76
Communication costs	242.31	185.61
Books and periodicals	22.81	16.77
Travel and conveyance	1,028.25	1,094.51
Business promotion	30.61	30.71
Legal and professional charges	139.53	119.35
Outsourcing costs	2,393.75	1,565.74
Software license fee	149.60	105.97
Software tools	0.96	0.40
License and transponder fee	27.54	22.47
Printing and stationery	21.24	19.16
Rates and taxes	73.00	72.43
Advertising and publicity	11.03	11.78
Provision for doubtful advances / advances written off	7.54	2.32
Donations	4.28	0.30
Recruitment, training and development	131.99	124.46
Provision for doubtful debts / bad debts written off	109.41	18.74
Exchange differences (net)	34.63	11.54
Miscellaneous expenses	260.02	166.58
	5,418.84	**4,163.18**

3.25 Finance cost

	Year ended	
	30 June 2012	30 June 2011
Interest		
-on debentures	73.03	83.90
-on loans from banks	34.35	41.48
-on leased assets	4.96	6.88
-others	4.25	8.96
Exchange differences to the extent considered as an adjustment to borrowing costs	5.04	-
Bank charges	21.00	19.15
	142.63	**160.37**

Notes to Consolidated Financial Statements 30 June 2012

(All amounts in crores of ₹, except share data and as stated otherwise)

3.26 Leases

i) Finance lease: In case of assets taken on lease

a) The Company has acquired networking equipments and vehicles on finance leases. Total minimum lease payments and the maturity profile of finance leases at the balance sheet date, the element of interest included in such payments, and the present value of the minimum lease payments are as follows:

	Total minimum lease payments outstanding as on 30 June 2012	Interest included in minimum lease payments	Present value of minimum lease payments
Not later than one year	73.29	7.94	65.35
	(28.10)	(3.37)	(24.73)
Later than one year and not later than 5 years	202.30	10.41	191.89
	(41.29)	(2.72)	(38.57)
	275.59	**18.35**	**257.24**
	(69.39)	(6.09)	(63.30)

Previous year figures are in brackets.

ii) Operating Lease

a) The Group's significant leasing arrangements are in respect of operating leases for office space and accommodation for its employees. The aggregate lease rental expense recognized in the statement of profit and loss for the year amounts to ₹ 311.67 crores (Previous year ₹ 248.81 crores). The escalation amount for non-cancellable operating lease payable in future years and accounted for by the Group is ₹ 78.17 crores (Previous year ₹ 57.02 crores). Future minimum lease payments and the payment profile of non-cancellable operating lease are as follows:

	Year ended	
	30 June 2012	30 June 2011
Not later than one year	247.73	231.50
Later than one year and not later than 5 years	556.87	444.89
Later than five years	607.73	350.64

iii) Finance Lease: Incase of assets given on lease

a) The Group has given networking equipments to its customers on finance lease basis. The future lease payment receivables in respect of assets given on finance lease are as follows:

	Total minimum lease payments receivable as on 30 June 2012	Interest included in minimum lease payments receivable	Present value of minimum lease payments receivable
Not later than one year	152.99	13.09	139.90
	(47.55)	(9.95)	(37.60)
Later than one year and not later than 5 years	295.88	7.18	288.70
	(84.72)	(9.19)	(75.53)
	448.87	**20.27**	**428.60**
	(132.27)	(19.14)	(113.13)

Previous year figures are in brackets.

Notes to Consolidated Financial Statements 30 June 2012

(All amounts in crores of ₹, except share data and as stated otherwise)

3.27 Earnings Per Share

The computation of earnings per share is as follows:

	Year ended	
	30 June 2012	30 June 2011
Net profit as per Statement of profit and loss for computation of EPS	2,422.70	1,646.51
Weighted average number of equity shares outstanding in calculating Basic EPS	691,023,929	683,508,571
Dilutive effect of stock options outstanding	12,576,329	13,812,496
Weighted average number of equity shares outstanding in calculating dilutive EPS	703,600,258	697,321,067
Nominal value of equity shares (in ₹)	2.00	2.00
Earnings per equity share (in ₹)		
- Basic	35.06	24.09
- Diluted	34.43	23.61

3.28 Segment Reporting

Identification of Segments

The Group's operating businesses are organized and managed according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major entities of the Group operate.

(i) Business Segments

The operations of the Group predominately relate to providing software services, infrastructure services including sale of networking equipment and business processing outsourcing services, which are in the nature of customer contact centres and technical help desks. The Chairman of the Group, who is the Chief Strategy Officer, evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by types of service provided by the Group and geographic segmentation of customers.

Accordingly, revenue from service segments comprises the primary basis of segmental information set out in these financial statements. Secondary segmental reporting is performed on the basis of the geographical location of customers.

Revenue in relation to service segments is categorized based on items that are individually identifiable to that segment, while expenditure is categorized in relation to the associated turnover of the segment. Assets and liabilities are also identified to service segments.

(ii) Geographic Segments

Segment revenue from customers by geographical area based on geographical location of the customer and segment assets are by geographical location of the assets.

The principal geographical segments are classified as America, Europe, India and others. Europe comprises business operations conducted by the Company in the United Kingdom, Sweden, Germany, Italy, Belgium, Netherlands, Northern Ireland, Finland, Poland and Switzerland. Since services provided by the Company within these European entities are subject to similar risks and returns, their operating results have been reported as one segment, namely Europe. India has been identified as a separate segment. All other customers, mainly in Japan, Australia, New Zealand, Singapore, Malaysia, Israel, South Korea, China, Czech Republic, Macau, UAE, Portugal, Russia and Hong Kong are included in others.

(iii) Segment accounting policies

The accounting principles consistently used in the preparation of the financial statements and consistently applied to record revenue and expenditure in individual segments are as set out in note 1 to the financial statements on significant accounting policies. The accounting policies in relation to segment accounting are as under:

a) Segment assets and liabilities

Segment assets consist principally of allocable fixed assets, trade receivables, loans and advances and unbilled receivables. Segment assets do not include unallocated corporate assets, treasury assets, net deferred tax assets, advance taxes and Minimum Alternate Tax.

Segment liabilities include trade payable, other liabilities and borrowings. Segment liabilities do not include share capital, reserves, minority interest and provision for taxes.

b) Segment revenue and expenses

Segment revenue is directly attributable to the segment and segment expenses have been allocated to various segments on the basis of specific identification. However, segment revenue does not include other income. Segment expenses do not include premium amortized on bonds, diminution allowance in respect of current and trade investments, other than temporary diminution in the value of long term investments, charge taken for stock options issued to employees, corporate expenses and finance cost.

Notes to Consolidated Financial Statements 30 June 2012

(All amounts in crores of ₹, except share data and as stated otherwise)

Financial information about the business segments for the year ended 30 June 2012 is as follows:

	Software services	Business process outsourcing services	Infrastructure services	Inter segment transactions / eliminations	Total
Revenue					
- External revenue	14,774.77	956.22	5,099.56	-	20,830.55
- Internal revenue	-	-	-	-	-
Total	**14,774.77**	**956.22**	**5,099.56**	**-**	**20,830.55**
Segment results	**2,667.64**	**(30.70)**	**793.28**	**-**	**3,430.22**
Unallocated corporate expenses					(284.29)
Interest expense					(142.63)
Other income					68.04
Interest income					138.46
Net profit before taxes					**3,209.80**
Tax expense					**(782.72)**
Share of loss of associates					(4.31)
Minority Interest					(0.07)
Net profit after taxes					**2,422.70**
Assets					
Segment assets	9,971.70	510.23	3,240.09	-	13,722.02
Unallocated assets	-	-	-	-	4,569.28
Total assets					**18,291.30**
Liabilities					
Segment liabilities	4,674.54	205.38	2,036.33	-	6,916.25
Unallocated liabilities	-	-	-	-	1,536.12
Total liabilities					**8,452.37**
Capital expenditure					
Capital expenditure	598.37	25.73	265.73	-	889.83
Unallocated corporate capital expenditure	-	-	-	-	15.97
Total					**905.80**
Significant non-cash adjustments					
Depreciation	293.18	50.76	186.86	-	530.80
Unallocated corporate depreciation	-	-	-	-	18.44
Total					**549.24**
Provision / written off for doubtful debts and advances	82.01	4.04	30.90	-	116.95

Notes to Consolidated Financial Statements 30 June 2012

(All amounts in crores of ₹, except share data and as stated otherwise)

Financial information about the business segments for the year ended 30 June 2011 is as follows:

	Software services	Business process outsourcing services	Infrastructure services	Inter segment transactions / eliminations	Total
Revenue					
- External revenue	11,227.87	875.90	3,626.66	-	15,730.43
- Internal revenue	-	-	-	-	-
Total	**11,227.87**	**875.90**	**3,626.66**	**-**	**15,730.43**
Segment results	**1,819.61**	**(86.07)**	**504.51**	**-**	**2,238.05**
Unallocated corporate expenses					(242.22)
Interest expense					(160.37)
Other income					163.75
Interest income					135.90
Net profit before taxes					**2,135.11**
Tax expense					**(488.48)**
Share of loss of associates					-
Minority interest					(0.12)
Net profit after taxes					**1,646.51**
Assets					
Segment assets	8,027.26	513.92	2,009.25	-	10,550.43
Unallocated assets	-	-	-	-	3,350.21
Total assets					**13,900.64**
Liabilities					
Segment liabilities	4,270.97	189.51	1,190.12	-	5,650.60
Unallocated liabilities	-	-	-	-	593.34
Total liabilities					**6,243.94**
Capital expenditure					
Capital expenditure	646.83	46.15	34.98	-	727.96
Unallocated corporate capital expenditure	-	-	-	-	54.12
Total					**782.08**
Significant non-cash adjustments					
Depreciation	221.33	51.31	154.64	-	427.28
Unallocated corporate depreciation	-	-	-	-	32.41
Total					**459.69**
Provision / written off for doubtful debts and advances	8.83	0.66	11.57	-	21.06

Notes to Consolidated Financial Statements 30 June 2012

(All amounts in crores of ₹, except share data and as stated otherwise)

Segment Revenue from customers by geographic area based on location of the customer is as follows:

	Year ended	
	30 June 2012	30 June 2011
America	11,242.71	8,654.18
Europe	5,527.72	4,250.67
India	948.78	742.43
Others	3,111.34	2,083.15
Total	**20,830.55**	**15,730.43**

Carrying value of segment assets by geographic area based on geographic location of assets is as follows:

	Carrying amount of segment assets	
	30 June 2012	30 June 2011
America	5,955.30	4,308.88
Europe	3,676.89	2,641.88
India	7,518.00	6,066.26
Others	1,141.11	883.62
Total	**18,291.30**	**13,900.64**

Total Cost incurred during the period to acquire segment fixed assets (tangible and intangible) by geographical location of the assets is as follows:-

	Addition to Segment fixed assets	
	30 June 2012	30 June 2011
America	101.81	57.24
Europe	71.74	59.74
India	720.66	645.11
Others	11.59	19.98
Total	**905.80**	**782.08**

3.29 Related Parties

a) **Related parties where control exists**

Employee benefit trusts

HCL Technologies Limited Employees Trust

Axon Group Plc Employee Benefit Trust No. 3

Axon Group Plc Employee Benefit Trust No. 4

Jointly controlled entities

NEC HCL System Technologies Limited, India

Axon Puerto Rico Inc., Puerto Rico

Associates

Statestreet Holding UK Limited- through subsidiary

Statestreet Services (India) Private Limited - through subsidiary

b) **Related parties with whom transactions have taken place during the year**

Jointly controlled entities

NEC HCL System Technologies Limited, India

Axon Puerto Rico Inc., Puerto Rico

Key Management Personnel

Shiv Nadar – Chairman and Chief Strategy Officer

Vineet Nayar - Vice Chairman and CEO

Others (Significant influence)

Slocum Investments (Delhi) Private Limited

HCL Corporation Private Limited (Formerly Guddu Investment (Pondi) Private Limited)

HCL Infosystems Limited

HCL Infinet Limited (ceased to be related party w.e.f. 10 November 2011)

Notes to Consolidated Financial Statements 30 June 2012

(All amounts in crores of ₹, except share data and as stated otherwise)

HCL Holding Private Limited
HCL Insys. Pte. Ltd, Singapore
Digilife Distribution and Marketing Services Limited (Formerly HCL Securities Limited)
Associates
Statestreet Services (India) Private Limited - through subsidiary

Transactions with related party during the normal course of business:

	Jointly contolled		Others		Dividend Paid	
	Year ended 30 June		Year ended 30 June		Year ended 30 June	
	2012	2011	2012	2011	2012	2011
Sale of materials and services	**25.50**	**16.58**	**6.14**	**12.63**	**-**	**-**
- NEC HCL Systems Technologies Limited	12.22	5.26	-	-	-	-
- Axon Puerto Rico	10.84	11.32	-	-	-	-
- HCL Infosystems Limited	-	-	6.14	11.81	-	-
Others	2.44	-	-	0.82	-	-
Purchase of materials and services	**8.62**	**16.20**	**83.74**	**80.72**	**-**	**-**
- HCL Infosystems Limited	-	-	83.15	60.15	-	-
- HCL Infinet Limited	-	-	-	20.02	-	-
- Axon Puerto Rico Inc.	8.62	16.20	-	-	-	-
- Others	-	-	0.59	0.55	-	-
Payment for use of facilities	**-**	**-**	**2.09**	**1.48**	**-**	**-**
- HCL Infosystems Limited	-	-	1.50	0.25	-	-
- HCL Peripherals Limited	-	-	-	0.84	-	-
- HCL Corporation Private Limited (Formerly Guddu Investments (Pondi) Private Limited)	-	-	0.59	0.39	-	-
Purchase of capital equipments		**-**	**93.89**	**65.81**	**-**	**-**
- HCL Infosystems Limited	-	-	82.51	59.45	-	-
Digilife Distribution and Marketing Services Limited (Formerly HCL Securities Limited)	-	-	5.95	-	-	-
- Others	-	-	5.43	6.36	-	-
Others (Significant influence)	**-**	**-**	**-**	**-**	**442.98**	**288.17**
- Slocum Investments (Delhi) Private Limited	-	-	-	-	322.86	-
- HCL Corporation Limited	-	-	-	-	-	210.00
- HCL Holding Private Limited	-	-	-	-	120.12	78.17

Transactions with Key Managerial personnel during the year

		Year ended 30 June	
		2012	2011
Chairman and Chief Strategy Officer			
i)	Remuneration	9.84	4.65
Vice Chairman and CEO			
i)	Remuneration	8.52	6.84
ii)	Dividend Paid	2.10	1.36
iii)	Stock options		
	- Granted – No's	-	12,50,000
	- Vesting period	In trenches till 2016	In trenches till 2016
	- Exercised – No's	250,000	4,25,000
	- Exercise price – ₹	8	8

Notes to Consolidated Financial Statements 30 June 2012

(All amounts in crores of ₹, except share data and as stated otherwise)

c) Outstanding balances

	Jointly controlled entities		Others	
	As at		As at	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
Trade receivables	**19.14**	**11.97**	**6.34**	**12.14**
- HCL Infosystems Limited	-	-	1.69	12.06
- HCL Infinet Limited	-	-	-	0.08
- NEC HCL Systems Technologies Limited	18.27	10.69	-	-
- Axon Puerto Rico Inc.	0.87	1.28	-	-
Others	-	-	4.65	-
Capital Advance	**-**	**-**	**0.61**	**0.20**
- HCL Infosystems Limited	-	-	0.47	0.07
- Others	-	-	0.14	0.13
Unbilled Receivables	**3.44**	**1.19**	**14.41**	**14.32**
- HCL Infosystems Limited	-	-	14.41	14.32
-Axon Puerto Rico Inc.	1.01	1.19	-	-
- NEC HCL Systems Technologies Limited	2.43	-	-	-
Loan and Advances	**-**	**0.43**	**2.30**	**2.43**
-NEC HCL Systems Technologies Limited	-	0.43	-	-
- HCL Infosystems Limited	-	-	2.24	2.43
Others	-	-	0.06	-
Capital Accounts Payable	**-**	**-**	**2.57**	**1.57**
- HCL Infosystems Limited	-	-	1.92	1.13
- Others	-	-	0.65	0.44
Trade payables and other current liabilities	**0.69**	**4.48**	**16.28**	**12.00**
- HCL Infosystems Limited	-	-	16.10	12.00
- Axon Puerto Rico Inc.	-	2.82	-	-
- NEC HCL Systems Technologies Limited	0.69	1.66	-	-
- Others	-	-	0.18	-

3.30 Research and Development Expenditure

	Year ended	
	30 June 2012	30 June 2011
Revenue	167.81	110.58
Capital	-	-
	167.81	**110.58**

3.31 Commitments and Contingent Liabilities

	As at	
	30 June 2012	30 June 2011
i) Capital and Other Commitments		
(a) Capital commitments		
Estimated amount of unexecuted capital contracts (net of advances)	562.92	433.54
(b) Outstanding letters of credit	60.77	3.16
	623.69	**436.70**
ii) Contingent Liabilities		
a) Disputed income tax (excluding interest)	-	2.46
b) Others	11.16	5,28
	11.16	7.74

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(All amounts in crores of ₹, except share data and as stated otherwise)

c) Guarantees have been given by the Group against credit facilities, financial assistance and office premises taken on lease amounting to ₹ 30.29 crores (Previous year ₹ 35.66 crores). These guarantees have been given in the normal course of the Group's operations and are not expected to result in any loss to the Group, on the basis of the Group fulfilling its ordinary commercial obligations.

d) The Group and its various subsidiaries are required to comply with the local transfer pricing regulations, which are contemporaneous in nature. The Group appoints independent consultants annually for conducting a transfer pricing study to determine whether transactions with associate enterprises are undertaken, during the financial year, on an arms length basis. Adjustments, if any, arising from the transfer pricing study in the respective jurisdictions shall be accounted for as and when the study is completed for the current financial year. The management is of the opinion that its international transactions are at arms length so that aforesaid legislation will not have any impact on the financial statements.

The amounts shown in the item above represent best possible estimates arrived at on the basis of available information. The uncertainties and possible reimbursements are dependent on the outcome of the different legal processes which have been invoked by the Group or the claimants as the case may be and therefore cannot be predicted accurately. The Group engages reputed professional advisors to protect its interest and has been advised that it has strong legal positions against such disputes.

3.32 Derivative Financial Instruments and Hedge Accounting

(a) Foreign currency forward and option contracts

The Group is exposed to foreign currency fluctuations on foreign currency assets / liabilities, forecast cash flows denominated in foreign currency. The use of derivatives to hedge foreign currency forecast cash flows is governed by the Group's strategy, which provide principles on the use of such forward contracts and currency options consistent with the Group's Risk Management Policy. The counter parties in these derivative instruments is a bank and the Group considers the risks of non-performance by the counterparty as non-material. The Group does not use forward covers and currency options for speculative purposes.

The following table presents the aggregate contracted principal amounts of the Group's derivative contracts outstanding:

Sell covers	As at 30 June 2012	As at 30 June 2011
Foreign Currency	Rupee equivalent (₹ in Crores)	
USD / INR	4,772.58	207.83
GBP / INR	60.86	32.21
EURO / INR	56.07	106.66
EURO / USD	49.06	45.25
AUD / INR	-	57.47
AUD / USD	124.82	9.58
USD / ZAR	-	44.03
USD / CAD	-	64.79
JPY / USD	26.24	-
ZAR / USD	52.03	-
CAD / USD	65.34	-
MYR / USD	36.78	-
SEK / USD	20.39	-
	5,264.17	**567.82**

Buy covers	As at 30 June 2012	As at 30 June 2011
Foreign Currency	Rupee equivalent (₹ in Crores)	
SGD / USD	19.75	-
	19.75	**-**

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(All amounts in crores of ₹, except share data and as stated otherwise)

Options	As at 30 June	
	2012	2011
	Rupee equivalent (₹ in Crores)	
Put Options		
USD / INR	-	89.39
Range Forward		
USD / INR	1,529.20	860.83
GBP / INR	99.11	42.95
EURO / INR	47.66	36.85
EURO / USD	-	12.93
Seagull		
USD / INR	395.03	-
EURO / USD	234.81	93.73
GBP / USD	21.73	-
EURO / INR	116.35	25.86
Total	**2,443.89**	**1,162.54**

The following table summarizes activity in the Hedging Reserves related to all derivatives classified as cash flow hedges during the years ended 30 June 2012 and 2011:

	Year ended 30 June	
	2012	2011
Gain/(Loss) as at the beginning of the year	23.51	(99.97)
Unrealized (loss)/gain on cash flow hedging derivatives during the year	(645.93)	53.62
Net losses reclassified into net income on occurrence of hedged transactions	142.76	69.86
Net losses reclassified into net income as hedged transaction are not likely to occur	-	-
(Loss)/Gain as at the end of the year (refer note 1 and 2 below)	(479.66)	23.51

As of the balance sheet date, the Company's net foreign currency exposure that is not hedged is ₹ 712.83 crores (Previous year ₹ 222.98 crores).

Notes:

1. Balance as at year end is inclusive of deferred tax assets of ₹ 93.94 crores (Previous year deferred tax liability of ₹ 4.27 crores).
2. At 30 June 2011, the estimated net amount of existing loss that is expected to be reclassified into the income statement within next twelve month is ₹ 212.01 crores (Previous year gain of ₹ 23.51 crores).

3.33 Employee Benefit Plans

The Group has calculated the various benefits provided to employees as under:

A. Defined Contribution Plans and State Plans

Superannuation Fund

Employer's contribution to Employees State Insurance

Employer's contribution to Employee's Pension Scheme.

During the year the Company has recognized the following amounts in the statement of profit and loss :-

	Year ended 30 June	
	2012	2011
Superannuation Fund	8.36	2.45
Employer's contribution to Employees State Insurance	3.50	3.18
Employer's contribution to Employee's Pension Scheme	40.04	35.01
Total	**51.90**	**40.64**

Notes to Consolidated Financial Statements 30 June 2012

(All amounts in crores of ₹, except share data and as stated otherwise)

Subsidiaries in US

Total contributions made to the plan by the company, for the years ended 30 June 2012 is ₹ 41.01 crores and 30 June 2011 is ₹ 23.26 crores.

Subsidiaries in Australia

Total contributions made to the plan by the company, for the years ended 30 June 2012 is ₹ 23.69 crores and 30 June 2011 is ₹ 16.76 crores.

Subsidiaries in Europe

Total contributions made to the plan by the company, for the years ended 30 June 2012 is ₹ 40.46 crores and 30 June 2011 is ₹ 33.52 crores.

Subsidiaries in Asia (excluding India)

Total contributions made to the plan by the company, for the years ended 30 June 2012 is ₹ 41.50 crores and 30 June 2011 is ₹ 30.13 crores.

B. Defined Benefit Plans

a) Gratuity

b) Employers contribution to provident fund

Gratuity

The Company has a unfunded defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

The following table set out the status of the gratuity plan as required under Accounting Standard 15 (Revised):

Statement of profit and loss

Net employee benefit expense (recognized in Employee Cost)

	Year ended 30 June	
	2012	2011
Current Service cost	28.64	23.02
Interest cost on benefit obligation	10.42	7.76
Expected return on plan assets	-	-
Net Actuarial loss/(gain) recognized in the year	18.92	(4.56)
Past Service cost	-	-
Net benefit expense	**57.98**	**26.22**

Balance Sheet

Details of Provision for Gratuity

	Year ended 30 June	
	2012	2011
Defined benefit obligations	156.07	111.37
Fair value of plan assets	0.08	0.08
	156.15	111.45
Less: Unrecognized past service cost	-	-
Plan (asset) / liability	**156.15**	**111.45**

Changes in present value of the defined benefit obligation are as follows:

	Year ended 30 June	
	2012	2011
Opening defined benefit obligations	111.37	94.36
Current service cost	28.64	23.02
Interest cost	10.42	7.76
Actuarial loss/(gain) on obligation	18.92	(4.51)
Benefits paid	(13.28)	(9.26)
Closing defined benefit obligations	**156.07**	**111.37**

Notes to Consolidated Financial Statements 30 June 2012

(All amounts in crores of ₹, except share data and as stated otherwise)

Changes in fair value of the plan assets are as follows:

	Year ended 30 June	
	2012	2011
Opening fair value of planned assets	0.08	0.05
Expected returns	0.01	-
Contribution by employer	(0.01)	0.03
Benefits paid	-	-
Actuarial (gain)/loss	-	-
Closing fair value of plan assets	**0.08**	**0.08**

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining gratuity for the Group's plans are:

	Year ended 30 June	
	2012	2011
Discount rate	8.10%	8.35%
Estimated Rate of salary increases	7.00%	6%-10%
Employee Turnover	17.00%	18.00%
Expected rate of return on assets	N.A.	N.A.

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

The following table set out the experience adjustment to plan liabilities as required under AS-15 (Revised):

	Year ended				
	30 June 2012	30 June 2011	30 June 2010	30 June 2009	30 June 2008
Defined benefit obligations	156.15	111.37	94.36	78.70	57.64
Plan assets	0.08	0.08	0.05	-	-
Experience adjustment on plan liabilities	8.92	5.15	(2.23)	(6.69)	5.09
Experience adjustment on plan assets	-	-	-	-	-

Employers Contribution to Provident Fund

The guidance note on implementing AS-15, Employee Benefits (revised 2005) issued by Accounting Standard board (ASB) states that benefits involving employer established provident funds, which require interest shortfalls to be recompensed are to be considered as defined benefit plans. The Actuarial Society of India has issued the final guidance for measurement of provident fund liabilities during the current year. The actuary has accordingly provided a valuation and based on the assumption mentioned below there is no shortfall as at 30 June 2012.

The detail of the fund and plan asset position are given below:-

	30 June 2012
Plan assets at the period end	1,035.06
Present Value of benefit obligation at period end	1,035.06
Asset recognized in balance sheet	-

Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach:

	30 June 2012
Government of India (GOI) bond yield	8.10%
Remaining term of maturity	8.03
Expected guaranteed interest rate	9.40%

During the year ended 30 June 2012, the Group has contributed ₹ 78.76 crores (Previous year ₹ 72.73 crores) towards employers' contribution to the Provident Fund.

Notes to Consolidated Financial Statements 30 June 2012

(All amounts in crores of ₹, except share data and as stated otherwise)

3.34 Joint Venture

The Group has an interest in the following jointly controlled entities:

Name of the Company	Shareholding	Incorporated in
NEC HCL System Technologies Limited	49%	India
Axon Balance LLC #	50%	United States of America
Axon Puerto Rico Inc.	49%	Puerto Rico

 # Dissolved w.e.f. 18 January 2011

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:

	Year ended	
	30 June 2012	30 June 2011
Revenue from operations	67.87	46.02
Other income	0.96	0.5
Total revenue	**68.83**	**46.52**
Employee benefit expenses	35.24	27.02
Operating and other expenses	17.32	14.08
Depreciation and amortization expense	2.31	1.75
Total expenses	**54.87**	**42.85**
Profit before tax	**13.96**	**3.67**
Provision for tax	4.03	0.39
Net profit after tax	**9.93**	**3.28**

	Year ended	
	30 June 2012	30 June 2011
Assets		
Tangible assets		
Building	8.05	7.04
Plant and machinery	2.22	2.38
Computers	1.57	0.82
Furniture and fixture	0.46	0.21
Total tangible assets (A)	**12.30**	**10.45**
Intangible assets		
Software	0.29	0.41
Total intangible assets (B)	**0.29**	**0.41**
Total fixed assets (A+B)	**12.59**	**10.86**
Trade receivables	16.85	11.56
Cash and bank balances	20.55	12.64
Other current assets	7.74	4.38
Liabilities		
Liabilities and provisions	23.05	15.62

Notes:

a. NEC HCL System Technologies Limited financial statements are for the year ended 31 March 2012 and 2011 respectively.

b. Axon Puerto Rico Inc. financial statements are for the period ended 31 May 2012 and 2011 respectively.

c. There is no material transaction between the reporting dates of the JV and that of Group.

Notes to Consolidated Financial Statements 30 June 2012

(All amounts in crores of ₹, except share data and as stated otherwise)

3.36 Previous year comparatives

The previous year's figures have been re-classified/ re-grouped to confirm to the current year's classification.

As per our report of even date

For **HCL Technologies Limited**

For S. R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

Shiv Nadar
Chairman and Chief Strategy Officer

Vineet Nayar
Vice Chairman and CEO

per Tridibes Basu
Partner
Membership Number: 17401

Anil Chanana
Chief Financial Officer

Manish Anand
Company Secretary

Gurgaon, India
25 July 2012

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

S.No.	Name of the Subsidiary Company	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 as it concerns members of Holding Company which are not dealt with in the Company's Accounts (All amounts in ₹ thousands)		Net aggregate amount of Subsidiary Company's Profits after deducting its losses or vice versa, so far as it concerns Members of Holding Company which are dealt with in the Company's Accounts (All amounts in ₹ thousands)	
			Shareholding (No. of shares)	Extent of holding (%)	For the year ended June 30, 2012	For previous financial years of the subsidiary since it became the Holding Company's subsidiary	For the year ended June 30, 2012	For previous financial years of the subsidiary since it became the Holding Company's subsidiary
1	HCL Bermuda Limited	30-Jun-12	409,670,582	100	1,131,409	(2,943,129)	Nil	Nil
2	HCL America Inc.	30-Jun-12	7,474,410	100	2,014,276	2,678,705	Nil	Nil
3	HCL Great Britain Limited	30-Jun-12	10,568,334	100	822,625	92,826	Nil	Nil
4	HCL Sweden AB	30-Jun-12	10,000	100	70,579	108,100	Nil	Nil
5	HCL (Netherlands) BV	30-Jun-12	400	100	249,620	320,340	Nil	Nil
6	HCL GmbH	30-Jun-12	257	100	35,288	(51,302)	Nil	Nil
7	HCL Italy SLR	30-Jun-12	20,000,000	100	(62,784)	(131,202)	Nil	Nil
8	HCL Belgium NV	30-Jun-12	63,259	100	19,302	(75,683)	Nil	Nil
9	HCL Australia Services Pty. Limited	30-Jun-12	500,000	100	380,910	1,921,462	Nil	Nil
10	HCL (New Zealand) Limited	30-Jun-12	10	100	506,902	401,695	Nil	Nil
11	HCL Hong Kong SAR Limited	30-Jun-12	193,167	100	74,865	113,684	Nil	Nil
12	HCL Japan Limited	30-Jun-12	4,400	100	85,410	110,977	Nil	Nil
13	HCL Technologies Austria GmbH (formerly known as HCL Holdings GmbH)	31-Dec-11	6,500,000	100	(5,705)	4,169,286	Nil	Nil
14	HCL Global Processing Services Limited	30-Jun-12	106,000	100	15,914	270,461	Nil	Nil
15	HCL Comnet Systems and Services Limited	30-Jun-12	12,804,909	99.97	1,947,008	8,275,288	Nil	19,610
16	HCL Arabia Limited	31-Dec-11	1,000	100	(2,842)	-	Nil	Nil
17	HCL BPO Services (NI) Limited	30-Jun-12	4,444,445	100	(622,316)	(173,633)	Nil	Nil
18	HCL Comnet Limited	30-Jun-12	949,840	99.97	349,599	517,926	Nil	Nil
19	Anzospan Investments (PTY) Limited	30-Jun-12	10,000,000	100	(21)	-	Nil	Nil
20	HCL Singapore Pte Limited	30-Jun-12	2,000,000	100	103,122	1,396,898	185,573	227,139
21	HCL (Malaysia) Sdn. Bhd	30-Jun-12	100,000	100	38,117	322,314	Nil	Nil
22	HCL EAI Services Limited	30-Jun-12	1,050,100	100	(31,551)	28,094	Nil	Nil
23	HCL Technologies Denmark Apps	30-Jun-12	439,205	100	20,107	2,539	Nil	Nil
24	HCL Poland Sp.z.o.o.	30-Jun-12	277,000	100	115,673	(81,670)	Nil	Nil
25	HCL Technologies (Shanghai) Limited	31-Dec-11	Not Applicable	100	12,683	(49,963)	Nil	Nil
26	HCL Technologies France	30-Jun-12	2,516,000	100	(73,825)	-	Nil	Nil
27	HCL Expense Management Services Inc	30-Jun-12	1,000	100	(4,997)	(1,084,627)	Nil	Nil
28	Axon Group Limited	30-Jun-12	69,601,824	100	(17,475)	1,095,610	Nil	Nil
29	Axon Solutions Inc,	30-Jun-12	30,970	100	1,113,636	(927,777)	Nil	Nil
30	Bywater Limited	30-Jun-12	1,129,982	100	871	2,762	Nil	Nil
31	Axon Solutions Limited	30-Jun-12	100,150	100	754,204	1,741,743	Nil	Nil
32	HCL Axon Malaysia Sdn. Bhd. (formerly known as Axon Solutions Sdn. Bhd.)	30-Jun-12	10,000,000	100	(307,950)	(1,186,814)	Nil	Nil
33	Axon Solutions (Shanghai) Co. Ltd.	31-Dec-11	Not Applicable	100	(122,438)	(78,178)	Nil	Nil
34	Axon Solutions Singapore Pte Ltd.	30-Jun-12	100,000	100	(33,165)	(51,000)	Nil	Nil
35	JSPC i-Solutions Sdn Bhd	30-Jun-12	1,000,000	100	(182)	386,970	Nil	Nil
36	JSP Consulting Sdn. Bhd.	30-Jun-12	500,000	100	(53)	(1,526)	Nil	Nil
37	HCL Technologies Philippines Inc.	30-Jun-12	207,815	100	(36,104)	(988)	Nil	Nil
38	HCL Technologies South Africa (Proprietary) Limited	30-Jun-12	2,975,000	100	13,181	(4,882)	Nil	Nil
39	Axon Solution (Canada) Inc	30-Jun-12	1,000	100	(316,817)	(361,945)	Nil	Nil
40	Axon Solutions Pty Limited	30-Jun-12	627,517	100	(86,578)	(501,926)	Nil	Nil
41	HCL Technologies Solution GmbH (Formerly Axon Solutions Schweiz GmbH)	30-Jun-12	20	100	(2,263)	(903)	Nil	Nil
42	Axon Acquisition Company, Inc.	30-Jun-12	1,000	100	-	-	Nil	Nil
43	HCL Technologies Norway AS	30-Jun-12	2,990	100	18,524	(26,047)	Nil	Nil
44	HCL Insurance BPO Services Ltd.	30-Jun-12	8,110,000	100	(260,994)	(276,723)	Nil	Nil

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

S.No.	Name of the Subsidiary Company	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 as it concerns members of Holding Company which are not dealt with in the Company's Accounts (All amounts in ₹ thousands)		Net aggregate amount of Subsidiary Company's Profits after deducting its losses or vice versa, so far as it concerns Members of Holding Company which are dealt with in the Company's Accounts (All amounts in ₹ thousands)	
			Shareholding (No. of shares)	Extent of holding (%)	For the year ended June 30, 2012	For previous financial years of the subsidiary since it became the Holding Company's subsidiary	For the year ended June 30, 2012	For previous financial years of the subsidiary since it became the Holding Company's subsidiary
45	HCL Technologies Canada Inc.	30-Jun-12	180,000	100	212,402	75,951	Nil	Nil
46	HCL EAS Limited	30-Jun-12	101,843,957	100	(491,693)	(1,332,192)	Nil	Nil
47	HCL Axon (Pty) Ltd.	30-Jun-12	87,000,000	100	62,101	153,558	Nil	Nil
48	HCL (Brazil) Technologia da informacao Ltda.	31-Dec-11	20,679,566	100	(106,164)	(316,192)	Nil	Nil
49	HCL Technologies Romania s.r.l.	30-Jun-12	35,329	100	848	(2,437)	Nil	Nil
50	HCL Hungary Kft	30-Jun-12	9,000,000	100	1,540	1,121	Nil	Nil
51	HCL Latin America Holding LLC	30-Jun-12	13,796	100	3,057	(412)	Nil	Nil
52	HCL Argentina s.a.	30-Jun-12	1,076,975	100	(4,687)	(1,330)	Nil	Nil
53	FILIAL ESPAÑOLA DE HCL TECHNOLOGIES, S.L.(HCL Spain)	30-Jun-12	350	100	(376)	(253)	Nil	Nil
54	HCL Mexico S. de R.L.	31-Dec-11	Not Applicable	100	(5,047)	7,076	Nil	Nil
55	HCL Investment (UK) Limited	30-Jun-12	5,100,100	100	(15)	N.A	Nil	Nil
56	HCL Eagle limited	30-Jun-12	91,997	92.00	(369)	N.A	Nil	Nil
57	PT. HCL Technologies Indonesia	30-Jun-12	500,000	100	(2,047)	N.A	Nil	Nil

Notes:

a) In respect of the subsidiaries whose financial year do not coincide with the financial year of the Company, neither there has been change in the holding company's interest in the subsidiary nor any material transaction has occurred, between the end of the financial year of such subsidiary and end of financial year of the company.

For HCL Technologies Limited

Shiv Nadar
Chairman and Chief Strategy Officer

Vineet Nayar
Vice Chairman and CEO

Anil Chanana
Chief Financial Officer

Manish Anand
Company Secretary

Place: Noida, UP (India)
Date: 12 September, 2012

Note: Information on subsidiaries is provided in compliance with the General Circular no. 2/2011 dated February 8, 2011 issued by the Ministry of Corporate Affairs, Government of India. The Company would provide the annual accounts of the subsidiaries and the related detailed information to the shareholders of the Company and its subsidiaries on specific requests made to it in this regard by the said shareholders at any point of time. The annual accounts of the subsidiaries will also be kept for inspection by any shareholder at the registered office of the Company and that of the subsidiary company concerned.

Statement regarding Subsidiary Companies as required by the approval granted under Section 212(8) of the Companies Act, 1956

(All amounts in ₹ thousands)

S.No	Name of the Subsidiary Company	Currency	Exchange Rate as on respective balance sheet date	Share Capital	Reserves	Total Assets	Total Liabilities	Investments (other than in subsidiaries)	Turnover (includes other income)	Profit before tax	Provision for tax	Profit after tax	Dividend
1	HCL Bermuda Limited	USD	55.64	33,364,172	(2,034,642)	31,416,209	86,679	-	1,444,271	1,131,409	-	1,131,409	-
2	HCL America Inc.	USD	55.64	415,858	20,279,063	51,999,402	31,304,481	-	96,154,384	3,990,564	1,976,288	2,014,276	-
3	HCL Great Britain Limited	GBP	86.94	918,781	1,265,932	9,076,439	6,891,726	-	22,960,567	1,006,503	183,878	822,625	-
4	HCL Sweden AB	SEK	7.99	799	205,220	1,076,086	870,067	-	2,059,674	96,200	25,621	70,579	-
5	HCL (Netherlands) BV	EUR	70.09	1,272	345,441	1,239,549	892,835	-	2,868,366	333,701	84,081	249,620	-
6	HCL GmbH	EUR	70.09	1,801	156,535	760,971	602,635	-	2,496,578	47,623	12,336	35,288	-
7	HCL Italy SLR	EUR	70.09	724	(28,686)	31,604	59,567	-	114,163	(62,784)	-	(62,784)	-
8	HCL Belgium NV	EUR	70.09	109,899	(69,698)	334,687	294,486	-	436,615	19,302	-	19,302	-
9	HCL Australia Services Pty. Limited	AUD	56.74	28,368	1,247,308	3,619,833	2,344,157	-	9,508,475	537,800	156,890	380,910	-
10	HCL (New Zealand) Limited	NZD	44.49	2,065	434,185	844,898	408,649	-	2,544,200	720,804	213,902	506,902	-
11	HCL Hong Kong SAR Limited	HKD	7.18	1,386	103,631	176,994	71,977	-	557,452	89,663	14,797	74,865	-
12	HCL Japan Limited	JPY	0.70	154,000	221,741	1,149,496	773,755	-	4,859,140	173,358	87,947	85,410	-
13	HCL Technologies Austria GmbH (formerly known as HCL Holdings GmbH)	EUR	70.09	32,436	5,659,077	5,695,603	4,090	-	70	(5,585)	120	(5,705)	-
14	HCL Global Processing Services Limited	INR	1.00	1,061	286,375	288,932	1,496	-	37,102	24,226	8,312	15,914	-
15	HCL Comnet Systems and Services Limited	INR	1.00	128,094	10,414,923	13,303,782	2,760,765	915,144	8,860,415	2,928,629	980,943	1,947,686	-
16	HCL Arabia Limited	SAR	14.16	7,080	(2,842)	11,892	7,655	-	-	(2,842)	-	(2,842)	-
17	HCL BPO Services (NI) Limited	GBP	86.94	347,847	(843,839)	527,812	1,023,804	-	1,109,266	(622,316)	-	(622,316)	-
18	HCL Comnet Limited	INR	1.00	9,499	1,404,277	8,914,117	7,500,341	904,088	5,741,700	479,242	129,521	349,721	-
19	Anzospan Investments (PTY) Limited	ZAR	6.77	20,307	(21)	20,287	-	-	-	(21)	-	(21)	-
20	HCL Singapore Pte Limited	SGD	43.90	87,797	945,022	2,774,127	1,741,308	-	5,999,239	103,907	785	103,122	-
21	HCL (Malaysia) Sdn. Bhd	MYR	17.51	1,751	202,654	211,513	7,108	-	498,838	51,264	13,147	38,117	-
22	HCL EAI Services Limited	INR	1.00	10,501	28,472	60,390	21,418	-	23,138	(31,551)	-	(31,551)	-
23	HCL Technologies Denmark Apps	DKK	9.43	30,807	22,867	483,254	429,580	-	710,012	26,856	6,750	20,107	-
24	HCL Poland Sp.z.o.o.	PLN	16.47	229,308	57,065	331,639	45,266	-	725,693	115,673	-	115,673	-
25	HCL Technologies (Shanghai) Limited	CNY	8.44	129,212	(8,436)	159,429	38,653	-	257,593	12,808	125	12,683	-
26	HCL Technologies France	EUR	70.09	176,351	(58,752)	516,340	398,740	-	1,379,245	(73,825)	-	(73,825)	-
27	HCL Expense Management Services Inc. #	USD	55.64	0	(19,611)	147,651	167,262	-	-	(4,997)	-	(4,997)	-
28	Axon Group Limited.	GBP	86.94	60,510	16,929,285	17,322,166	332,371	-	10,346	(17,475)	-	(17,475)	-
29	Axon Solutions Inc.	USD	55.64	1,723	4,601,327	9,414,350	4,811,300	54,525	12,890,216	965,532	(148,104)	1,113,636	-
30	Bywater Limited	GBP	86.94	4,814	142,595	147,409	-	-	871	871	-	871	-
31	Axon Solutions Limited	GBP	86.94	87	4,179,897	7,627,411	3,447,428	-	14,668,065	778,547	24,343	754,204	-
32	HCL Axon Malaysia Sdn. Bhd. (formerly known as Axon Solutions Sdn. Bhd.)	MYR	17.51	175,148	(418,844)	1,640,834	1,884,530	-	1,944,309	(307,950)	-	(307,950)	-
33	Axon Solutions (Shanghai) Co. Ltd.	CNY	8.44	17,456	(217,888)	63,085	263,517	-	173,955	(122,099)	338	(122,438)	-
34	Axon Solutions Singapore Pte Ltd.	SGD	43.90	4,390	(93,314)	103,416	192,340	-	170,373	(33,165)	-	(33,165)	-
35	JSPC i-Solutions Sdn Bhd	MYR	17.51	1,751	(182)	1,666	96	-	-	(182)	-	(182)	-
36	JSP Consulting Sdn. Bhd.	MYR	17.51	8,757	(53)	8,801	96	-	-	(53)	-	(53)	-
37	HCL Technologies Philippines Inc.	PHP	1.32	27,430	(37,254)	50,057	59,881	-	37,648	(36,102)	1	(36,104)	-
38	HCL Technologies South Africa (Proprietary) Limited	ZAR	6.77	20,138	8,162	53,679	25,378	-	52,226	16,355	3,174	13,181	-
39	Axon Solution (Canada) Inc.	CAD	54.45	1	(753,857)	866,273	1,620,129	-	2,397,035	(314,737)	2,079	(316,817)	-
40	Axon Solutions Pty Limited	AUD	56.74	35,603	(993,410)	177,252	1,135,058	-	257,259	(126,774)	(40,196)	(86,578)	-
41	HCL Technologies Solution GmbH (Formerly Axon Solutions Schweiz GmbH)	CHF	58.26	1,165	1,045	3,845	1,636	-	3,402	(2,263)	-	(2,263)	-

Statement regarding Subsidiary Companies as required by the approval granted under Section 212(8) of the Companies Act, 1956

(All amounts in ₹ thousands)

S.No	Name of the Subsidiary Company	Currency	Exchange Rate as on respective balance sheet date	Share Capital	Reserves	Total Assets	Total Liabilities	Investments (other than in subsidiaries)	Turnover (includes other income)	Profit before tax	Provision for tax	Profit after tax	Dividend
42	Axon Acquisition Company, Inc. #	USD	55.64	0	-	0	-	-	-	-	-	-	-
43	HCL Technologies Norway AS	NOK	9.29	27,813	98,450	506,807	380,544	-	294,150	25,728	7,204	18,524	-
44	HCL Insurance BPO Services Ltd.	GBP	86.94	705,083	(568,674)	870,181	733,773	-	2,264,524	(260,994)	-	(260,994)	-
45	HCL Technologies Canada Inc.	CAD	54.45	11,288	278,318	682,031	392,425	-	1,239,566	293,024	80,621	212,402	-
46	HCL EAS Limited	USD	55.64	8,766,278	(1,659,955)	39,663,763	32,557,441	-	61,797	(491,693)	-	(491,693)	-
47	HCL Axon (Pty) Ltd.	ZAR	6.77	588,912	193,786	1,701,878	919,181	-	2,045,774	70,161	8,061	62,101	-
48	HCL (Brazil) Technologia da informacao Ltd.	BRL	28.47	588,722	(441,018)	326,649	178,944	-	1,115,960	(106,164)	-	(106,164)	-
49	HCL Technologies Romania s.r.l.	RON	15.74	5,562	(1,829)	5,966	2,234	-	6,771	480	(368)	848	-
50	HCL Hungary Kft	HUF	0.24	2,193	2,657	6,097	1,247	-	11,915	1,779	240	1,540	-
51	HCL Latin America Holding LLC	INR	1.00	622,430	2,644	625,074	-	-	3,118	3,057	-	3,057	-
52	HCL Argentina s.a.	ARS	12.48	13,437	(7,632)	10,145	4,339	-	9,460	(4,687)	-	(4,687)	-
53	FILIAL ESPAÑOLA DE HCL TECHNOLOGIES, S.L. (HCL Spain)	EUR	70.09	245	(649)	1,992	2,396	-	1,572	(376)	-	(376)	-
54	HCL Mexico S. de R.L.	MXN	3.80	59,479	2,415	79,204	17,310	-	155,494	(84)	4,963	(5,047)	-
55	HCL Investment (UK) Limited	GBP	86.94	443,402	(15)	443,387	-	441,403	-	(15)	-	(15)	-
56	HCL Eagle Limited	INR	1.00	1,000	(401)	700	100	-	-	(401)	-	(401)	-
57	PT. HCL Technologies Indonesia	IDR	0.01	26,768	(9,954)	63,084	46,270	-	33,188	(1,931)	116	(2,047)	-

Notes:

Refer table given below for absolute amount of share capital in each of the following companies:-

Name of the Subsidiary Company	Share Capital (₹)
HCL Expense Management Services Inc.	55.64
Axon Acquisition Company, Inc.	55.64

For HCL Technologies Limited

Shiv Nadar
Chairman and Chief Strategy Officer

Vineet Nayar
Vice Chairman and CEO

Anil Chanana
Chief Financial Officer

Manish Anand
Company Secretary

Place: Noida, UP (India)
Date: 12 September, 2012

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