HCL TECHNOLOGIES LIMITED

ANNUAL REPORT 2010-11

CONTENTS

BOARD OF DIRECTORS

MR. SHIV NADAR
Chairman & Chief Strategy Officer

MR. VINEET NAYAR
Vice Chairman, CEO & Whole-time Director

MR. T. S. R. SUBRAMANIAN
Non- Executive Director

MS. ROBIN ABRAMS
Non- Executive Director

MR. AJAI CHOWDHRY
Non- Executive Director

MR. SUBROTO BHATTACHARYA
Non- Executive Director

MR. AMAL GANGULI
Non- Executive Director

MR. P. C. SEN
Non- Executive Director

MR. R. SRINIVASAN
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 2011 has proven to be a much better year for the Indian IT Industry as compared to the previous year. As per NASSCOM, Indian IT exports grew 19% YoY during FY 2011. Last year, Indian IT exports registered a YoY growth of mere 5.5%. When we analyze the performance of the Indian IT industry from three different perspectives, i.e. verticals, service lines and geographies, some interesting facts come to light.

- Amongst the verticals, BFSI, Hi-tech/ Telecom and Manufacturing seem to be the dominant ones contributing nearly 3/4th of the exports over the past several years. However, emerging verticals like Media & Entertainment, Retail, Healthcare, Construction & Utilities, and Airlines & Transportation are looking up, contributing to nearly 1/4th of the exports and are growing faster than the mature verticals.
- Within IT Services, it appears that all service lines contributed almost equally to the overall growth
- Amongst geographies, USA continues to be the dominant region [receiving over 60% of Indian IT exports over the past several years]. However, Asia Pacific [APAC] and Rest of the World [RoW] revenues are growing twice as fast as Europe revenues.

Yet, through it all, the good news is that HCLT continues to outperform the Indian IT Industry. As depicted in the graph below, during FY 11, our revenues grew by 31% YoY to reach $3.5 bn. Over the last three years, our revenues grew by 24% on a three-year CAGR whereas Indian IT grew by 13%. Over the last five years, our revenues grew by 29% on a five-year CAGR whereas Indian IT grew by 20%, proof that HCLT is indeed setting the pace within the industry.

QUICK FACTS

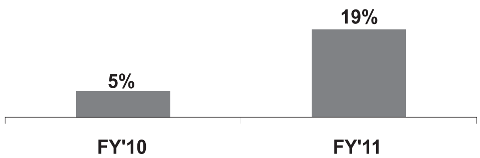
[NASSCOM on the Indian IT Industry]

- Indian IT-BPO industry total revenues during FY 11 - $88 bn [19.4% growth over FY 10]
- Of total revenues, exports segment contributed $59 bn [18.6% growth over FY 10]
- Revenues from domestic market - $29 bn [21% growth over FY 10]

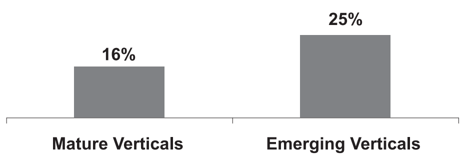
[On Verticals and Service Lines]

- BFSI contributed to 41% of Indian IT exports during FY 11; Hi-tech/ Telecom and Manufacturing - 19% and 16% respectively
- Custom applications development and application management services grew by 22% YoY each; [together representing 51% of total IT Services revenues]; Remote Infrastructure Management [RIM] services by 26% YoY [representing 21%]; Software testing revenues by 23% YoY

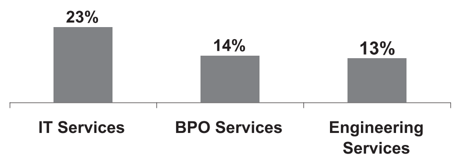
Indian IT Exports YoY Growth

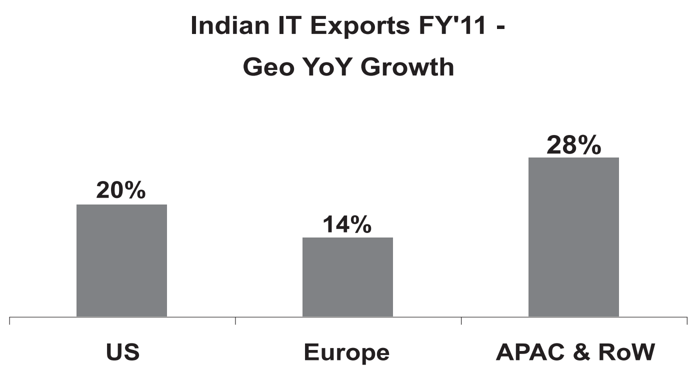


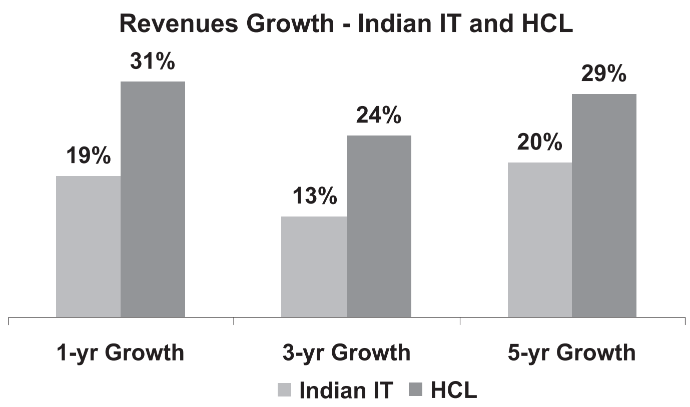
Indian IT Exports FY'11 - Verticals YoY Growth



Indian IT Exports FY'11 - Service Lines YoY Growth







Industry Outlook

The IT Industry is at an inflection point. There are three major disruptive forces that are likely to change how IT will be procured and consumed and how business will engage with stakeholders in the future. These are:

- Digital experience with mobile devices
- Cloud computing
- Social media

These trends will have important implications for the CIO's office and drive a rebalance within the RTB/ CTB (Run-The-Business/Change-The-Business) spends.

CTB spend will get more share of the CIO's IT budget. The main reasons being:

- The traditional PC replacement cycle is undergoing a change
- Virtualization is making underlying hardware (and its ownership) non-strategic
- Cloud-enabled services are becoming increasingly viable. The attractions are scalability, pay-as-you-go, freedom from infrastructure build-out and less capex sensitivity.
- Application development will focus more on Mobile/ Tablets than Desktops/ Notebooks
- Companies will spend money to create total product experience for consumers on multiple devices and operating systems

MARKET TRENDS

- Digital experience with Smartphones and Tablets is changing the way IT is consumed
- Cloud computing is changing the way IT is procured and delivered
- Social media is changing the way business engages with stakeholders

Drivers for future growth

The growth of the Indian IT industry reads more like a story about 'market-share gains' or 'replacement revenue'. In the year 2000, market share of the Indian Top 5 IT players in global IT services spending was just around 0.1%. By the end of the decade, the market share increased to around 3.1%. There is still big headroom for growth for the Indian IT industry.

For HCLT, growth opportunities could come from existing as well as new customers.

- From existing customers: Opportunities reside in cross-sell, up-sell and new propositions such as business-aligned IT, cloud computing, platform-based BPO, and Green IT.
- From new customers: Growth opportunities can come from vendor consolidation, new verticals, new geographies, and new propositions. The trend of vendor consolidation will contribute significantly to greater offshore content in global IT services.

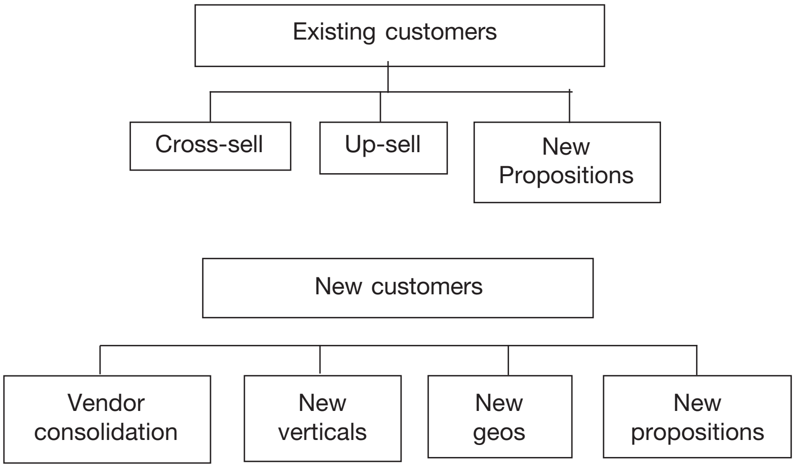
Our ability to grow customer relationships - particularly into large accounts - will be critical for our growth in the coming years.

QUICK FACTS

[NASSCOM-McKinsey 2020 on the future of the Indian IT Industry]

- Global sourcing and domestic outsourcing addressable market opportunity will increase from USD500 bn to USD1.5 tn by 2020
- Core markets will present an additional $200 bn addressable, while new verticals and new geographies will present $580 bn addressable market by 2020
- The total addressable market for core markets [large enterprises in developed countries in verticals such as telecom, banking, insurance, and manufacturing] is expected to reach $700 bn by 2020

Our opportunities for growth



- The addressable market for emerging verticals [public sector & defense, healthcare providers, utilities, and media] is expected to reach $190 bn by 2020
- BRIC countries will offer a domestic outsourcing market of $380 bn by 2020
- The global sourcing addressable market for Small and Medium Businesses [SMB] in core geographies is likely to be around $230 bn in 2020

HCLT's Strategy

Our strategy of focusing on *growth, service innovation* and *unique positioning* in the marketplace has improved our competitive standing. We have outperformed the Indian IT industry's growth over the past five years [including through the recession]. During this period, we have acquired capabilities even while adapting organizationally to a changing market and intensifying competition. We have been able to organically upgrade some lines of business such as infrastructure services and engineering and R&D services.

- Infrastructure services: *For example* - we offered network and security services in 2005, but have since added world-class architecture and consulting capabilities
- Enterprise application services: *For example* - we identified clients shifting from custom to packaged applications and saw gaps in our capabilities that could not be filled organically. We acquired AXON [the biggest acquisition in the history of the Indian IT industry] to add consulting and solutioning capabilities to Enterprise Application Services while successfully retaining AXON's top leaders through a reverse merger.

Organizationally, we simplified and consolidated our fragmented structure and established clear lines of accountability. Through Dual-GTM (Go-To-Market), we presented our horizontal and vertical depth to potential customers. New offerings, domain depth and consulting capabilities enabled us to position ourselves as a provider of end-to-end services and not just skills.

Going forward, we will continue to focus on revenue growth through existing and new customers. We will continue to evolve Account Management practices to make them "best in class". We will offer increased value to existing customers through ecosystem alliances and partnerships. We will engage in joint solution development with partners to build industry-specific and cross-industry solutions that are differentiated and therefore of high value. We will offer an increased portfolio of services for existing customers and will target new customers with a focused program for sourcing advisors. We will have a dedicated team of hunters who will follow a Named Account strategy to target Fortune Global 500 clients. At the same time, we will continue to make investments in high value services and our global delivery model.

SNAPSHOT

- Capabilities to adapt to a changing market and intensifying competition
- Organically upgraded Lines of Business [LoB] such as infrastructure services and engineering and R&D services
- Simplified and consolidated a fragmented structure - established clear lines of accountability
- Positioned as a provider of end-to-end services and not just skills, due to new offerings, domain depth and consulting capabilities
- Focus on revenue growth through existing and new customers
- Evolve Account Management practices as "best in class"
- Investments in high value services and global delivery model

For existing customers:

- Increase value through alliances and partnerships and engage in joint solution development to build industry and cross-industry solutions
- Offer increased portfolio of services

For new customers:

- Focused program for sourcing advisors
- Dedicated team to follow a Named Account strategy targeting Fortune Global 500 clients

Company Overview

About HCL Technologies Ltd.

HCL is a global technology enterprise and a name to reckon with, in the industry. The passion of its founder and the entrepreneurial zeal of its employees, have made its Information Technology and Services arm, HCL Technologies, a leading provider of business transformation, enterprise & custom applications, infrastructure management, business process outsourcing, and engineering services. HCLT delivers solutions across a wide range of verticals such as financial services, manufacturing, consumer services, public services and healthcare. Its delivery model is spread across 31 countries around the globe, and its empowered 'transformers' are busy working with over 500 forward looking customers, seeking to shift paradigms and transform the way business is being done.

When HCLT commenced its transformation journey based on the foundation of 'Employees First' in 2005, disruptive technologies and new business models were beginning to impact the industry. HCLT had already anticipated the shift from ‘employer driven’ to ‘employee driven’ market conditions. Today, the impact of this unique management philosophy is being recognized and praised worldwide for empowering employees to become the drivers of growth. HCL has also become one of the fastest-growing IT services company in the world.

“Employees First, Customers Second - Turning Conventional Management Upside Down” - a business book authored by the CEO Vineet Nayar encapsulating HCLT’s transformation journey from 2005, was launched in June 2010. Already a massive bestseller in key markets, the book has won accolades from leading management thinkers and CEOs such as Tom Peters, Gary Hamel, Tony Hsieh, Judy McGrath, and Victor Fung. Covered by leading media groups around the world, the book has already been translated into five languages - French, Spanish, Portuguese, Korean, and Chinese, and over 50 *Employees First, Customers Second* [EFCS] workshops for clients and partner organizations have been conducted in the USA, UK and APAC.

SNAPSHOT

About HCLT

- Leading provider of business transformation, enterprise & custom applications, infrastructure management, BPO, and engineering services
- Serving 500+ customers across a wide range of industries - financial services, manufacturing, consumer services, public services, and healthcare
- Global footprint: Delivery model across 31 countries

‘Employees First, Customers Second’ [EFCS] in action

- First IT company to make a conscious shift from an 'employer driven' to an 'employee driven' management style
- One of the outcomes -- the fastest growing IT services company in the world
- Growing global awareness and recognition through the EFCS book - a bestseller in key markets and translated into five world languages
- Customers/ Partners enrolling for EFCS workshops; several global conglomerates visiting the premises to witness EFCS in action

The recognitions continue

- A leader in Applications Outsourcing by key analyst firms
- Only Indian headquartered company to be recognized as a leader in SAP services
- Dominance and leadership in Remote Infrastructure Management and in Engineering and R&D Services
- Recognized by analyst firms as 'the CIO's best friend'. Through the “reincarnated CIO” program, increasingly becoming the CIO's most trusted partner of choice.

The phenomenal performance continues

HCLT has been recognized as a leader in Applications Outsourcing by key analyst firms and became the only Indian headquartered company to be recognized as a leader in SAP services. HCLT's dominance and leadership in Remote Infrastructure Management and in Engineering and R&D Services continues.

In a recent report published in February 2011, Frost & Sullivan mentioned that HCLT is a perfect example of a company serving in long-term innovation and "solutions engineering", and that its Engineering Out-of-the-Box [EOOTB] approach is novel because it allows HCLT to proactively address the clients' business needs.

HCLT has also successfully positioned itself as the CIO's best friend. Back in 2005, CIOs were looking for an alternative to the Big-4 due to dissatisfaction with large deals, a desire to optimize and reduce cost, pay for performance, and for transformational gains. HCLT responded by providing a trusted culture with transparency and flexibility, integrated service offerings, output/ outcome-based

Increasing customer impact

- Leading in client reference scores - positioned above larger peers
- Number of $10 mn+, $20 mn+ and $50 mn+ clients more than doubled in the last three years
- Customer Advisory Councils (CAC) building stronger relationships with customers - providing key strategic insights and information. [70 CIOs/ CTOs form the HCLT CAC]
- CAC feedback on key strengths: entrepreneurial culture, broad-based services, highly engaged people and customer alignment

pricing, and a value-centric proactive approach rather than a reactive approach. As business and technology becomes equally important over the next decade, CIOs will take center stage in business and HCLT is already focused on the "reincarnated CIO", slowly and surely becoming the CIO's most trusted partner.

So while most Indian providers are trying to emphasize their business focus, HCLT continues its strong commitment to technology expertise as an enabler of business change and is becoming the technology partner to the CIO's office

Increasing customer impact

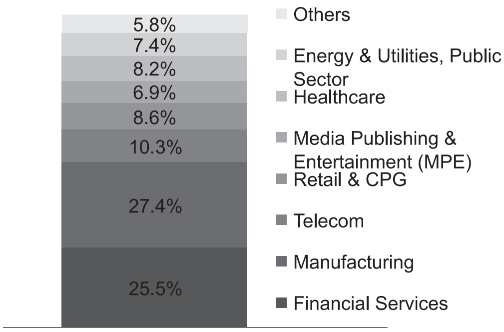
HCLT is a leader in client reference scores. In an independent survey by Forrester for the North American Application wave, HCLT scored the highest across 10 parameters in client reference and was positioned above its larger peers. The number of $10 mn+, $20 mn+ and $50 mn+ clients has more than doubled over the past three years.

HCLT has also created Customer Advisory Councils (CAC) to build stronger relationships with customers by providing them with key strategic insights and information [70 CIOs/ CTOs form the HCLT CAC]. During a brand workshop conducted with HCLT CAC in November 2010, customers recognized that HCLT's key strengths lie in its entrepreneurial culture, broad-based services, highly engaged people and customer alignment, and agreed that “it’s good to do business with HCLT”. HCLT is aspiring to move from “good to do business with” to “great to do business with” by 2015.

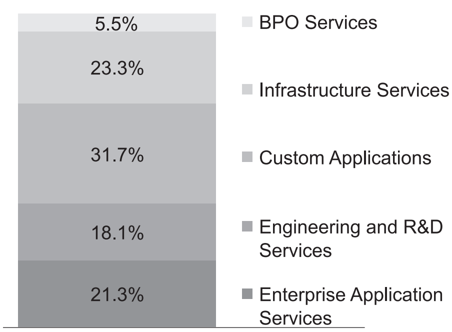
Indeed, HCLT is more comfortable in forging its own trail rather than following the expected - thereby bringing about unexpected and path breaking results year-on-year.

Service Offerings

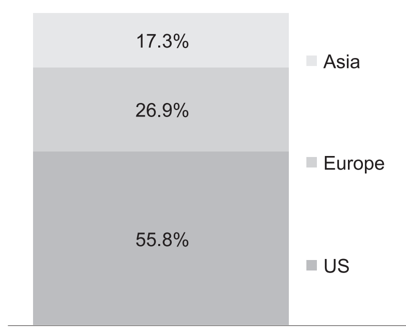
HCLT believes in the good practice of regularly restructuring and re-energizing its diversified portfolio of service offerings. By re-evaluating and realigning this portfolio from time to time, HCLT is able to develop a robust and resilient business model. No single service line contributes more than 32% to the total revenue even while maintaining a leading edge in key verticals where HCLT chooses to focus.



Vertical Mix
(FY11 Revenues)



Services Mix
(FY11 Revenues)



Geo Mix
(FY11 Revenues)

Custom Application Services

The Custom Application Services group leverages HCLT developed IPs, tools, frameworks and industry best practices to provide 'change-the-business', 'run-the-business', and 'cross functional IT' services. The focus is upon improving quality through metrics on applications developed and managed with standards, to ensure that they are scalable, reliable, robust, secure and maintainable, so that customers can ensure a predictable performance from their IT applications. The service offerings include application development, management, support, re-engineering, modernization, migration, and independent verification and validation. This group employing domain and technology experts and supporting many clients across geographies, constitute 31.7% of HCLT's revenues and services various industries like retail, banking, insurance, capital markets, media & publishing, manufacturing, and public and healthcare services with a sharp domain focus, from 31 global delivery locations.

SNAPSHOT

- Constitutes 31.7% 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
- 20,000+ domain/ technology experts supporting 300+ clients across geos

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. HCLT's ADeX Practice is now launching a new suite of "HCL Assess-Smart" services that leverage a variety of automated tools for measuring quality of applications at source code level, to arrive at an evaluation of the existing size and state of application performance, reliability, maintainability, and security. This helps our architects provide solutions to meet the desired "To Be" state in an objective manner with enhanced service levels.

HCLT's MASCOT Framework (Managed Appl. Services leading to Continuous Improvement & Transformation) is also being implemented across all key Application Support & Maintenance engagements by the HCLT Application Support & Maintenance [ASM] practice, as a comprehensive framework for run-the-business. It aims to deliver predictable services at a predictable price for large customers and includes a structured set of key service elements that inter-operate to ensure the delivery of managed services.

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 and Smart Grid. 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.

HCLT's customized software and application services have been rated in the Leader quadrant this year by Forrester for North America and EMEA, as well as by Gartner. HCL also has locations and services that are certified at CMMi Level 5.

- Investment in the 'Domain Academy' to nurture/ strengthen industry knowledge across verticals
- ADeX Practice launches "HCL 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 and Smart Grid

Engineering and R&D Services (ERS)

This division constitutes 18.1% of the company's overall revenues and is one of the largest independent Engineering and R&D services organizations in the world. It offers end-to-end engineering services and solutions in hardware, embedded, mechanical and software product engineering to industry leaders across nine verticals - Aerospace & Defense, Automotive, Consumer Electronics, Industrial Manufacturing, Medical Devices, Networking & Telecom, Office Automation, Semiconductor, Servers & Storage, and Software Products.

This group helps its 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 Australia, China, India, Israel, Poland, and the USA, to deliver complex engineering solutions.

With over a decade of experience operating in complex multi-vendor environments and customer value chains, ERS has been able to seamlessly integrate into a customer's existing R&D ecosystem. The group has also successfully collaborated with other innovation partners, captive centers, universities, industry bodies, and manufacturing partners.

HCLT's ERS group 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, etc. Today, HCLT is a strategic partner to key projects at Cisco.

For the Swiss division of a global medical device major, HCLT was responsible for the complete development of a Class III implantable drug delivery medical device that has recently been launched in the market. HCLT also runs the largest third party engineering centre for a global networking OEM company. For a European Tier-1 automotive company and a leading French car series, HCLT helped develop

SNAPSHOT

- Constitutes 18.1% 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
- 15000 experts supporting 200+ customers across geographies
- Complete development of a Class III implantable drug delivery medical device, recently launched in the market
- Runs the largest third party engineering centre for a global networking OEM company

a complete infotainment solution. HCLT has also partnered with one of the world's largest IT management software company to deliver total product development, management and support.

The ERS group believes that the product landscape is undergoing a major and fast paced transformation based on the ever-changing customer needs. User experience and value-centricity are becoming the 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. This is called "Engineering Out-of-the-Box" or EOOTB which is core to the group's underlying philosophy.

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: Agora (HCLT's SaaS platform), Nimbo (private cloud enablement solution), Cirrus (Microsoft Azure enablement solution), Athena (sentiment analytics solution), Retail Track & Trace solution, UECPX (unified communications platform), ASPIRE (product portfolio management system), Telematics platform, and H-PAC (Aerospace verification platform) amongst others.

- Developed a complete infotainment solution for a leading French car series
- Filed multiple patents in Mobility and Banking
- Key IPs: Agora, Nimbo, Cirrus, Athena, Retail Track & Trace, UECPX, ASPIRE, Telematics platform, H-PAC

Enterprise Applications Services (EAS)

HCLT's EAS group is a global pioneer in leveraging leading technologies to drive value realization. Strategic partnerships with SAP, Oracle and Microsoft, allow EAS to provide the complete range of consulting, hosting and BPO services that is necessary to define, realize and sustain real business change. The EAS division accounts for over 21.3% of HCLT's revenue and continues to be a key area of growth.

HCL AXON continues to grow from strength to strength and recognitions from analysts and client successes continue to grow. In the April 2011 Forrester Research, Inc. report *The Forrester Wave™: SAP Services Providers, Q2 2011*, HCL AXON was cited as a leader, ranking 5 out of 5 for overall client satisfaction. According to Forrester, "HCL has long had a focus on operational and low-cost services in the SAP space. However, its 2008 acquisition of Axon makes it a compelling option for the full life cycle of implementation services starting with upfront strategy and transformational consulting through to the technical implementation and ongoing support. Key areas of industry focus include utilities, public sector, aerospace, and travel and logistics."

The HCL AXON product suite continues to grow and garner strength and recognition in the marketplace. Recently a large North American transportation company offering integrated freight services including ground transportation, warehousing and distribution and bulk materials management was named a 2011 Computer World Honors Laureate. This was given in recognition for their innovation using a HCL AXON product, iCREW.

The Oracle practice has achieved more than 20 specializations, including 6 advanced specializations making HCL AXON a leader in Oracle competencies. With a commitment to grow the practice, HCL AXON continues to make significant investment in North American and European talent acquisition to ensure faster growth in the regions.

Partnership with Microsoft is also growing rapidly as more number of customers look to leverage the simplicity and ease of use of Microsoft Dynamics. HCL AXON's partnership with Microsoft's Business Solutions group has been instrumental in indentifying niche market opportunities to drive real customer value.

Delivering accelerated value via transformation projects continues to be at the heart of the EAS business. The EAS division currently signs around one large transformational deal every month.

SNAPSHOT

- Constitutes 21.3% of HCLT's revenues
- Strategic partnerships with SAP, Oracle and Microsoft
- Offerings: consulting, hosting and BPO services
- HCL AXON, SAP Division cited as a leader, ranking 5 out of 5 for overall client satisfaction
- Oracle practice - achieved over 20 specializations including 6 advanced specializations making it a leader in Oracle competencies
- Microsoft and HCLT partnership is instrumental in indentifying niche market opportunities that drive real value for customers
- At least one large transformational deal is signed every month

Enterprise Transformation Services (ETS)

HCLT's ETS group offers an integrated "Advise to Execute" approach to its customers for developing a transformation roadmap and execution plan. This group has grown rapidly through a cross-industry focus on execution excellence in Middleware & SOA Services, Analytics & Business Intelligence Services, Enterprise Content Management & Portals Services, Independent Verification & Validation Services, and Business and Technology Consulting. With experience in well-defined service lines, our principals drive business case creation and formulate execution plans to support overall benefits realization. Strong capabilities across established and disruptive application technologies combined with the right IPs and frameworks, help reduce cost, time and risk while executing transformation plans.

ETS enabled transformations are highly flexible and can be tailored to meet varied customer objectives such as organizational, departmental, Business aligned IT, technology platform, IT, and process transformation. ETS services in IT strategy and change management, process transformation and enterprise architecture are encapsulated in its IPs and frameworks. These tools support methodologies compliant with industry standard frameworks such as ITIL, Six Sigma and CMM-I.

ETS Data Transformation services include data architecture, data warehousing and business intelligence services. These services address new and disruptive technologies around NoSQL databases, big data services and analytics. ETS Enterprise Content Management services leverage its Universal Content Migrator (UCM) tool, which supports up to 16 products for effective content migration. On the application side, ETS offers application architecture, integration, SOA (service development) and business process management (BPM) services. ETS services portfolio also includes enterprise collaboration, web portals and emerging services such as customer experience and social analytics services. ETS also provides cutting edge services in the area of cloud and data center optimization services. ETS cloud services are offered on multiple platforms including Salesforce.com and VMWare vFabric. Some of the new services launched by the ETS group include Mainframe Managed Tools as a Service (MFMTaaS), modernization, zCloud implementation and legacy re-hosting (application lift and shift) services.

ETS services are backed by a rich set of IPs, frameworks and accelerators, domain solutions, robust methodologies, niche skills and strong infrastructure and BPO capabilities that put ETS in a unique position to offer guaranteed benefits of transformation to its customers. Some of the IPs, frameworks and propositions that the group launched in 2010-2011 include: PathFINDER (a library of prebuilt business processes), Strategic Cost, Operations & Process Excellence (SCOPE), Cloud Readiness Assessment (covering adoption, governance, security and existing IT assets utilization for monetization of cloud delivery platforms), Integrated Customer Experience (ICE), and Test Factory-in-a-Box (TFIB).

HCLT's ETS group has recently won several accolades from advisors and partners for its propositions, services, frameworks and methodologies, technical depth, innovation and process delivery.

ETS is now a key focus area that will enable HCLT to drive value across varied customer engagements. Over the last year, in conjunction with the EAS division, the ETS group has won several global, transformational, and high value deals.

SNAPSHOT

- Specializes in highly flexible and tailored transformation programs at organization, department, business aligned IT, technology platform, IT or process levels
- Offerings: Middleware & SOA, Analytics & Business Intelligence, Enterprise Content Management & Portals, Independent Verification & Validation, and Business & Technology Consulting Services
- Cutting edge services: cloud and data center optimization
- New services launched: Mainframe Managed Tools as a Service (MFMTaaS), modernization, zCloud implementation, and Legacy re-hosting (application lift & shift) services
- Methodologies compliant with industry standard frameworks - ITIL, Six Sigma and CMM-I
- IPs, frameworks and propositions launched in 2010-2011: PathFINDER, Strategic Cost, Operations & Process Excellence (SCOPE), Cloud Readiness Assessment, Integrated Customer Experience (ICE), and Test Factory-in-a-Box (TFIB)
- Bagged several global, transformational and high value deals in conjunction with HCLT's EAS division

Infrastructure Services Division (ISD)

HCLT's Infrastructure Services Division is the fastest growing business line and contributes to over 23.3% of HCL Technologies' total revenues. Also known as HCL ISD, the division manages mission-critical environments for over 20% of Fortune 100 organizations. The company's fast growth has prompted several bestselling authors to include the HCL ISD case study in their books.

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. HCL ISD's vertical reach spans major industries including Automotive, Energy (Oil & Gas) and Utilities, Financial Services, Hi-Tech, Insurance, Manufacturing, Retail, Travel, Tourism & Logistics, Banking, Life Sciences, Healthcare & Pharmaceuticals, Telecom & Media, and Publishing & Entertainment. Over 15,000 employees provide infrastructure management services to customers through a robust delivery network of 20 service centers across the globe. Its scale of infrastructure operations involves the centralized management of globally distributed assets of over 3 million devices; resolving over 10 million helpdesk calls while supporting over 1 million business users' needs.

This group has received its share of accolades:

- *Information Week* conferred 6 HCL ISD customers with the ValueHonors™ Award - the industry's first ever award that recognizes companies for creating value and transforming business in their global IT infrastructure outsourcing engagements. [More than 100 Fortune 1000 and Global 2000 companies participated from across the globe in the award's year of inception - 2010 to 2011].
- In his latest publication, *The Clouds Roll in,* renowned author Nicholas G. Carr, [author of bestseller, *The Big Switch: Rewiring the World, From Edison to Google*], appreciates the HCL MyCloud Platform by referring to it as crucial for end users and central to competition amongst the suppliers of technology [2010 to 2011].
- HP recognizes HCL Technologies as the "AllianceONE Partner of the Year" in the "*HP Cloud Computing Service Provider of the Year*" category [2010-2011].
- *Gartner Magic Quadrant, North America, 2011* features HCL ISD in the Leaders Quadrant for Help Desk Outsourcing.
- *The Forrester Wave™: Global IT Infrastructure Outsourcing, Q1 2011* cites HCL ISD as a leader with the strongest current market strategy.
- Datamonitor's Brown & Wilson Group survey ranks HCL ISD as No. 1 in Remote Infrastructure Management Outsourcing [RIMO] and Tier 1 in Infrastructure Outsourcing Categories [2009 - 2010].

SNAPSHOT

- Fastest growing business line constituting 23.3% of HCLT's revenues
- Manages mission-critical environments for over 20% of Fortune 100 organizations
- Offerings: End User Computing, Data Center & Mainframe Services, Integrated Operations Management, Cross Functional Services, Security & Network, and Cloud Computing Services
- Industries served: Automotive, Energy (Oil & Gas) and Utilities, Financial Services, Hi-tech, Insurance, Manufacturing, Retail, Travel, Tourism & Logistics, Banking, Life Sciences, Healthcare & Pharmaceuticals, Telecom & Media, Publishing & Entertainment
- Scale of operations: centralized management of globally distributed assets of over 3 million devices; resolving over 10 million helpdesk calls while supporting over 1 million business users' needs
- Numerous recognitions and awards

Business Process Outsourcing (BPO)

HCL Technologies established its BPO Division in 2001. In doing so, HCLT pioneered third party BPO operations in India, in addition to the Integrated Global Delivery Model and the Platform Business Model. With 10,500 employees across 25 global, integrated delivery centers, this division provides over 200 domain specific and quality driven processes to several Fortune 500/Fortune Global 500 customers. HCLT offers 24x7 multi-channel, multi-lingual support in 8 European languages and delivers the entire gamut of business services with deep industry, micro-industry and process knowledge. Industry specific solutions include Banking & Financial Services, Insurance, Healthcare, Media, Publishing & Entertainment, Telecom, Retail, Utilities & Public Services, and Hi-Tech & Manufacturing. HCLT's cross industry horizontal solutions include Finance & Accounting, Human Resource, Customer Relationship Management, Knowledge Process, Technical Support Services and Supply Chain Management.

This group pursues a new and revolutionary form of BPO called 'Transformational BPO', which constitutes Full Process and Multiple Process outsourcing. HCLT is

SNAPSHOT

- 'Transformational BPO' - Full Process and Multiple Process outsourcing
- 10,500 employees providing over 200 domain specific and quality driven processes for Fortune 500/Fortune Global 500 customers
- 24x7 multi-channel, multi-lingual support in 8 European languages
- Industries served: Banking & Financial Services, Insurance, Healthcare, Media, Publishing & Entertainment, Telecom, Retail, Utilities & Public Services, Hi-tech & Manufacturing

considered the next generation BPO as it constantly invests in best-in-class enablers across delivery, innovation and governance. These enablers include:

- Transformation through innovation and improvement-led solutions
- Vertically aligned strategy with horizontal centers of excellence
- End-to-end service offerings bringing technology, people and processes together
- Flexible business models and value based pricing
- A collaborative, business partnership approach
- Delivery through Integrated Global Delivery Centers
- Delivery through the “Employees First Customers Second” (EFCS) platform

The group follows industry best practices and metrics-based quality norms for all its processes. This is supported by robust technology infrastructure, skilled human resources, customized training programs and transition frameworks.

HCL Business Services is the first BPO Company in the world to be appraised at Maturity Level 5 of People CMM. With stringent internal metrics and audit systems, its quality certifications include CCA Global Standard, COPC 2000 (CSP Release 4.1), ISO 9001:2000, OHSAS 18001:2007 and ISO 14001:2004; Security Systems certification - ISO 27001:2005, ISO 20000:2005 and audit certification in SAS 70 Type II. HCL Business Services is the first Indian and the third company in the world to be Customer Operations Performance Center Inc (COPC) certified in the specialized area of collections.

With a decade of industry experience, this division is the winner of several industry awards and recognitions. HCLT ranks among the Top 10 ITeS-BPO companies in India (NASSCOM & Gartner), and is the largest BPO service provider in Northern Ireland. UK Trade and Investment (UKTI) published an exclusive case study on HCL Business Services' engagements in the UK, showcasing the company as an ideal investment of choice. HCLT was ranked second by Purdue Benchmark in the *Global Peer Group of BPO Service Providers.*

And the global accolades continue:

- Ranked in the ‘Leaders’ category of the 2011 Global Outsourcing 100 - International Association of Outsourcing Professionals (IAOP)
- Won the prestigious QCI-DL Shah National Award 2011 on Economics of Quality - the *‘National Best of All Awards’*
- Was conferred the *‘Operational Excellence and Quality’* award at the BPO Excellence Awards 2010-11 hosted by the Stars of the Industry Group
- Won the 2010 *‘Outsourcing Service Provider of the Year’* award - National Outsourcing Association
- Won the Gold Medal for *‘Best Outsourced Contact Centre in APAC’* (Large) and Two Silver Medals for *‘Best in Customer Service’* for APAC & EMEA respectively, at the Contact Center World’s 2010 Top Ranking Performers Conference
- Recognized as an *‘Emerging player in multi-process HRO’* - Everest, 2010
- Recognized as an established provider offering multi-domain ‘Source to Pay’ - End-to-end sourcing, procurement and accounts payable BPO services - Gartner, 2010

- Horizontal solutions: Finance & Accounting, Human Resource, Customer Relationship Management, Knowledge Process, Technical Support Services, Supply Chain Management
- First BPO Company in the world appraised at Maturity Level 5 of People CMM
- First Indian and third company in the world to be COPC certified in the specialized area of collections
- Among the Top 10 ITeS-BPO companies in India and the largest BPO service provider in Northern Ireland
- Quality certifications: CCA Global Standard, COPC 2000 (CSP Release 4.1), ISO 9001:2000, OHSAS 18001:2007 and ISO 14001:2004; Security Systems certification - ISO 27001:2005, ISO 20000:2005 audit certification in SAS 70 Type II

Risks and Concerns

Competition Related Risks

New competitors are emerging from adjacent markets and distant geographies. The Company faces competition not only from the India based IT services providers but increasingly from the multinational IT vendors.

HCLT Strategy

HCLT's differentiation strategy incorporating its unique business approach has led to its emerging as a "Thought Leader" in the rapidly dynamic IT industry. HCLT's differentiation strategy is four fold which includes Employee First initiative, Value centricity and Trust, Transparency and Flexibility.

Employee Related Risks - Managing Talent

Global economy is recovering from the bottoms of one of the deepest recession era which means more and more opportunities are available to the skilled manpower. However, due to cost cutting measures already in places, organizations are finding it difficult to increase the monetary incentives. Due to manpower intensive business model, IT service organizations are heavily impacted by this. In India, there is uptick in attrition in companies operating in IT vertical. Consequently, attrition for HCLT has also increased from 15.7% in June 2010 to 16.5% in June 2011.

HCLT Strategy

HCLTs continues with its "Employee First" initiative which has now entered in its sixth year of successful implementation. The focus on employees as key resources has led to introduction of several employee friendly policies. Success of this program continues to be hailed globally as it won various accolades. HCLT has been ranked the No. 1 Employer in India and Best Employer in Asia by Hewitt 2009 Study and was also voted as the Most Innovative Company in the world for its workforce practices and won the Optimas award instituted by Workforce Management in US. In addition, HCLT was declared Leaders in the category Human Capital Development and ranked 3rd amongst the 100 best global IT service provider companies that made it to the Global Services 100 list 2009. In Europe, HCLT was named as one of Britain's Top Employers 2009 for the third successive year by CRF International, an independent business research organisation.

HCLT Great Britain has been awarded the Payroll Giving Award (Bronze) towards fostering a culture of philanthropy at the workplace. This award is a symbol of excellence and is awarded to employers who have succeeded in generating sustainable income sources for UK charities through payroll.

HCLT has been taking adequate steps to improve and augment the supply of experienced manpower. It has partnered with select local engineering colleges/institutes and imparts quality and contemporary technical education.

HCLT continues to make investment in Employee Development initiatives through Up-gradation of skills, re-skilling and leadership development. These programs have not only helped in ensuring that there is no skill mismatch and building high motivation levels of employees through skill enhancement.

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 the wide range of technology options to clients to choose from, for their needs.

HCLT's Chief Delivery Officer (CDO) Organization has dedicated groups which provide services to various delivery teams on process, tools and technical training. Quality group drives continuous process improvement aligning with mature and evolving international process standards and certifications. The Tools group identifies appropriate tools, develops new tools and supports the tools deployed. TechCEED group focuses on Technical Competency Enhancement to continually upgrade the technical competency of delivery teams. The CDO groups work closely with Technology Research Council (TRC) of respective Vertical 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.

Exchange Rate Risks

Global financial position continues to remain volatile with wide swings in both the directions in currencies impacting the IT industry. This trend is expected to continue in near to 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 & 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 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.

Physical Security

Increased risk to human life and assets due to frequent incidents of terror assault remains 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.

Compliance with regulatory requirements

As HCLT is operating in no. of developing countries along with new destinations added in Africa, Latin America, China etc., therefore there is an increased risk of non-compliance to local regulatory requirements. This risk in terms of ensuring total compliance with regulatory framework increases with increase in global reach and operations.

HCLT Strategy

HCLT has put in place a comprehensive Regulatory Compliance framework in place to manage the regulatory compliance related issues. Detailed checklists are available with respective process owners to ensure compliance with legal requirements. Besides Specialized legal function helps in creating awareness around the regulatory framework and focuses on various local compliance related aspects being faced by business entities in respective countries.

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 in place 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.

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 ensures that:

- Adequate processes, systems, internal controls are implemented and these controls are commensurate with the size and operations of the company.
- Transactions are executed in accordance with policies and authorization.
- Resources have been deployed as per the business plan, policies and authorization.

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 comprising of 4 independent directors, which is a sub-committee of the board, 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 their approval.

DISCUSSION ON FINANCIAL PERFORMANCE

The financial performance of the Company as per Indian GAAP is discussed hereunder in two parts:

1. HCL Technologies Limited (Consolidated) which includes the performance of its subsidiaries and joint ventures.
2. HCL Technologies Limited (Standalone) which excludes the performance of its subsidiaries and joint ventures.

The Financial Statements have been prepared in compliance with the requirements of Companies Act 1956, and Indian Generally Accepted Accounting Practices (GAAP).

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 2011.

RESULTS OF OPERATIONS (CONSOLIDATED)

(₹ in Crores)

Particulars	For the Year Ended June 30, 2011		For the Year Ended June 30, 2010		Growth
	Amount	% Revenue	Amount	% Revenue	% Increase
Revenue	15,730.4	100.0%	12,136.3	100.0%	29.6%
Total Revenues	**15,730.4**	**100.0%**	**12,136.3**	**100.0%**	**29.6%**
Cost of Goods Sold	522.1	3.3%	443.6	3.7%	17.7%
Personnel Expenses	8,589.6	54.6%	6,253.7	51.5%	37.4%
Operating and other expenses	4,163.2	26.5%	3,498.5	28.8%	19.0%
Depreciation	459.7	2.9%	418.1	3.4%	9.9%
Total Expenditure	**13,734.6**	**87.3%**	**10,613.9**	**87.5%**	**29.4%**
Profit before Interest, Other Income & Tax	**1,995.8**	**12.7%**	**1,522.4**	**12.5%**	**31.1%**
Interest	160.4	1.0%	204.1	1.7%	-21.4%
Other Income	299.7	1.9%	154.1	1.3%	94.4%
Profit before Tax	**2,135.1**	**13.6%**	**1,472.4**	**12.1%**	**45.0%**
Provision for tax	488.5	3.1%	213.4	1.8%	128.9%
Minority Interest	(0.1)	0.0%	0.2	0.0%	-160.0%
Profit after tax	**1,646.5**	**10.5%**	**1,259.2**	**10.4%**	**30.8%**

Fiscal Year 2011 compared with 2010

Revenues:-

Revenues during fiscal 2011 have grown by 29.6% compared to fiscal 2010.

The Company derives its revenue from three segments viz Software, Infrastructure services and Business Process Outsourcing services. Among the three segments, revenues from software services have registered highest growth of 33.2%.

Segment wise details are given below:

(₹ in Crores)

Particulars	For the Year Ended June 30, 2011		For the Year Ended June 30, 2010		Growth
	Amount	% Revenue	Amount	% Revenue	% Increase
Software Services	11,227.9	71.4%	8,427.6	69.4%	**33.2%**
Infrastructure Services	3,626.6	23.1%	2,757.8	22.7%	**31.5%**
Business Process Outsourcing Services	875.9	5.6%	950.9	7.8%	**-7.9%**
Total Revenue	**15,730.4**		**12,136.3**		**29.6%**

The Segmentation of software services income by delivery location is as follows:-

Particulars	For the Year Ended June 30, 2011	For the Year Ended June 30, 2010
Onsite	57.8%	58.7%
Offshore	42.2%	41.3%

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

Particulars	For the Year Ended June 30, 2011	For the Year Ended June 30, 2010
Fixed Price	41.8%	40.3%
Time and Material	58.2%	59.7%

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	For the Year Ended June 30, 2011		For the Year Ended June 30, 2010		Growth
	Amount	% Total	Amount	% Total	% Increase
US	8,654.2	55.0%	6,852.2	56.5%	**26.3%**
Europe	4,250.7	27.0%	3,430.5	28.3%	**23.9%**
India	742.4	4.7%	660.7	5.4%	**12.4%**
Rest of the World	2,083.1	13.2%	1,192.8	9.8%	**74.6%**
Total Service Revenue	**15,730.4**	**100.0%**	**12,136.3**	**100.0%**	**29.6%**

Revenues from US geography have grown by 26.3% and Europe has grown by 23.9%.

Personnel Expenses:-

(₹ in Crores)

Particulars	For the Year Ended June 30, 2011		For the Year Ended June 30, 2010		Growth
	Amount	% Revenue	Amount	% Revenue	% Increase
Salaries, Wages and bonus	7,467.1	47.5%	5,572.6	45.9%	**34.0%**
Contribution to provident and other employee bebefit	930.8	5.9%	593.8	4.9%	**56.8%**
Staff welfare expenses	58.5	0.4%	37.4	0.3%	**56.3%**
Employee stock compensation expense	133.2	0.8%	49.8	0.4%	**167.3%**
Total	**8.589.6**	**54.6%**	**6,253.7**	**51.5%**	**37.4%**

Personnel costs have increased to ₹ 8,589.6 crores in 2011 from ₹ 6,253.7 crores in 2010, an increase of 37.4%. The increase is primarily on account of - (a) Increase in number of employees during the year from total of 64,366 at the end of fiscal 2010 to 77,046 at the end of fiscal 2011 and (b) increase in average cost per employee. Personnel costs as a percentage of revenues have increased from 51.5% in 2010 to 54.6% in fiscal 2011.

In respect of Software services division, total software professional persons- months increased to 520,676 from 381,453 person- months during previous year. Of this billed person-months are 399,053 for the fiscal year as compared to 305,662 person months for the previous year. The non billable and trainee person months are 121,623 during the fiscal 2011 compared to 75,791 during fiscal 2010.

The utilization of billable software persons are as follows:-

Particulars	For the Year Ended June 30, 2011	For the Year Ended June 30, 2010
Offshore - including trainees	71.2%	75.3%
Offshore - excluding trainees	75.4%	77.9%

Operating and other expenses:-

(₹ in Crores)

Particulars	For the Year Ended June 30, 2011		For the Year Ended June 30, 2010		Growth
	Amount	% Revenue	Amount	% Revenue	% Increase
Rent	239.0	1.5%	249.7	2.8%	**-4.3%**
Power & Fuel	158.7	1.0%	118.1	1.3%	**34.4%**
Travel and conveyance	1,094.5	7.0%	948.4	8.6%	**15.4%**
Outsourcing Cost	1,565.7	10.0%	1,150.2	8.6%	**36.1%**
Communication costs	185.6	1.2%	145.8	1.4%	**27.3%**
Recruitment Training & Development	124.5	0.8%	66.4	1.0%	**87.4%**
Exchange differences	11.5	0.1%	-	3.8%	
Others	783.6	5.0%	819.9	8.4%	**-4.4%**
Total	**4,163.2**		**3,498.5**		**19.0%**

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 Division. (b) hiring of third party consultants from time to time to supplement the in house teams in Software Division. These costs increased to ₹ 1565.7 crores in fiscal 2011 from ₹ 1150.2 crores in fiscal 2010.

The Company derives over 90% of its revenues in foreign currencies while over 40% 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 ₹ 11.5 crores against gain of ₹ 4.2 crores (included in other income) during the fiscal 2010 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, 2011	45.15	72.08	62.36	45.41
For the Year Ended June 30, 2010	46.60	73.53	64.58	41.08
Depreciation/(appreciation) (%)	-3.1%	-2.0%	-3.4%	10.5%

Period Ended Rate	USD	GBP	EURO	AUD
As at June 30, 2011	45.06	71.58	64.64	47.89
As at June 30, 2010	46.44	69.73	57.03	39.57
Depreciation/(appreciation) (%)	-3.0%	2.7%	13.4%	21.0%

Profit before Interest, Other Income & Tax

The Company's Operating profit has increased to ₹ 1,995.8 crores in fiscal 2011 from ₹ 1522.4 crores in 2010, increase of 31.1%.

Other Income

The details of Other Income are as follows:-

(₹ in Crores)

Particulars	For the Year Ended June 30, 2011	For the Year Ended June 30, 2010
Interest Income	135.9	98.8
Dividend Income	25.8	27.7
Gain on sale of investment	3.9	5.6
Settlement of pre-acquisition claims	102.0	-
Others	32.0	22.1
Total	**299.7**	**154.1**

Taxation:-

The provision for taxation includes tax liabilities in India and any tax liabilities arising overseas. The net tax expense for fiscal 2011 stands at ₹ 488.5 crores as compared to ₹ 213.4 crores in fiscal 2010. Profits from the Group's operations in India attributable to the export operations from units situated in Software Technology Parks ("STP") are exempt from income tax for a period of any ten consecutive years (tax holiday period) beginning from the financial year of the unit commencing operations. The tax holiday on all of the units was scheduled to expire in stages by March 2010. However, the Finance Act, 2009 extended the availability of the tax holiday for one more year such that the tax holiday will now be available until the earlier of March 2011 or ten years after the commencement of a tax holiday for an individual unit. Accordingly, tax holiday period for all STP units has expired during the current year or earlier periods. In respect of units situated in Special Economic Zones (SEZs), under the Special Economic Zone Act, 2005, units in designated special economic zones which begin providing services on or after April 1, 2005 will be eligible for a deduction of 100 percent of profits or gains derived from the export of services for the first five years from commencement of provision of services and 50 percent of such profits and gains for a further five years. Certain tax benefits are also available for a further five years subject to the unit meeting defined conditions.

Effective April 2007, the Finance Act 2007 has introduced Minimum Alternate Tax (MAT) on the exempt income attributable to export operations of units situated in STPs. Effective April, 2011, Finance Act , 2011 has extended MAT on export operation of units situated in Special Economic Zones (SEZ). Any MAT paid for a year is available for set-off against tax liability for ten subsequent years. Accordingly, the Company has recognized MAT credit amounting to ₹ 267.99 and ₹ 196.04 as at June 30, 2011 and June 30, 2010 respectively.

Acquisitions / sale during the year:-

a) Citibank International Plc.

In January 2011, the Company through its subsidiary, acquired certain software assets and employees of Citi Securities and Fund Services for a total cash consideration of ₹ 59.08 crores and deferred consideration of ₹ 54.32 crores payable after one year from the date of acquisition. The transaction has been accounted by following the purchase method and resulted in goodwill aggregating to ₹ 100.76 crores and intangibles of ₹ 9.22 crores.

b) Telecom Expense Management Services

The Company 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 ($0.41 Mn) in other income during the year ended June 30, 2011.

FINANCIAL POSITION

Share capital:-

(₹ in Crores)

Particulars	2011	2010
Authorized Share Capital	**150.0**	**150.0**
Issued Subscribed & paid Up	137.7	135.8

Authorized Share Capital consists of 750,000,000 equity shares of ₹ 2 each. During the year, employees exercised 2,068,644, 2,909,132 and 4,926,236 equity shares under the employees stock options plan 1999, 2000 & 2004 respectively. Consequently issued subscribed and paid capital increased by 9,904,712 equity shares and share capital increased by ₹ 1.9 crores.

Borrowings:-

Company has outstanding borrowings of ₹ 2,187.3 crores as of June 30 2011 primarily consisting of the following:-

- Secured redeemable non convertible debentures of ₹ 10 lacs each issued for ₹ 1,000 crores redeemable in trenches of 2, 3 & 5 years from the date of issue and have an interest cost ranging between 7.55% to 8.80%.
- Secured long term foreign currency loan of ₹ 1,020.7 crores (USD Equivalent 228.4 mn) from banks repayable in seven half yearly equal installments starting from Nov 2011 carrying interest ranging from 3% to 4%.

Fixed Assets:-

The Company has made additions of ₹ 919.2 crores during 2011 in the gross block of fixed assets which comprises computers, software, other equipments and investment in facilities. Additions include ₹ 109.9 crores being goodwill and intangible acquired on consummation of acquisition during the year. Gross block of fixed assets as at the end of fiscal 2011 stood at ₹ 7,829.8 crores and capital work in progress (including capital advances) stood at ₹ 609.4 crores.

The Company is in the process of developing facilities in its campuses at NOIDA, Chennai, Bangalore and Manesar. These campuses are spread over a combined area of 121 acres. 16,000 seats have already become operational at these campuses and 13,000 seats are under development at these campuses. All these campuses excluding Manesar are approved SEZ locations. Expenditure incurred till end of fiscal 2011 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	2011	2010
Debt Mutual Funds	642.6	782.1
Bonds	94.9	50.0
Fixed Deposits with Banks	1,195.4	1,099.2
Inter corporate deposits with HDFC Ltd.	50.0	100.0
Total	**1,982.9**	**2,031.3**

CASH FLOWS

Cash Flows from Operating Activities:-

Cash generated from operations provides the major source of funds for the growth of the business. Net cash provided by operating activities was ₹ 1,762.9 crores and ₹ 1,791.2 crores in fiscal 2011 and 2010 respectively.

Cash Flows from Investing Activities:-

In fiscal 2011, an amount of ₹ 785.1 crores was invested in fixed assets. ₹ 60.5 crores were used for payment for business acquisitions.

Cash Flows from Financing Activities:-

Cash flow from financing activities in the year under review had an outflow of ₹ 1,054.3 crores against outflow of ₹ 727.8 crores in 2010. These include payment of final and interim dividend (including corporate dividend tax) amounting to ₹ 517.9 crores and repayment (net) of loan ₹ 485.4 crores during the year.

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 1 which follows should be read in conjunction with the financial statements and related notes relevant to HCLT Limited (Standalone) for the year ended 30 June, 2011.

RESULTS OF OPERATIONS (STANDALONE)

(₹ in Crores)

Particulars	For the Year Ended June 30, 2011		For the Year Ended June 30, 2010		Growth
	Amount	% Revenue	Amount	% Revenue	% Increase
Revenue	6,794.5	100.0%	5,078.8	100.0%	33.8%
Total Revenue	**6,794.5**	**100.0%**	**5,078.8**	**100.0%**	**33.8%**
Cost of Goods Sold	165.3	2.4%	85.5	1.7%	93.4%
Personnel Expenses	3,259.1	48.0%	2,187.7	43.1%	49.0%
Operating and other expenses	1,853.7	27.3%	1,449.2	28.5%	27.9%
Depreciation	291.4	4.3%	274.0	5.4%	6.3%
Total Expenditure	**5,569.5**	**82.0%**	**3,996.4**	**78.7%**	**39.4%**
Profit before Interest, Other Income & Tax	**1,225.0**	**18.0%**	**1,082.4**	**21.3%**	**13.2%**
Interest	101.4	1.5%	101.4	2.0%	0.0%
Other Income	166.3	2.4%	171.8	3.4%	-3.2%
Profit before Tax	**1,289.9**	**19.0%**	**1,152.8**	**22.7%**	**11.9%**
Provision for tax	91.6	1.3%	96.2	1.9%	-4.8%
Profit after tax	**1,198.3**	**17.6%**	**1,056.6**	**20.8%**	**13.4%**

FISCAL 2011 COMPARED TO FISCAL 2010

Revenues:-

Revenue during the fiscal 2011 has grown by 33.8% as compared to fiscal 2010.

The Company derives its revenue from three segments viz Software, Infrastructure and Business Process Outsourcing services. Among the three segments, revenues from Infra services have registered highest growth rate of 53.3%.

Segment wise details are given below:

(₹ in Crores)

Particulars	For the Year Ended June 30, 2011		For the Year Ended June 30, 2010		Growth
	Amount	% Revenue	Amount	% Revenue	% Increase
Software Services	5,424.4	79.8%	4,084.3	80.4%	**32.8%**
Infrastructure Services	946.4	13.9%	617.3	12.2%	**53.3%**
Business Process Outsourcing Services	423.7	6.2%	377.2	7.4%	**12.3%**
Total Service Revenue	**6,794.5**		**5,078.8**		**33.8%**

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	For the Year Ended June 30, 2011		For the Year Ended June 30, 2010		Growth
	Amount	% Total	Amount	% Total	% Increase
US	4,474.3	65.9%	3,376.7	66.5%	**32.5%**
Europe	1,551.3	22.8%	1,205.8	23.7%	**28.7%**
India	309.3	4.6%	185.2	3.6%	**67.0%**
Rest of the World	459.5	6.8%	311.1	6.1%	**47.7%**
Total Service Revenue	**6,794.5**		**5,078.8**		**33.8%**

Revenues from US geography have grown by 32.5% and Europe has grown by 28.7% .

Personnel Expenses:-

(₹ in Crores)

Particulars	For the Year Ended June 30, 2011		For the Year Ended June 30, 2010		Growth
	Amount	% Revenue	Amount	% Revenue	% Increase
Salaries, wages and bonus	2,990.4	44.0%	2,044.0	40.2%	**46.3%**
Contribution to provident and other funds	104.7	1.5%	74.4	1.5%	**40.7%**
Staff welfare expenses	30.8	0.5%	19.5	0.4%	**58.4%**
Employee stock compensation expense	133.2	2.0%	49.8	1.0%	**167.3%**
Total	**3,259.1**	**48.0%**	**2,187.7**	**43.1%**	**49.0%**

Personnel costs have increased to ₹ 3,259.1 crores in 2011 from ₹ 2,187.7 crores in 2010, an increase of 49.0% in personnel costs have been driven primarily by an increase in number of employees during the year from total of 47,071 at the end of fiscal 2010 to 63,629 at the end of fiscal 2011 and increase in average cost per employee.

Personnel costs as a percentage of revenues have increased from 43.1% in 2010 to 48.0% in fiscal 2011.

Operating and other expenses:-

(₹ in Crores)

Particulars	For the Year Ended June 30, 2011		For the Year Ended June 30, 2010		Growth
	Amount	% Revenue	Amount	% Revenue	% Increase
Rent	132.3	1.9%	158.6	3.1%	**-16.6%**
Power & Fuel	126.9	1.9%	86.9	1.7%	**46.0%**
Travel and conveyance	677.5	10.0%	524.3	10.3%	**29.2%**
Communication costs	63.7	0.9%	44.2	0.9%	**44.0%**
Recruitment Training & Development	56.3	0.8%	18.7	0.4%	**201.9%**
Exchange differences	74.9	1.1%	47.8	0.9%	**56.9%**
Outsourcing Costs	331.7	4.9%	269.3	5.3%	**23.2%**
Others	390.4	5.7%	299.5	5.9%	**30.3%**
Total	**1,853.7**		**1,449.2**		**27.9%**

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 loss of ₹ 74.9 crores compared to loss of ₹ 47.8 crores in previous fiscal. These exchange losses 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 ₹ 1,225.0 crores in fiscal 2011 from ₹ 1,082.4 crores in 2010, increase of 13.2%.

Taxation:-

The net tax expense for 2011 was ₹ 91.6 crores compared to ₹ 96.2 crores in 2010.

FINANCIAL POSITION

Borrowings:-

Company has outstanding borrowings of ₹ 1,030.2 crores as of June 30 2011 primarily consisting of the following:-

- Secured redeemable non convertible debentures of ₹ 10 lacs each issued for ₹ 1000 Crores redeemable in trenches of 2, 3 & 5 years and have an interest cost varying between 7.55% to 8.80%.

Fixed Assets:-

The Company has made additions of ₹ 647.7 crores during 2011 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 2011 stood at ₹ 2,880.6 crores and capital work in progress (including capital advances) stood at ₹ 568.7 crores.

The Company is in the process of developing facilities in its campuses at NOIDA, Chennai, Bangalore and Manesar. These campuses are spread over a combined area of 121 acres. 16,000 seats have already become operational at these campuses and 13,000 seats are under development at these campuses. All the campuses excluding Manesar are approved SEZ locations. Expenditure incurred till end of fiscal 2011 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	2011	2010
Debt Mutual Funds	412.6	748.2
Bonds	94.9	50.0
Fixed Deposits with Banks	896.0	924.6
Inter corporate deposits with HDFC Ltd.	50.0	100.0
Total	**1,453.6**	**1,822.8**

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 ₹ 1519.4 crores and ₹ 739.3 crores in fiscal 2011 and 2010 respectively.

Cash Flows from Investing Activities:-

In fiscal 2011, an amount of ₹ 698.1 crores was invested in fixed assets.

Cash Flows from Financing Activities:-

Cash flow from financing activities in the year under review has an outflow of ₹ 882.6 crores against inflow of ₹ 583.4 crores in 2010. These include payment of final and interim dividend (including corporate dividend tax) amounting to ₹ 517.9 crores and repayment (net) of loan ₹ 348.9 crores during the year.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting this Nineteenth Annual Report together with the Audited Accounts for the year ended June 30, 2011.

FINANCIAL RESULTS

The highlights of the consolidated financial results of your Company and its subsidiaries prepared under Indian GAAP are as follows:

(₹ in crores)

	Year ended June 30, 2011	Year ended June 30, 2010
Income		
Revenues	15,730.43	12,136.29
Other income	299.65	154.12
	16030.08	**12,290.41**
Expenditure		
Cost of goods sold	522.13	443.55
Personnel Expenses	8,589.60	6,253.70
Operating and other expenses	4,163.18	3,498.48
Finance costs	160.37	204.14
Depreciation and amortization	459.69	418.11
	13894.97	**10,817.98**
Profit before tax and minority interests	**2,135.11**	**1,472.43**
Provision for tax	(488.48)	(213.43)
Profit before minority interests	**1,646.63**	**1259.00**
Share of minority shareholders	(0.12)	0.19
Net Profit	**1,646.51**	**1,259.19**

The highlights of financial results of your Company as a stand-alone entity prepared under Indian GAAP are as follows:

(₹ in crores)

	Year ended June 30, 2011	Year ended June 30, 2010
Income		
Revenues	6,794.48	5,078.76
Other income	166.27	171.77
	6,960.75	**5,250.53**
Expenditure		
Cost of goods sold	165.31	85.47
Personnel Expenses	3,259.09	2,187.66
Operating and other expenses	1,853.71	1,449.19
Finance Charges	101.39	101.36
Depreciation and amortization	291.37	274.03
	5,670.87	**4,097.71**
Profit before tax	**1,289.88**	**1,152.82**
Provision for tax	(91.60)	(96.24)
Profit after tax	**1,198.28**	**1,056.58**
Balance in Profit and Loss Account brought forward	2,260.95	1,920.97
Loss acquired under the scheme of amalgamation	(9.81)	-
Amount available for appropriation	**3,449.42**	**2,977.55**
Appropriations		
Proposed final dividend [including ₹ 0.35 crores (previous year ₹ 0.29 crores) paid for previous year]	138.09	68.16
Corporate dividend tax on proposed final dividend [including ₹ 0.06 crores (previous year ₹ 0.05 crores) paid for previous year]	22.40	11.32
Interim dividend	376.40	202.33
Corporate dividend tax on interim dividend	61.99	34.13
Transfer to general reserve	119.83	105.66
Transfer to debenture redemption reserve	295.00	295.00
Balance carried forward to the balance sheet	**2,435.71**	**2,260.95**
Total	**3,449.42**	**2,977.55**

TRANSFER TO RESERVES

Your Company has transferred ₹ 119.83 crores to the General Reserve Account and ₹ 295 crores to the Debenture Redemption Reserve Account for the year ended June 30, 2011. An amount of ₹ 2,435.71 crores is proposed to be carried forward in the Profit & Loss Account.

OVERVIEW

During the financial year 2010-11, on a standalone basis, your Company's revenues stood at ₹ 6,794.48 crores registering a growth of 33.78% over the previous year and on a consolidated basis, the Company's revenues for the year 2010-11 stood at ₹ 15,730.43 crores registering a growth of 29.61% 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 ₹ 2/- per equity share of par value of ₹ 2/- each for the financial year ended June 30, 2011, 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, 2011	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	₹ 1.50/-	102.34	17.00	119.34
2	2nd Interim Dividend	₹ 2/-	136.91	22.74	159.65
3	3rd Interim Dividend	₹ 2/-	137.15	22.25	159.40

The total amount of dividends (including interim dividends paid) for the year ended June 30, 2011 shall be ₹ 514.49 crores. Dividend distribution tax paid / payable by the Company for the year would amount to ₹ 84.39 crores.

SCHEME OF AMALGAMATION

During the year under review, the Hon'ble High Court of Delhi vide its order dated August 16, 2010 has approved the Scheme of Amalgamation under section 391 to 394 of the Companies Act, 1956 for amalgamation of HCL Technoparks Limited, a wholly owned subsidiary of the Company with the Company. The said Order became effective w.e.f. August 27, 2010 being the date of filing of the said order with the Office of Registrar of Companies, NCT of Delhi & Haryana.

SUBSIDIARIES FORMED DURING THE YEAR

In view of the new business prospects, the Company has incorporated following step down subsidiaries during the year:

Name of the Subsidiary	Country of Incorporation
HCL Technologies France	France
PT HCL Technologies Indonesia	Indonesia
HCL Technologies Philippines, Inc.	Philippines
HCL Arabia LLC	Saudi Arabia
Anzospan Investments Pty. Limited	South Africa
HCL Technologies South Africa (Proprietary) Ltd.	South Africa
Filial Espanola De HCL Technoloiges S.L.	Spain

SUBSIDIARIES- CLOSED DURING THE YEAR

As a rationalization process, your Company has closed down its two steps down subsidiaries viz. Aspire Solutions Sdn. Bhd., a company incorporated in Malaysia and Axon EBT Trustees Limited, a company incorporated in United Kingdom. These subsidiaries were non operative.

SUBSIDIARIES - FINANCIALS

The Company has 58 subsidiaries as on June 30, 2011. 4 subsidiaries of the Company are not required to prepare the financials as on June 30, 2011 as they have been incorporated during the current year and the first financial year of these companies shall close subsequent to June 30, 2011.

The Ministry of Corporate Affairs vide its General Circular No. 2/2011 dated February 8, 2011 has given general exemption 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 for the year ended June 30, 2011.

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, 2011 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, 2011, the Company allotted 99,04,712 equity shares of ₹ 2/- each fully paid up under its Employees Stock Option Plans.

Issued and Paid-up Share Capital

As on June 30, 2011, the issued and paid-up share capital of the Company was ₹ 137,73,77,048/- (previous year: ₹ 135,75,67,624/-) comprising 68,86,88,524 (previous year: 67,87,83,812) 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, 2011, 99.93% shares were held in demat form.

DEBENTURES

During 2009-10, 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 Period
August 25, 2009	170	7.55% p.a.	2 years
August 25, 2009	330	8.20% p.a.	3 years
September 10, 2009	500	8.80% p.a.	5 years

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 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 in place adequate internal control systems commensurate with its size and nature of business. These systems provide a reasonable assurance in respect of providing financial and operational information, compliance with applicable statutes and safeguarding of assets of the Company. These systems ensure that transactions are executed in accordance with specified policies and resources are deployed as per the business plans and policies.

The Company has an in-house internal audit division and the head of internal audit function reports directly to the Audit Committee to ensure independence of this function.

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 2010-11’, 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 provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. T. S. R. Subramanian, Mr. Ajai Chowdhry and Mr. P. C. Sen, shall retire by rotation as Directors of the Company at the ensuing Annual General Meeting of the Company. Mr. T. S. R. Subramanian, Mr. Ajai Chowdhry and Mr. P. C. Sen have expressed their desire not to seek reappointment as the Directors of the Company.

Mr. R. Srinivasan was appointed as an Additional Director of the Company w.e.f. April 19, 2011. Pursuant to the provisions of section 260 of the Companies Act, 1956, Mr. R. Srinivasan 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. R. Srinivasan who is proposed to be appointed as Director 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 2011-12 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.

GROUP

As per the intimation received from the Promoter(s), for the purposes of availing exemption from applicability of the provisions of Regulations 10 to 12 of the Securities Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, pursuant to Regulation 3(1)(e)(i) thereof, persons constituting 'Group' as defined in the Monopolies and Restrictive Trade Practices Act, 1969 include the following:

Name of the Companies/Trust

HCL Holdings Pvt. Ltd.
Guddu Investments (Pondi) Pvt. Ltd.
Vama Sundari Investments (Pondi) Pvt. Ltd.
Shiv Nadar Investments (Pondi) Pvt. Ltd.
SSN Investments (Pondi) Pvt. Ltd.
Shiv Nadar Investments (Chennai) Pvt. Ltd.
Shivkiran Investments (Chennai) Pvt. Ltd.

Vamasundari Investments (Delhi) Pvt. Ltd.
SSN Investments (Delhi) Pvt. Ltd.
Vama Sundari Investments (Chennai) Pvt. Ltd.
SSN Investments (Chennai) Pvt. Ltd.
Guddu Investments (Chennai) Pvt. Ltd.
Slocum Investments (Chennai) Pvt. Ltd.
Kiranroshni Investments (Chennai) Pvt. Ltd.
Slocum Investments (Delhi) Pvt. Ltd
Guddu Investments (Delhi) Pvt. Ltd.
Slocum Investments (Pondi) Pvt. Ltd.
KRN Education Pvt. Ltd.
Slocum Management Consultancy Pvt. Ltd.
SSN Trust
Shiv Nadar Foundation
Vama Sundari Scholarship Trust

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 declared as one of Britain's Top Employers for 2011 for the fifth consecutive year by the Corporate Research Foundation Institute.
- The International Association of Outsourcing Professionals (IAOP) has named HCL a Leader in 2011.
- Global Outsourcing 100 Service Providers List, which is a comprehensive list of the World's best outsourcing service providers.
- HCL has been felicitated with the prestigious QCI-DL Shah National Award 2011 on Economics of Quality for the second consecutive year. The Quality Council of India (QCI) and the DL Shah Trust honored HCL with its most prestigious citation - the 'National Best of All Award'.
- The Company has won three REMMY (the Recruitment Marketing Awards) awards for 2011. These annual awards, presented by the Times Group, recognize and felicitate the creative genius behind the best advertisements in the field of recruitment marketing.

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.

The first sustainability report of the Company for the year ended June 30, 2011 is being hosted on the Company's website. This report reflects the material issues, which have significant economic, environmental and social impacts that can substantially influence the assessments or decisions of our stakeholders. These are classified under the 4 Rs - Responsible Business, Rebalance Workplace, Renew Ecosystem and Repay Society. A brief of the sustainability initiatives taken by the Company during the year are given in the corporate governance section of the annual report.

Talent Transformation and Intrapreneurship Development (T2ID)

T2ID in your Company identifies and recognizes the need to groom and develop employees for developing the future leaders. T2ID has been marked with continuous endeavors to bring all the elements of "Organizational Effectiveness" together. We are dedicatedly focused on building Capability & Culture - the real sustainable pillars for the Company to stand on. Some of the key initiatives taken during the year include:

<u>EPIC (Employee Passion Indicative Count):</u> EPIC is a year long initiative which begins with identifying the Top Passion Drivers of an individual through a self assessment. This year over 40,000 employees participated in EPIC assessment.

<u>HCL Scholar:</u> HCL Scholar is an application which offers an online certification for all employees across the organization. It is a platform to assess an employee on his understanding about the Company, the culture, business lines, industry sectors, Company's history, investors etc. It helps in promoting a culture of continuous learning and capabilities building within the organization and aims to empower the employees to present their organization well in front of the outside world.

<u>TOP GUN - Next generation Leadership development program:</u> This Leadership Program builds the leadership pipeline of the Company by focusing on equipping the next generation of leaders with the Company's identified leadership competencies in order to create World Class Leaders.

<u>HCL- HARVARD Emerging Leaders Program:</u> To groom business leaders and prepare them to drive strategic initiatives in a very dynamic business environment, your Company has launched Emerging Leaders Program which aims to create a capable and distinctive leadership culture. This is a 20-week program with the focus on five critical areas of leadership development.

<u>iLearn:</u> iLearn has been launched to seamless online registration and tracking of instructor led training sessions (technical and domain) and quick online feedback mechanism including collection, compilation and analysis.

EMPLOYEES FIRST, CUSTOMERS SECOND

An ideal work culture in today's competitive environment is the one where employees have a sense of belongings and feel that their ideas/ decisions are respected and cared for. Since its inception, the Company has placed a pronounced emphasis on organizational culture. However, the biggest milestone in the peoples' transformation story began in 2005 by adopting a unique and most innovative peoples' philosophy of Employees First, Customer Second (EFCS). As we believe that employees bring strategic value to an organization and are critical to its success in the global marketplace. We realized that customers buy value from our employees who deliver services to them. So the maximum value is created at the customer-employee interface (we call it the value zone).

The EFCS philosophy is grounded, with a clear focus on developing entrepreneurial mind-set, decentralizing decision making and transferring the ownership of "change" to the employee in the value zone. The employees can meaningfully contribute to the success of the organization and customer delight through their innovation, creativity and commitment to deliver. Employees First, come to life through 4 core values of honesty, transparency, accountability and empowerment. In order to strengthen these values, many initiatives have been introduced, some of them are:

1. **Smart Service Desk** where employees can raise SLA-bound tickets on any internal service provider, and only employees' can close these tickets, if satisfied. This brings a culture of reverse accountability.
2. **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. This gives every manager an opportunity to exhibit complete Trust and Transparency. It also inverts the pyramid and makes the employees a part of the development journey.
3. **EPIC-Employee Passion Indicative Count** is a self assessment tool, facilitating each employee to identify his/her passion drivers so that they can utilize them to enhance their individual productivity and results.
4. **Directions-** A Direction is an annual event where CEO and senior leadership conducts a face-to-face meeting with all the employees to discuss the Company's strategy and direction. This event allows each employee to speak the same language and hence, with the information shared, the employee is empowered to understand how his/her individual contribution is enabling the Company.
5. **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. Discussions take place on an open and transparent platform where the questions, concerns and comments of employees and their responses are visible to everyone.
6. **Value Portal** is a platform where employees working on a particular project can give ideas and suggestions to enhance value delivered to the customer. This platform promotes innovation and intrapreneurship amongst the employees and persuades them to think out of the box, thereby, indulging them in more proactive and lateral thinking.

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 — **SHIV NADAR**
July 27, 2011 — 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) Building Infrastructure:

The Go Green Transformation Initiative launched in 2008 has ensured a transformational effect on our universe's eco footprints. This is a voluntary initiative combined with corporate action, and targets the reduction of Green House Gas (GHG) emissions and carbon foot prints.

Your Company has engaged a consultant for measuring the carbon foot prints consumption and for LEED certification under USGBC LEED: EB: O&M rating system for its campus building. The recommendation is being implemented to achieve the LEED certification status. All buildings under construction are as per green building principles and have been optimized for energy performance and occupant comfort. Your Company has also received a star rating for our energy efficient buildings by the Bureau of Energy Efficiency.

Our Energy Efficiency drive includes:

- Energy efficient lighting - We have installed new generation lightings in all / 100% of owned buildings in India.
- 2 facilities in Noida and one facility in Chennai have received BEE star rating.
- 3 Facilities in Bangalore and 2 facilities in Noida were certified for ISO 14001 and OSHAS 18001.
- On the event of Earth Hour 2011, the Green Warriors (Employee Network) partnered with WWF to raise the awareness among the employees of the Company on environment issues. More than 2500 employees pledged to shut down their lights for one hour across the globe. 90% of India based facilities turned to minimal lighting which resulted in savings up to 1700 units of energy.

(ii) IT Infrastructure:

Your Company has taken various steps to build a Green enterprise internally, as well as developed various frameworks that help its customers to achieve an ideal Green IT state. Over the past couple of years we have reduced our server footprints owing to a massive internal IT optimization and rationalization exercise that dramatically reduced our Datacenter carbon footprint.

The plan is guided by the "GreenEdge" Data center framework. This framework comprises deployment of an integrated approach involving technology, facility and IT management, which can help to reduce the carbon footprint by 20-25%.

(iii) Carbon Footprint measurement

Your Company has formed a Green Council to address the response to Global Warming. The first decision of the council has been to start publishing annual Green House Gas (Carbon) emissions reports, starting from the year 2008-09. 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 Defence, 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, 2011 and 2010 are as follows:

(₹ in crores)

Particulars	June 30, 2011	June 30, 2010
Revenue expenditure	93.16	40.53
Capital expenditure	-	-
Total R&D expenditure	**93.16**	**40.53**
R&D expenditure as a percentage of revenues	**1.37%**	**0.80%**

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 South Africa, France, Spain, Saudi Arabia, Philippines and Indonesia 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, 2011	June 30, 2010
Foreign exchange earnings	**5,056.95**	**4,968.24**
Foreign exchange outgo		
- Expenditure in foreign currency	598.13	688.50
- CIF value of imports	193.06	114.91
- Dividend remitted in foreign currency	78.51	48.58
	869.70	**851.99**

For and on behalf of the Board of Directors

Noida (U.P.), India
July 27, 2011

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, 2011 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 27, 2011

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 Option 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	7,910,172
2	The pricing formula	Market price / internal valuation	Market price	Market price / price determined by Compensation Committee
3	Number of options vested	17,531,472	10,467,938	3,975,355
4	Number of options exercised	13,302,306	6,306,176	3,127,850
5	Total number of shares arising as a result of exercise of options	53,209,224	25,224,704	12,511,400
6	Number of options lapsed	12,552,621	9,956,565	853,647
7	Variation in terms of options	None	None	None
8	Money realized by exercise of options (` crores)	474.26	362.00	8.82
9	**Total number of options in force as on June 30, 2011**	**745,947**	**1,484,659**	**3,928,675**
10	Grant to Senior Management			
	Number of Options	1,967,175	254,904	2,980,800
	Vesting Period	3-7 years	2-7 years	1.20 - 7.96 Years

The diluted earnings per share were ₹ 17.18 and ₹ 15.33 for the fiscal years ended June 30, 2011 and 2010 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.

As on June 30, 2011, an amount of ₹ 6.52 crores is outstanding as loan from the Company and Nil shares of the Company are held by the trust. The Company has made provision of ₹ 6.52 crores against the same.

ANNEXURE – 3 TO THE DIRECTORS' REPORT (Contd.)

Details of Stock Option Plans for the year ended June 30, 2011

Particulars	1999 Plan	2000 Plan	2004 Plan
Total number of options outstanding as on July 1, 2010	**1,522,857**	**2,351,180**	**2,079,112**
Number of options granted during the year	-	-	3,194,000
Pricing formula	Market price / internal valuation	Market price	Market price / price determined by Compensation Committee
Number options vested during the year	-	-	1,352,877
Number of options exercised during the year	517,161	727,283	1,231,734
Total number of shares arising as a result of exercise of options during the year	2,068,644	2,909,132	4,926,936
Number of options lapsed during the year	259,749	139,238	112,703
Variation in terms of options	None	None	None
Money realised by exercise of options during the year (₹ crores) (includes issued through Trust)	40.26	47.67	2.63
Total number of options in force as on June 30, 2011	**745,947**	**1,484,659**	**3,928,675**
Employees granted options equal to 5% or more of the total number of options granted during the year	None	None	1,442,000
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.	418.30
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.	1,309.65
Method and significant assumptions used during the year to estimate the fair values of options			
Method	Black scholes	Black scholes	Black scholes
Significant assumptions			
Risk free interest rate	7.78%	7.78%	7.78%
Expected life	upto 46 months	upto 46 months	upto 46 months
Expected Volatility	40.93%	40.93%	40.93%
Expected Dividend	2.25%	2.25%	2.25%
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, 2011 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, 2011	-
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-Scholes 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.)

Employees Compensation Cost based on fair value of the options

		Year ended 30 June, 2011
		(₹ crores)
Net income, as reported		**1,198.28**
Add: Stock-based employee compensation expense included in reported net income		133.22
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards		128.09
Proforma net income		**1,203.41**
Earnings per share		`
As reported	- Basic	17.53
	- Diluted	17.18
Adjusted proforma	- Basic	17.61
	- Diluted	17.26
Method used to estimate the fair values of options		Black-Scholes Method
Significant assumptions		
Dividend yield %		1.52%
Expected life		upto 46 months
Risk free interest rates		7.78%
Volatility		40.93%

Details of options granted to Senior Managerial Personnel of the Company during the year ended June 30, 2011

Name of Employee	Date of Grant	No. of Options
Anant Gupta	28-Jul-10	32,000
Anil Chanana	28-Jul-10	11,200
Dilip Srivastava	28-Jul-10	8,000
Gade Rao	28-Jul-10	11,200
Premkumar Seshadri	28-Jul-10	16,000
Rahul Singh	28-Jul-10	32,000
Rajiv Sodhi	28-Jul-10	11,200
Sanjeev Nikore	28-Jul-10	16,000
Saurav Adhikari	28-Jul-10	8,000
Sriram Vaitheeswarankovil	28-Jul-10	11,200
Stephen Cardell	28-Jul-10	192,000
Vineet Nayar	19-Oct-10	1,250,000
Virender Agarwal	28-Jul-10	16,000
		1,614,800

Details of options granted to employees amounting to 5% or more of the options granted during the year ended June 30, 2011

Name of Employee	Date of Grant	No. of Options
Stephen Cardell	28-Jul-10	192,000
Vineet Nayar	19-Oct-10	1,250,000

Details of options granted to employees during the year ended June 30, 2011, 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 27, 2011

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 - 2010-11

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	52	Senior Vice President-Taxation	B.Com, C.A.	8,422,305	16.07.2007	27	Samsung Electronics Ltd.	VP - Taxation	Sep, 06
2	Anil Chanana	53	Chief Financial Officer	C.A.	11,603,762	01.10.1998	30	HCL Technologies America Inc.	Executive Vice President	Dec, 85
3	Apparao V V	49	Senior Vice President	B.Tech, M.Tech	8,196,041	10.03.2003	27	Ascend Technologies Ltd.	Director/Center Head	Aug, 96
4	Dilip Srivastava	52	Corporate Vice President	MSW (HR & IR)	6,274,434	07.06.2005	28	Vanguard Solutions Ltd.	Vice President-HR	May,05
5	Gade Rao	53	Senior Corporate Vice President	B.E. - Electronics	6,007,517	01.07.1996	30	HCL Hewlett Packard Ltd.	Senior Manager - R&D	Nov,80
6	Hitesh Jain	40	Vice President	B.E. - Electronics	7,152,660	03.12.2009	15	IBM Malaysia	Leader MBPS - Asean	Mar, 09
7	Premkumar Seshadri	52	Senior Corporate Vice President	MBA	11,263,301	29.08.2003	28	Fugen IT Ltd.	Founder & CEO	May ,98
8	Rahul Singh	48	Corporate Vice President & President-Business Services	MBA - Finance	35,177,783	03.05.2010	25	TCS - Eserve Ltd.	CEO & Managing Director	Apr, 08
9	Rajiv Sodhi	52	Sr.Corporate Vice President & Chief Customer Officer	B.Tech, MBA	7,230,616	24.07.1997	30	Tata Consultancy Services Ltd.	Manager Systems	Aug,81
10	Rajiv Swarup	59	Sr.Corporate Vice President & Head-Ecosystem Business Incu.	MBA	7,737,480	08.03.2000	38	Modicorp Ltd.	Director Bussiness Development	Sep, 99
11	Ramakrishna Venkatraman	59	Sr.Corporate VP & Chief Delivery Officer	M.Tech (Electrical Engineer)	7,062,862	23.07.2003	37	Eximsoft Technologies Pvt. Ltd.	Managing Director	Apr, 97
12	Ramamurthy Vaidyanathan	56	Executive Corporate Vice President & Chief Cost Officer	B.E. - Metallurgy	6,609,080	01.07.1996	33	HCL Hewlett Packard Ltd.	Deputy General Manager - R&D	Jul,81
13	Rangarajan Vijayaraghavan	46	Senior Vice President	MA	6,684,846	22.05.2009	24	Satyam Computer Services Ltd.	Vice President	May, 99
14	Santanu Mukherjee	56	Senior Vice President - Campus Infrastructure	B.Tech	6,425,641	02.04.2008	34	Genpact India	Vice President	June, 06
15	Satish Chandrasekaran	44	Senior Vice President-Head of Retail Delivery	MBA - Business Administration	11,552,443	14.01.2010	23	Target Corp. India Pvt. Ltd.	Vice President	Aug, 07
16	Saurav Adhikari	53	Sr. Corporate Vice President & President-Corp. Strategy	MBA	8,020,723	01.11.2002	31	HCL Infinet Ltd.	President	Jan, 2000
17	Sriram Vaitheeswarankovil	54	Sr.Corporate Vice President & Chief Customer Officer-Finance	MBA - Management	6,747,872	01.10.2001	33	Citicorp Overseas Software Ltd.	Centre Head	Nov, 88
18	Udayakumar Nalinasekaren	51	Executive Vice President	M.E. - Computer Science	6,345,955	02.07.1984	26	Hewlett Packard Ltd.	Group Project Manager	Jul,84
19	Vineet Nayar	49	Vice Chairman, CEO & Whole time Director	MBA	76,043,193	01.08.2008	26	HCL Comnet Systems and Services Ltd.	Chief Executive Officer	Jan.95

B. EMPLOYED FOR PART OF THE FINANCIAL YEAR - 2010-11

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	Ashok Kumar M.	50	Vice President	B.E. - Electronics	2,751,654	17.08.2006	26	HCL Infinet Ltd.	Head & Vice President	Jun, 2000
2	Bhaskar Jyoti Bagchi	42	Senior Vice President	MBA - Finance	5,349,321	01.10.2010	19	CPA Global, India	Country Head, India	Jan, 07
3	Deepak Gupta	43	Operations Director	B.Tech - Computer Science	865,332	23.05.2011	19	Convergys India	Director Network Services Ltd.	Mar, 04
4	Harsha Mutt	47	Vice President - Operations	B.Tech (Mech.Engg.), C.A.	1,714,813	07.08.2006	25	Infosys Technologies Ltd.	VP & Head of Delivery, Banking & Capital Markets	Aug, 86
5	Janardanan Ramachandran	47	Senior Vice President	M.Tech - Auronautical Engineering	5,797,609	25.03.2010	25	Birlasoft	CEO	July, 96
6	Kandukuri Venkata Subrahmanyam	43	Senior Vice President	Master of Science (MS)- BITS PILANI	1,967,536	08.04.2011	21	Mphasis	Vice President	Mar, 06
7	Madan Srinivasan	42	Associate Vice President	MBA PM & IR	611,352	02.05.2007	21	Pepsico India Holdings Pvt. Ltd.	Vice President	Aug, 03
8	Naresh Nagarajan	48	Senior Vice President	B.E. (Mechanical), MS - Computers	2,013,727	11.04.2011	22	Self Employed	Founder Chief Consultant	July,09
9	Pramod Gupta	50	Vice President	MBA	1,339,130	26.09.2001	27	Ariba Technologies India	Technical Director	July, 2000
10	Rajgopal S Kishore	47	Vice President-Bi Services	B.Sc. (Mech. Engg.), M.Sc. (Industrial Mgmt.)	2,684,133	09.03.2009	22	HCL America Inc.	Vice President - Bi Services	Mar,09
11	Rajiv Mahajan	51	Sr. Vice President & Director-Infrastructure Project	B.E. (Hons.) Civil & M.Sc. (Hons.) - Economics	5,907,488	22.11.2010	26	Advance India Pvt. Ltd.	President Projects	Jan, 10
12	Ranjit Narasimhan	57	Executive Vice President	MBA	4,842,229	15.04.1999	33	Riviera Confectionery Pvt. Ltd.	Managing Director	Nov, 87
13	Sanjeev Nikore	51	Senior Corporate Vice President	MBA	1,974,883	01.10.2005	29	HCL Comnet Ltd.	COO	July, 92
14	Vaidyanathan Kumar	54	Associate Vice President	B.Tech, MBA	1,048,276	27.09.2007	22	Paragon Asst Recovery	VP - New Technologies	Feb, 04
15	Varanasi Guru Venkata Subbaraya Sharm	47	Vice President	ICWA - Auditor	2,910,508	24.01.2011	20	ATG Tires Pvt. Ltd.	VP - Internal Audit	Jun, 10
16	Vineet Vedprakash Sood	44	Senior Vice President - Treasury	ICWA - Finance	4,612,551	25.11.2010	20	Tata Consultancy Services Ltd.	Treasurer	Mar, 06

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.

For and on behalf of the Board of Directors

Noida (U.P.), India
July 27, 2011

SHIV NADAR
Chairman and Chief Strategy Officer

CORPORATE GOVERNANCE REPORT 2010-11

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 organization, institutions and markets. It is one of the essential pillars 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. 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 issues, 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.

Our Company is not only in compliance with the requirements of the revised guidelines on corporate governance stipulated under Clause 49 of the Listing Agreements with the Stock Exchanges but is also consistently working for the betterment of the governance system. The highlights of the corporate governance system include:

- The Board of the Company is well-represented with a fair representation of executive, non-executive and independent directors, with 77.78% of the Board being the independent directors.
- The Board has constituted several Committees viz. Audit Committee, Compensation Committee, Shareholders' Committee, Risk Management Committee, Nominations Committee, Finance Committee and Employees Stock Options Allotment Committee for more focused attention.
- The Company has established a Code of Conduct and Code of Conduct for Prevention of Insider Trading for Directors and employees of the Company.
- The Company has established a Whistle-blower policy to have direct one on one access to the Chief Executive Officer of the Company.
- The Company has an exhaustive and unique system of internal controls which provides a reasonable assurance in respect of providing accurate financial and operational information, ensuring compliance with applicable statues and safeguarding the assets of the Company.
- Robust Risk Management framework for identifying various risks, assessing their probability as well as likely impact and finalizing risk minimization plans and updating all the information to the Audit Committee of the Company on quarterly basis.
- Regular communication with the shareholders, prompt resolution of their grievances and providing all the relevant information, releases and reports in a timely manner.

Our disclosures always seek to attain the best practices in corporate governance. Our actions are governed by our values and principles, which are reinforced at all levels within the Company. We are committed to doing things the right way which means taking business decisions and acting in a way that is ethical and is in the compliance with the applicable legal requirements. We acknowledge our individual and collective responsibilities to manage our business activities with integrity.

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 disclosure 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.

Role of various entities

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 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 committee and is responsible for their action.

Executive Directors - The Executive Directors contribute to the strategic management of the Company's businesses within the Board approved directions and framework. As Directors are accountable to the Board for business/ corporate functions, they assume overall responsibility for strategic management, including governance processes and top management effectiveness.

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.

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges in India, the report containing the details of governance systems and processes at HCL Technologies Limited is as under:

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 stakeholders. 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. As on June 30, 2011, the Board consisted of nine members, of which, two are Executive and the other seven are Independent Non-Executive Directors. 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, Chief Executive Officer and Whole-time 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 held as on June 30, 2011.

Name of Director	Position in the Company	Directorships in Indian public limited companies (including HCL Technologies Ltd.)	Directorships/ membership in all other companies/trusts/ other entities (including overseas companies)	Committee memberships* (including HCL Technologies Ltd.)	Chairmanships in committees# (including HCL Technologies Ltd.)
Mr. Shiv Nadar	Chairman & Chief Strategy Officer	1	13	1	-
Mr. Vineet Nayar	Vice Chairman, CEO and Whole-time Director	1	-	-	-
Mr. T.S.R. Subramanian	Independent Non Executive Director	2	1	-	2
Mr. Subroto Bhattacharya	Independent Non Executive Director	3	1	2	2
Mr. Ajai Chowdhry	Independent Non Executive Director	5	5	2	-
Ms. Robin Abrams	Independent Non Executive Director	1	3	1	-
Mr. Amal Ganguli	Independent Non Executive Director	12	5	6	5
Mr. P. C. Sen	Independent Non Executive Director	3	5	-	-
Mr. R. Srinivasan^	Independent Non Executive Director	9	8	2	-

Note: None of the Directors of the Company has 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.
^Mr. R Srinivasan was appointed as an additional director by the Board of Directors on April 19, 2011.

Brief Profile of the Board Members

Shiv Nadar

Mr. Shiv Nadar, aged 66 years, is an Electrical Engineer from Coimbatore. 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. Albeit a more recent entrant in the software services space, HCL is already among top Indian IT software majors and a force to reckon with for global technology giants.

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. In February 2009, Forbes Magazine featured him in its list of 48 Heroes of Philanthropy in the Asia Pacific region. In September 2009 the UK Trade & Investment India presented Shiv Nadar the 2009 Businessperson of the Year Award in acknowledgement of HCL's pioneering investment in the UK. In November 2009 he was conferred the CNBC Asia Business Leader Award for Corporate Social Responsibility, their Asia Viewers' Choice Award and 'India Business Leader Award' for the year. The University of Madras and IIT Kharagpur awarded him an Honorary Doctorate Degree in Science for his outstanding contribution to IT in India.

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 is committed to provide the means to empower individuals to bridge the socio-economic divide and to contribute to the creation of a more equitable, meritocracy based society, and aims to achieve this primarily through outstanding educational institutions of higher learning. It 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"** school in Uttar Pradesh that provide free, world class education to rural toppers from economically disadvantaged backgrounds. Mr. Shiv Nadar is an active member of the Executive Board of the Indian School of Business (ISB), Hyderabad. Concerned with the public health issues in India, he is involved with the Public Health Foundation of India (PHFI) - working to establish standards in public health education and to create a network of innovative world class India-relevant institutes of public health. The President of India appointed him the Chairman, Board of Governors, IIT Kharagpur. He is also very strongly supports initiatives for the girl child and the empowerment of women.

Nature of expertise in specific functional area- Mr. Shiv Nadar has an extensive experience and expertise in the information technology sector coupled with strategic planning and management experience.

Mr. Shiv Nadar is a member of Finance Committee, and Shareholders' Committee of the Company. He is also the Chairman of the Nominations Committee and Employees Stock Option Allotment Committee of the Company. As on June 30, 2011, he is holding 184 equity shares of ₹ 2/- each fully paid-up in his own name.

Mr. Vineet Nayar

Mr. Vineet Nayar, aged 49 years, has a Bachelor's degree in Technology and a Masters degree in Business Administration. Mr. Vineet Nayar joined HCL in 1985. After spending about seven years of his career as engineer, product manager, sales and marketing head at HCL, 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 became President of HCL Technologies Ltd. in April 2005 and Chief Executive Officer in October 2007. In August 2008, he was designated as CEO and Whole-time Director of the Company and in 2011, he has been designated as the Vice Chairman, CEO and Whole-time Director of the Company.

Mr. Vineet Nayar was instrumental in instituting several radical transformational programs across the organization. His mantra of "Employee First" and a strong belief in value-based leadership has been recognized globally as an example of "Organizational Innovation". He has won many global citations for developing the Employees First, Customers Second ("EFCS") model including the first ever 'Leader in Digital Age Award' by CeBIT, the world's largest trade fair showcasing ICT and 'HRD Excellence - Pathfinder CEO Award 2010' by the National HRD Network. He is an active member of G100, a group of CEOs of some of the world's most significant companies. He is also one of the founding members of the Asia Gender Parity Group and an active member of the Global Gender Parity Group at the World Economic Forum (WEF). He is also a Governor for the ICT Industry at WEF and a Steering board member of the WEF Global Education Initiative, WEF ICT and Sustainability initiatives and of the Young Global Leaders.

Under his leadership, the Company has been named Best Employer in India by Hewitt Associates, and Business Week listed the Company as one of the five most influential up-coming companies in the world. Fortune magazine has characterized the Company as having "the world's most modern management," and IDC recognized it as having "the most cohesive and articulate vision" in the IT services sector.

Nature of expertise in functional area - Mr. Vineet Nayar has an expertise in business management and administration, and in information technologies sector.

Mr. Vineet Nayar is a member of the Employees Stock Option Allotment Committee and Nominations Committee of the Company. As on June 30, 2011, his shareholding in the Company was 17,00,000 which is held in the name of the family trust.

Ms. Robin Abrams

Ms. Robin Abrams, aged 60 years holds both a Bachelor of Arts and a Juris Doctor degree from the University of Nebraska. Ms. Robin Abrams was most recently interim CEO at ZiLOG. She had been the President of Palm Computing and Senior Vice President at 3Com Corporation.

Ms. Abrams was formerly the President and CEO at VeriFone. Before joining VeriFone in 1997, Ms. Abrams 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. Prior to that, she was the Vice President and General

Manager of Apple Asia, where she was responsible for sales and marketing in the region.

Ms. Abrams spent eight years with Unisys in several senior-level positions. Her responsibilities included managing the delivery of business solutions focused on banking, airlines, government and networking. A portion of her tenure at Unisys included a five-year stint in Asia Pacific. The first twelve years of her career were in various management positions at Wells Fargo Bank (formerly known as Norwest Bank).

Ms. Abrams has served several U.S. public company boards including ZiLOG and BEA Systems (until it was acquired by Oracle) and currently serving Sierra Wireless and Openwave Systems. Ms. Abrams also serves on the Anita Borg Institute Board and several academic advisory committees.

Nature of expertise in specific functional area - Ms. Robin Abrams has nearly 36 years of experience in computing and computing services, strategic planning and management.

Ms. Robin Abrams is the Chairperson of the Compensation Committee and member of the Audit Committee and Risk Management Committee of the Board of Directors of the Company. As on June 30, 2011, her shareholding in the Company was Nil.

Mr. T. S. R. Subramanian

Mr. T. S. R. Subramanian, aged 72 years, is an Ex-Cabinet Secretary to the Government of India. He obtained his first degree in Mathematics at St. Xavier's College, Kolkata and thereafter his Master's Degree at Kolkata University. He also studied at Imperial College, London where he obtained his diploma and has a Master's Degree in Public Administration from Harvard University, specializing in economics.

Mr. T. S. R. Subramanian joined the Indian Administrative Service in 1961 and during his career with the Service he held various positions; he rose to the highest post in Indian Administration, that of Cabinet Secretary. As Cabinet Secretary to the Government of India, Mr. Subramanian took a number of initiatives to modernize and develop the Infrastructure Sector in India, especially in the Power, Telecom and Surface Transport Sectors.

Nature of expertise in functional area - Mr. T. S. R. Subramanian has expertise in business administration, and in modernization & development of infrastructure sector.

Mr. T. S. R. Subramanian is the Chairman of the Audit Committee, Risk Management Committee and the Shareholders' Committee of the Company. He is also a member of the Employees Stock Option Allotment Committee and Nominations Committee of the Company. As on June 30, 2011, his shareholding in the Company was 4,600 Equity Shares of ₹ 2/- each fully paid-up.

Mr. Ajai Chowdhry

Mr. Ajai Chowdhry, aged 60 years, has a bachelor's degree in electronics and communication engineering, and has attended the Executive Program at the School of Business Administration at the University of Michigan in the US. Mr. Ajai Chowdhry is the Chairman & Whole- time Director of HCL Infosystems Ltd. He is also responsible for the significant international growth of HCL Infosystems Ltd. and brings with him substantial experience of the South East Asian markets including Malaysia, Thailand, Hong Kong, Indonesia, People's Republic of China and Singapore. He was also part of the IT Task Force set up by the Prime Minister of India, to give shape to India's IT strategy.

During the year, Mr. Ajai Chowdhry was conferred the Padma Bhushan Award - the third highest civilian honor conferred by the President of India. He has also received 'Honoris Causa Doctorate' of Science for his contribution to the Indian IT Industry by IIT Roorkee. He was been named as an 'Electronics Man of the Year' by the ELCINA-EFY Awards Committee. He has received "The CNBC Asia Business Leader Award 2010" for Viewers Choice category. Mr. Chowdhry was also conferred with the "India Innovator of the Year Award" at the 6th edition of the CNBC TV18 India Business Leader Awards 2010.

Nature of expertise in functional area - Mr. Ajai Chowdhry has an expertise in business management and administration, and in information technologies (IT) sector.

Mr. Ajai Chowdhry is a member of the Shareholders' Committee and Compensation Committee of the Company. As on June 30, 2011, his shareholding in the Company was 19,420 equity shares of ₹ 2/- each fully paid-up.

Mr. Subroto Bhattacharya

Mr. Subroto Bhattacharya, aged 70 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.

Nature of expertise in specific functional area: Mr. Bhattacharya has an experience of over 34 years with specialization in Finance and Management Consultancy. He has a vast experience in financial management, accounts and audit.

Mr. Subroto Bhattacharya is a member of the Audit Committee, Shareholders' Committee, Employee Stock Options Allotment Committee, Finance Committee and Risk Management Committee of the Company. As on June 30, 2011, his shareholding in the Company was nil.

Mr. Amal Ganguli

Mr. Amal Ganguli, aged 71 years, is a Chartered Accountant. He was earlier associated with Price WaterhouseCoopers, India as its Senior Partner. In a distinguished career spanning nearly four decades, Mr. Ganguli was involved with the India practice of Price WaterhouseCoopers and has an authority on matters related to audit, taxation, mergers and acquisitions and corporate restructuring.

Nature of expertise in functional area- Mr. Amal Ganguli has expertise in areas relating to financial reporting, audit, taxation, mergers and acquisitions and corporate restructuring.

Mr. Amal Ganguli is the chairman of the Finance Committee. He is also a member of the Audit Committee and Risk Management Committee of the Company. As on June 30, 2011, his shareholding in the Company was nil.

Mr. P. C. Sen

Mr. P.C. Sen, aged 67 years, is a graduate of St. Stephens College, Delhi and a post graduate in M.A. (History) and Diploma in Social Anthropology from King's College, Cambridge U.K. and M.Sc. (Economics) from University of Swansea, U.K. He joined the Indian Administrative Service in Madhya Pradesh Cadre in 1967. He has held a variety of assignments both with the Government of Madhya Pradesh and the Government of India. He was the Director of Archaeology and Museums, M.P., Managing Director of M.P. State Tourism Corporation, Principal Secretary of Housing and Environment, Principal Secretary of Commerce and Industry and IT in the Government of M.P., Director General of Civil Aviation, Chairman and Managing Director of Indian Airlines and Chairman of Air India. He retired as Secretary General, National Human Rights Commission in April 2003. He held the position of Director of India International Centre from May 2003.

Mr. P. C. Sen was conferred the 'National Citizen's Award' presented by the Prime Minister of India, the 'Shiromani Award' presented by the Speaker of the Lok Sabha and the 'Wings of History Award' for his tenure in Indian Airlines.

Nature of expertise in specific functional area: Mr. P. C. Sen has an expertise in business management and administration.

Mr. P. C. Sen is the member of the Compensation Committee of the Company. As on June 30, 2011, his shareholding in the Company was nil.

Mr. R. Srinivasan

Mr. R. Srinivasan was appointed as an Additional Director of the Company w.e.f. April 19, 2011. Pursuant to the provisions of section 260 of the Companies Act, 1956, Mr. R. Srinivasan holds the office till the ensuing Annual General Meeting and is eligible for appointment as the Director of the Company.

Mr. R. Srinivasan aged 55 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. Mr. Srinivasan's experience also includes a number of years with Readers Digest and the Coca-Cola Corporation in India.

Nature of expertise in specific functional area: Mr. R. Srinivasan has an expertise in Strategic and Business Management.

Mr. R. Srinivasan is the member of the Finance Committee of the Company. As on June 30, 2011, his shareholding in the Company was nil.

The names of the other companies/ entities in which the current directors are interested being a director/ committee membership as on June 30, 2011 are as under:

1. Mr. Shiv Nadar

S. No.	Name of the Company/ Entity in which interested	Nature of Interest (Directorships/ Committee Memberships)
1.	HCL America Inc.	• Director
2.	Guddu Investments (Chennai) Pvt. Ltd.	• Director
3.	Vama Sundari Investments(Chennai) Pvt. Ltd.	• Director
4.	Julian Investments (Chennai) Pvt. Ltd.	• Director
5.	Blueberry Investments (Chennai) Pvt. Ltd.	• Director
6.	SKN Investments (Chennai) Pvt. Ltd.	• Director
7.	Slocum Investments (Pondi) Pvt. Ltd.	• Director
8.	Slocum Investments (Delhi) Pvt. Ltd.	• Director
9.	Guddu Investments (Delhi) Pvt. Ltd.	• Director
10.	Guddu Investments (Pondi) Pvt. Ltd.	• Director
11.	Indian School of Business	• Member, Executive Board
12.	Indian Institute of Technology, Kharagpur	• Chairman, Board of Governors
13.	Public Health Foundation of India	• Member, Governing Board

2. Mr. T. S. R. Subramanian

S. No.	Name of the Company/ Entity in which interested	Nature of Interest (Directorships/ Committee Memberships)
1.	Micronutrient Initiative India	• Chairman, Board of Trustees
2.	SKOL Breweries Limited	• Director

3. Mr. Subroto Bhattacharya

S. No.	Name of the Company/ Entity in which interested	Nature of Interest (Directorships/ Committee Memberships)
1.	NIIT Limited	• Director • Chairman of Audit Committee • Chairman of Compensation/ Remuneration Committee • Member of Share Allotment Committee • Member of Debenture Allotment Committee • Member of Borrowing Committee
2.	NIIT Technologies Limited	• Director • Chairman of Audit Committee • Member of Compensation/ Remuneration Committee
3.	Guddu Investments (Pondi) Pvt. Ltd.	• Director

4. **Mr. Ajai Chowdhry**

S. No.	Name of the Company/ Entity in which interested	Nature of Interest (Directorships/ Committee Memberships)
1.	Appollo Trading and Finance Pvt. Ltd.	• Director
2.	HCL Infosystems Limited	• Chairman & Whole-time Director • Member of Employees Compensation and Employees Satisfaction Committee • Member of Committee of Directors (Share Allotment) • Member of Committee of Directors (Securities) • Chairman of Committee of Directors (Operations) • Chairman of Committee of Directors (Customer Satisfaction)
3.	HCL Infinet Limited (formerly known as Microcomp Ltd.)	• Director • Member of Accounts & Audit Committee
4.	HCL Security Limited	• Director
5.	RMA Software Park Pvt. Ltd.	• Director
6.	HCL Infocom Limited	• Director
7.	BFL Investments and Financials Consultants Pvt. Ltd.	• Director
8.	Swayam Charitable Trust	• Trustee
9.	Indian Institute of Technology, Hyderabad	• Chairman of Board of Governors

5. **Ms. Robin Abrams**

S. No.	Name of the Company/ Entity in which interested	Nature of Interest (Directorships/ Committee Memberships)
1.	HCL Bermuda Limited	• Director
2.	Sierra Wireless	• Director
3.	Openwave Systems	• Director • Member of Audit Committee • Chairperson in Nominating/ Governance Committee

6. **Mr. Amal Ganguli**

S. No.	Name of the Company/ Entity in which interested	Nature of Interest (Directorships/ Committee Memberships))
1.	Hughes Communications India Ltd.	• Director • Chairman of Audit Committee
2.	Aricent Technologies (Holdings) Ltd.	• Director • Chairman of Audit Committee • Member of Remuneration Committee
3.	ML Infomap Private Limited	• Director
4.	New Delhi Television Limited	• Director • Chairman of Audit Committee • Member of Remuneration Committee
5.	Tata Communications Limited	• Director • Chairman of Audit Committee
6.	Century Textiles and Industries Ltd.	• Director • Member of Audit Committee
7.	AVTEC Limited	• Director
8.	ICRA Limited	• Director • Member of Audit Committee
9.	Maruti Suzuki India Limited	• Director • Chairman of Audit Committee
10.	AIG Trustees Company (India) Pvt. Ltd.	• Director • Member of Audit Committee
11.	Ascendas Property Fund Trustees Ltd.	• Director • Member of Investment Committee
12.	Aptuit Laurus Private Limited	• Director
13.	Tata Teleservices (Maharashtra) Ltd.	• Director • Member of Audit Committee
14.	Triveni Turbines Ltd.	• Director • Member of Audit Committee • Member of Remuneration Committee
15.	Veritas Advisors LLP	• Partner
16.	Thought Arbitrage Research Institute	• Member of Advisory Board

7. Mr. P.C. Sen

S. No.	Name of the Company/ Entity in which interested	Nature of Interest (Directorships/ Committee Memberships))
1.	Delhi Safe Deposit Company Limited	• Director
2.	Rockland Hospitals Limited	• Director
3.	Eklavya	• Member, Governing Board
4.	Sambhava Trust	• Trustee
5.	Helpage India	• Vice President, Governing Board
6.	Age Ventures India	• Member, Board of Trustees
7.	National Foundation of India	• Member, Board of Trustees

8. R. Srinivasan

S. No.	Name of the Company/ Entity in which interested	Nature of Interest (Directorships/ Committee Memberships))
1.	Redington (India) Limited	• Director • Member of Investor/ Shareholder's Grievance Committee. • Member of Share Transfer Committee • Member of Remuneration Committee
2.	Easyaccess Financial Services Limited	• Director • Member of Audit Committee • Member of Nomination Committee
3.	Redington (Mauritius) Limited	• Director
4.	Redington Gulf FZE	• Director
5.	Redington Distribution Pte Limited	• Director
6.	Redington Bangladesh Limited	• Director
7.	Cadensworth FZE	• Director
8.	Redington Africa Distribution FZE	• Director
9.	Redington Egypt Limited	• Director
10.	Redington Nigeria Limited	• Director
11.	Redington International (Holdings) Limited	• Director
12.	Redington International Mauritius Limited	• Director
13.	Redington Turkey Holdings Limited	• Director
14.	Arena Bilgisayar Sanayi Ticaret Anonim Sirketi	• Director
15.	SSN Institutions	• Chairman, Board of Management
16.	Vamasundari Scholarship Trust	• Trustee

9. Mr. Vineet Nayar - As on June 30, 2011, Mr. Vineet Nayar does not hold directorship in any other Company.

Independent Directors

As on June 30, 2011, out of nine Directors on Board of the Company, seven directors are independent non-executive directors.

According to Clause 49 of the Listing Agreement with the Indian Stock Exchanges, an Independent Director means a Non Executive Director of the Company who:

a. apart from receiving director's remuneration, does not have any material pecuniary relationships or transactions with the company, its promoters, its directors, its senior management or its holding company, its subsidiaries and associates which may affect independence of the director;
b. is not related to promoters or persons occupying management positions at the board level or at one level below the board;
c. has not been an executive of the company in the immediately preceding three financial years;
d. is not a partner or an executive or was not partner or an executive during the preceding three years, of any of the following:
    i. the statutory audit firm or the internal audit firm that is associated with the company, and
    ii. the legal firm(s) and consulting firm(s) that have a material association with the company.
e. is not a material supplier, service provider or customer or a lessor or lessee of the company, which may affect independence of the director;
f. is not a substantial shareholder of the company i.e. owning two percent or more of the block of voting shares.
g. is not less than 21 years of age.

The Company has adopted the above mentioned 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, 2011.

The tenure of Independent Directors

The tenure of independent directors on the Board of the Company shall be 9 years. For the current independent directors on Board, the period of 9 years shall be w.e.f. July 1, 2008 and for new appointments, 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.

Succession Planning

Succession planning for certain key positions in the Company viz. Chief Executive Officer (CEO), Chief Operating Officer (COO), 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.

Memberships on other Boards

Executive Directors are also allowed to serve on the Board/ Committee of Corporate(s) or Government bodies 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.

Director's 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 stockholders.

(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/ Committee meetings functioning and procedure

The Board of Directors is the apex body constituted by the shareholders for overseeing the overall functioning of the Company. The Board provides and evaluates the strategic directions of the Company, management policies and their effectiveness and ensures that the long term interests of the shareholders are being served.

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:

- Annual operating plans and budgets including capital budgets and any updates.
- Quarterly results of the Company and its operating divisions or business segments.
- Minutes of meetings of Audit Committee, Compensation Committee, Risk Management Committee and Shareholders Committee of the Board.
- The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
- Show cause, demand, prosecution notices and penalty notices which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in the financial obligations to and by the Company, or substantial non-payment for goods sold / services provided by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Any significant development in Human Resources / Industrial Relations front.
- Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by the management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
- Statutory compliance report of all laws applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliances, if any.
- Minutes of the board meetings of the subsidiaries along with their financial statements and the investments made by these companies.
- Details of the transactions with the related parties.
- General notices of interest of directors.

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 meeting 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 four Board meetings held during the year ended June 30, 2011.These were held on July 27-29, 2010, October 19-20, 2010, January 18-19, 2011 and April 19-20, 2011. The following table gives the attendance record of the directors in the Board Meetings and at the last Annual General Meeting:

Name of Director	No. of Board Meetings held	No. of Board Meetings attended	Whether attended last AGM
Mr. Shiv Nadar	4	4	Yes
Mr. Vineet Nayar	4	4	No
Mr. T. S. R. Subramanian	4	4	Yes
Ms. Robin Abrams	4	4*	No
Mr. Ajai Chowdhry	4	3	Yes
Mr. S. Bhattacharya	4	4	Yes
Mr. Amal Ganguli	4	2**	No
Mr. P. C. Sen	4	4	No
Mr. R. Srinivasan	4	1#	N.A.

** includes one meeting attended through conference call.*
***includes one meeting attended through conference call.*
 # Mr. R Srinivasan was appointed as an Additional Director of the Company on April 19, 2011.

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.

Rotation of Statutory Auditors

While appointing / re-appointing the statutory auditors of the Company, the Board ensures that the statutory auditors has a policy in place for rotation of audit partners.

Review of legal compliance reports

The Board periodically reviews the compliance report of the laws applicable to the Company as well as steps taken by the Company to rectify the instances of non-compliances, if any.

Appointment/Re-appointment of Directors

Mr. R. Srinivasan was appointed as an Additional Director of the Company w.e.f. April 19, 2011. Pursuant to the provisions of section 260 of the Companies Act, 1956, Mr. R. Srinivasan holds the office till the ensuing Annual General Meeting and is eligible for appointment as the Director of the Company.

Mr. T. S. R. Subramanian, Mr. Ajai Chowdhry and Mr. P. C. Sen, shall retire by rotation as Directors at the ensuing Annual General

Meeting of the Company. Mr. T. S. R. Subramanian, Mr. Ajai Chowdhry and Mr. P. C. Sen have expressed their desire not to seek reappointment as the Directors of the Company. The details and profile of the aforesaid Directors are furnished above in this report.

Code of Conduct

The Board has prescribed a Code of Conduct ("Code") for all Board members and senior management and other employees of the Company. The code of conduct covers transparency, behavioral conduct, a gender friendly workplace, legal compliance and protection of Company's property and information. 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 2010-11. A declaration to this effect signed by the Chairman & Chief Strategy Officer and Vice Chairman and Chief Executive Officer of the Company is provided elsewhere in this Report.

Board Committees

The Board of Directors has constituted Committees with adequate delegation of powers to discharge urgent businesses of the Company. 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 and Agenda-

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 shared with all the members of the Committee.

Chairmanship/ Membership of Directors in Committees of the Board of Directors of the Company:

S. No.	Name of Director	Audit Committee	Compensation Committee	Shareholders' Committee	Nomination Committee	Finance Committee	Employees' stock option Committee	Risk Management Committee
Executive Directors								
1.	Mr. Shiv Nadar	–	–	Member	Chairman	Member	Chairman	–
2.	Mr. Vineet Nayar	–	–	–	Member	–	Member	–
Independent Non Executive Directors								
3.	Mr. T. S. R. Subramanian	Chairman	–	Chairman	Member	–	Member	Chairman
4.	Mr. Subroto Bhattacharya	Member	–	Member	–	Member	Member	Member
5.	Mr. Ajai Chowdhry	–	Member	Member	–	–	–	–
6.	Ms. Robin Abrams	Member	Chairperson	–	–	–	–	Member
7.	Mr. Amal Ganguli	Member	–	–	–	Chairman	–	Member
8.	Mr. P. C. Sen	–	Member	–	–	–	–	–
9.	Mr. R. Srinivasan	–	–	–	–	Member	–	–

Note: No separate provision for the service of notice period and payment of severance fee to be served/paid by the executive directors at the time of their termination.

1. Audit Committee

The Audit Committee comprises of four Independent Directors, namely:

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

The Deputy Company Secretary acts as a Secretary to the Committee.

Terms of Reference

The constitution and terms of reference of the Audit Committee (as revised by the Board of Directors in July 2011) 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 judgement 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 exchange 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 effect 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 executive 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 executive 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 statement 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 transaction 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.

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

July 27, 2010
September 28, 2010
October 19, 2010
January 18, 2011
February 4, 2011
April 19, 2011

Attendance details of each member at the Audit Committee meetings held during the year ended June 30, 2011 are as follows:

Name of the Committee Member	Position	Number of Meetings held	Number of Meetings attended
Mr. T. S. R. Subramanian	Chairman	6	6
Ms. Robin Abrams	Member	6	6*
Mr. Subroto Bhattacharya	Member	6	6
Mr. Amal Ganguli	Member	6	4**

*includes one meeting attended through teleconferencing and two meetings through conference call.

**includes one meeting attended through conference call.

2. Compensation Committee

The Compensation Committee of the Board consists of following members:

a) Ms. Robin Abrams (Chairperson)
b) Mr. P. C. Sen
c) Mr. Ajai Chowdhry*

**Mr. Ajai Chowdhry was appointed as a member of the Committee on April 19, 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:

October 19, 2010
January 18, 2011
April 18, 2011

Attendance details of each member at the Compensation Committee meetings during the year ended June 30, 2011 are as follows:

Name of the Committee Member	Position	Number of Meetings held	Number of Meetings attended
Ms. Robin Abrams	Member	3	3
Mr. P. C. Sen	Member	3	3
Mr. Ajai Chowdhry	Member	3	1*

**Mr. Ajai Chowdhry was appointed as a member of the Committee on April 19, 2011.*

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 practice.

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 in the Annual General Meeting. Executive Directors do not receive any sitting fees for attending the Board and Committee meetings.

During the year, the composition of the Board consists of only two Executive Directors viz. Mr. Shiv Nadar and Mr. Vineet Nayar. During the year, Mr. Shiv Nadar did not receive any remuneration from the Company. He received ₹ 4.65 crores as remuneration from one of the subsidiary of the Company in the capacity of managing director in that subsidiary.

The remuneration paid to Mr. Vineet Nayar for the year ended June 30, 2011 is as under:

Particulars	₹ / crores
Salary	2.00
Allowances and Perquisites	5.36
Contribution to Provident Fund	0.24
Total	**7.60**

Mr. Vineet Nayar was also granted Stock Options of the Company. The details of the same as on June 30, 2011 are as under:

Grant Date	Number of Options Granted*	Grant Price Per Option (₹)	Vesting Details #		Options Exercised so far
			No. of options 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	Nil
			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 vale of ₹ 2/- each.*
 # The options are exercisable within 5 years from the date of vesting.

As on June 30, 2011, Mr. Vineet Nayar held 17,00,000 equity shares of the Company in the name of his family trust.

Non-Executive Directors:

During the year, the Company paid sitting fee 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.

Remuneration to Directors:

The sitting fees and commission paid/ payable to the Non-Executive Directors are as under:

Name of the Director	Sitting Fees for the year ended June 30, 2011 ` / lacs	Commission for the year ended June 30, 2011 ` / lacs
Mr. Ajai Chowdhry	0.60	Nil
Mr. Amal Ganguli	1.00	15
Mr. P. C. Sen	0.80	15
Ms. Robin Abrams	1.20	15
Mr. S. Bhattacharya	2.20	15
Mr. T. S. R Subramanian	2.00	55
Mr. R. Srinivasan*	0.20	Nil

**Mr. R Srinivasan was appointed as an Additional Director of the Company on April 19, 2011.*

During the year, there were no other pecuniary relationships or transactions of the Non-Executive Directors vis-à-vis the Company.

3. Nominations Committee

The Nominations Committee consists of the following members:

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

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

Terms of Reference

The Terms of Reference of the Risk Management Committee (as revised by the Board of Directors in July 2011) are as under:

a) Assist the Board in fulfilling its corporate governance 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 of the Company;

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

d) Evaluating significant risk exposures of the Company 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 HCL Technologies Limited;

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 decision;

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) Advice 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

During the year, a Finance Committee has been formed by the Board of Directors in its Meeting held on January 18-19, 2011 which consists of 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 as defined by the Board of Directors 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 recommends 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 plans and strategies 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 2 times.

6. Shareholders' Committee

The Shareholders' Committee consists of the following members:

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

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

Terms of Reference

In view of the SEBI Corporate Governance norms, which have been incorporated in the Listing Agreement, 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 interests 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 9 times.

7. Employees' Stock Option Allotment Committee

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

a) Mr. Shiv Nadar, Chairman & Chief Strategy Officer
b) Mr. Vineet Nayar, Vice-Chiarman, CEO & Whole-time Director
c) Mr. T. S. R. Subramanian, Director
d) Mr. Subroto Bhattacharya, Director
e) Mr. Anil Chanana, Chief Financial Officer

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 18 times.

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, 2011.

Corporate Governance Voluntarily Guidelines 2009

Ministry of Corporate Affairs, Government of India has 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 enable 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.

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 its 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 by its recent circular, enabling electronic delivery of documents to the shareholders at their e-mail addresses registered with the Depository participants/Registrar & Share Transfer Agent.

The Company has already initiated to send the communication to the shareholders by electronic mode. We request to 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.

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.

Sustainability

Sustainability is simply good business. Integrating broader societal concerns into company strategy makes sound business sense. Our own interests can be realized by incorporating the interests of all those with whom we have a mutually dependent relationship into our operating model. Our sustainability program rests on the 4 R's - Responsible business, Renew Eco System, Repay Society and Redefine Workplace.

Our sustainability priorities are multi fold. Employees wellbeing and creating a culture of innovation through trust and transparency, and exceeding Customer expectations are priorities to us. While working on business growth we give equal importance to the eco system. We are a signatory of UN Global Compact (UNGC) and its 10 principles. The Company's senior management team is active in World Economic Forum. We will leverage these global forums to learn and adopt new practices, as well as contribute to public policies.

We have provided few of our programs in this report and the additional information is available in our sustainability report available on our website www.hcltech.com.

(a) Diversity and The Employee First Councils (EFC)

We reach out to a diverse talent pool that comprises of women, different nationalities, cultures, work experiences and people with disability. In India we recruit employees from Tier II and Tier III cities to facilitate inclusive growth.

We focus on creating and sustaining a nurturing environment for employees with diverse backgrounds. Our team leaders are equipped with skills to work across the globe in virtual teams. Affinity networks and Employee First Councils (EFC) help us reach out to the employees of the Company from diverse backgrounds. The networks ensure that diverse perspectives are included in all business operations.

EFC is a unique platform for all the employees of the Company to lead change. It is a participative and democratic forum developed for the employees and run by the employees. The EFC provide opportunities to a diverse group of individuals to come together and work towards a common cause that they are passionate about. EFC have nearly 2500+ active members who have been instrumental in organizing over 5670 events since inception two years ago. A brief snapshot of the various councils such as Community, Talent, Grey, Green, Sports, Wellness, Women and Ambassador are provided in our sustainability report under “Redefine Workplace” section.

We also focus on creating support systems and policies that are based both on infrastructure and people, to facilitate work life continuity. Our programs include development conferences and social media for improving the awareness.

(b) Green Initiatives

Water Sustenance

We are mindful of the potential impact of our operations and climate change on water. Our facilities are currently being assessed for water related impact and risks.

Managing E-waste

Our E-waste management is guided by the E-waste policy and comply with the Pollution Control Board (India) norms for disposal and select vendors approved by the Board. Our IT services departments which procure and manage internal IT operations oversee E-waste management and also periodically audit the process. During the year, there has not been any non compliance based on the audits.

Paper Usage

Employees are encouraged to reduce the volume of pages printed. Our goals for next year include maximizing usage of recycled paper for printing and photocopying purposes.

Energy Management

Through our sustainability efforts, we were able to cut down our carbon footprint by 11.71% since 2008. We are following a detailed plan including investments for renewable energy to decrease the emissions by 20% in 2020 and have set ourselves a goal to reduce water consumption by 5% in the next 3 years.

c) Community Outreach

Founded on the Employees First philosophy, we believe that employees are the real value creators who can make a difference not only to the organization, but their collective effort can change society itself. Our commitment to make a positive difference is not about a one-off initiative but a sustained effort to make a visible change to people's lives.

During the year, the employees of the Company have spent more than 25,000 person hours on outreach programs covering children, women, disabled and the economically less privileged in the areas of education, health, hygiene, counseling, coaching and infrastructure such as shelter and sanitation facilities.

The first sustainability report of the Company for the year ended June 30, 2011 is being launched. Various programs such as “Teach@work”, “Friend in Need” and “MAD LTD” are available under “repay Society” of the Sustainability Report.

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 have a critical direct access to the Chief Executive Officer to report any issues, abuse, etc. under the said policy 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 has been created 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.

The employees are encouraged to raise any of their concerns by way of whistle blowing. All cases registered under the Whistle Blower Policy of the Company are reported directly to the CEO.

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				
2007-2008	October 22, 2008	FICCI Auditorium, Federation House, Tansen Marg, New Delhi.	11.00 A.M.	• Approval u/s 309 (4) (b) of the Companies Act, 1956 for payment of commission not exceeding one percent of the net profit of the Company to all the Non-Executive Directors of the Company collectively in each financial year over a period of five years beginning from July 1, 2008. • Approval u/s 372A of the Companies Act, 1956 to make investment(s) from time to time by way of subscription, purchase and/or otherwise in the securities of any other body corporate as the Board may in its absolute discretion deem beneficial and in the interest of the Company, upto ` 4,000 Crores (Rupees Four Thousand Crores) over and above the limits that are specified under section 372A of the Companies Act, 1956.
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.	–

Details of Resolution passed by way of Postal Ballot:

During the year ended June 30, 2011, pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, shareholders of the Company have approved a resolution by means of postal ballot, the details of which are as under:

- Ordinary Resolution for the appointment and terms of Mr. Vineet Nayar as the Vice-Chairman, Chief Executive Officer and Whole-time Director of the Company for a period of 5 years w.e.f. November 1, 2010.

Details of the person who conducted postal ballot exercise:

During the year ended June 30, 2011, 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 January 27, 2011.

Summary of the results of the postal ballot of the Company on January 27, 2011 is as follows:

S. No.	Particulars	Details
(a)	**Total Postal Ballot Forms received**	
	No. of Postal Ballot Forms	1,479
	No. of Votes exercised	49,84,33,360
(b)	**Invalid Postal Ballot Forms**	
	No. of Invalid Postal Ballot Forms	133
	No. of Invalid Votes	19,13,618
(c)	**Valid Postal Ballot Forms**	
	- No. of Valid Postal Ballots Forms	1,346
	- No. of Valid Votes	49,65,19,742
(d)	**Votes in favour of the Resolution**	
	- No. of Postal Ballots Forms	1,298
	- No. of Votes in favour of the resolution	49,55,12,537
	- Percentage of Votes in favour of the resolution	99.7971%
(e)	**Votes against the Resolution**	
	- No. of Postal Ballot Forms	48
	- No. of Votes cast against the resolution	10,07,205
	- Percentage of votes against the resolution	0.2029%

The above results were announced by the Chairman on January 27, 2011.

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, 2011 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 patterns 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) CORP FILING:** 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.

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

i) **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/ employees shall disclose the same to all the Stock Exchanges, where the shares of the Company are listed.

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, corporate 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 investors 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. Today, we have a mix of quality investors from across multiple geographies with long term investment horizon demonstrating their faith in the Company.

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 investors.

Shareholders' Information

a) General Information

Dates of book closure	October 25, 2011 to November 2,2011 (both days inclusive)
Date, time and venue of the ensuing Annual General Meting	November 2, 2011 3.00 P.M. Air Force Auditorium, Subroto Park New Delhi-110010
Dividend Payment Date (subject to the approval of the shareholders)	On or before December 01, 2011
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 2011-2012.
Stock Code	National Stock Exchange - "HCLTECH" Bombay Stock Exchange - "532281"
Corporate Identification Number (CIN) of the Company	L74140DL1991PLC046369
Registered Office Address	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 15-20 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, 2011 was carried out. The audit report 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

Effective July 24, 2000, the shares of the Company have been placed by SEBI 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.

The process of dematerialization takes approx.15 days from the date of receipt of DRF by the Registrar & Shares Transfer Agent of the Company.

As on June 30, 2011, 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) Dividend

The Board of Directors at their meeting held on July 25 and July 27, 2011 recommended a final dividend of ` 2/- each on equity shares of face value of ` 2/- each, for approval of the shareholders at the Annual General Meeting. The Company has also declared and paid 3 interim dividends during the year:

Dividend	Board Meeting held on	Dividend Per share (₹)	Face Value (₹)
1st Interim Dividend	October 19-20, 2010	1.50	2
2nd Interim Dividend	January 18-19, 2011	2	2
3rd Interim Dividend	April 19-20, 2011	2	2

The total dividend for the year works out to ₹ 7.50/- per share. The final dividend, if approved by the shareholders, will be paid on or before December 1, 2011.

Dates of 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 May, 2004 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
2003-04	Final	December 17, 2004	January 16, 2012
2004-05	1st Interim	October 25, 2004	November 24, 2011
	2nd Interim	January 25, 2005	February 24, 2012
	3rd Interim	April 25, 2005	May 25, 2012
	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

Financial Year	Type of Dividend	Date of Declaration	Due Date for transfer to IEPF
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

f) Distribution of shareholding as on June 30, 2011

Number of Equity Shares held	No. of Shareholders	Shareholders (%)	No. of Shares	Shares (%)
1 - 100	62,164	74.81	2,272,652	0.33
101 - 200	10,412	12.53	1,763,491	0.26
201 - 500	5,256	6.33	1,786,739	0.26
501 - 1000	1,655	1.99	1,240,691	0.18
1001 - 5000	2,235	2.69	5,513,639	0.80
5001 - 10000	549	0.66	3,868,013	0.56
10001 and above	822	0.99	672,243,299	97.61
Total	**83,093**	**100.00**	**688,688,524**	**100.00**

g) Categories of shareholders as on June 30, 2011

Category	Number of Equity shares held	Voting Strength (%)
Promoters	443,342,144	64.37
Mutual Funds/ UTI	21,307,779	3.09
Financial Institutions/ Banks	868,300	0.13
Insurance Companies	20,049,325	2.91
Foreign Institutional Investors	147,010,023	21.35
Foreign Banks	1,244	0.00
Bodies Corporate	20,816,246	3.02
Individuals	23,068,233	3.35
NRIs / OCBs	2,502,126	0.36
Foreign Nationals	147,818	0.02
Trusts	84,993	0.01
Foreign Corporate Body	8,815,800	1.28
HUF	157,120	0.02
Clearing Members	517,373	0.08
Grand Total	**688,688,524**	**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:

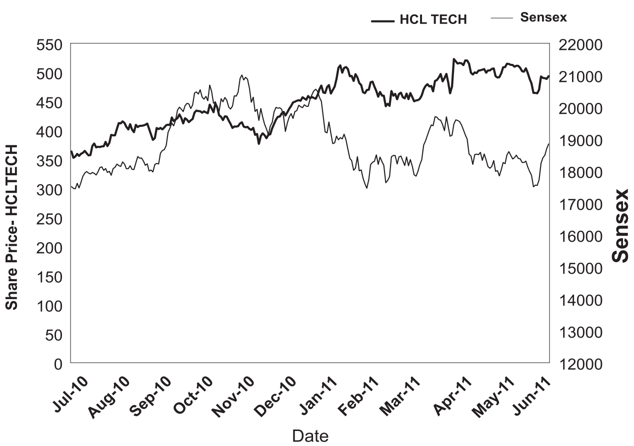
Month	NSE			BSE		
	High (₹)	Low (₹)	Volume (Number)	High (₹)	Low (₹)	Volume (Number)
July 2010	395.50	351.00	21,990,463	396.00	351.20	2,900,553
August 2010	421.65	378.45	19,846,268	422.00	378.20	1,770,553
September 2010	431.95	376.80	18,009,971	431.80	377.40	2,432,533
October 2010	455.50	399.00	16,791,852	455.00	401.00	1,729,123
November 2010	416.95	367.70	14,846,419	425.00	368.00	1,351,271
December 2010	460.75	406.75	17,326,530	462.90	404.00	2,914,493
January 2011	517.15	451.25	24,481,529	517.50	451.30	2,896,603
February 2011	503.45	425.50	23,094,968	504.90	426.00	2,062,657
March 2011	485.60	436.70	17,989,131	485.10	438.00	1,728,452
April 2011	528.00	460.10	21,149,901	528.40	461.00	2,522,385
May 2011	526.90	481.50	14,653,801	526.80	428.35	747,972
June 2011	517.50	439.95	13,171,256	517.25	438.00	2,634,954

i) **Liquidity**

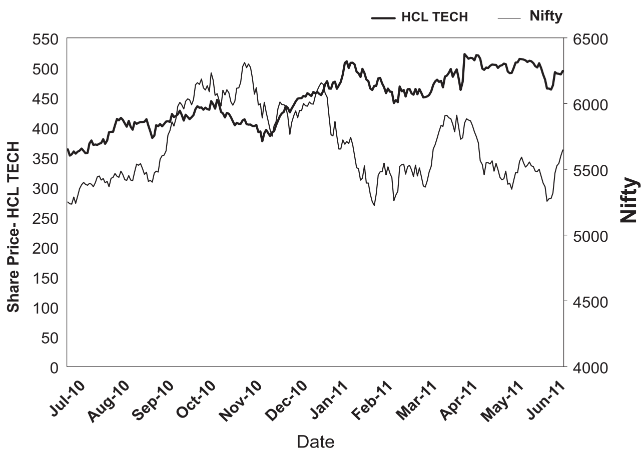
The Company's shares are among the most liquid and actively traded shares on NSE and BSE. The monthly trading volumes of the Company's shares on these exchanges are given in the table above in the Paragraph (h) titled `Stock Market Data'.

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

Share Price Performance during the Year (2010-11)



Share Price Performance during the Year (2010-11)



k) **Shareholders Services**

(i) **Complaints received during the year 2010-2011**

The Company gives utmost priority to the interests of the shareholders. 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	45	45
Through SEBI, Stock Exchanges, etc.	3	3
Total	48	48

(ii) **Share Transfers -** As on June 30, 2011, no equity share was pending for transfer.

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

The divided remittances to shareholders happen predominantly through ECS/NECS as per the locations approved by RBI from time to time. If you are located at any of the ECS/NECS centers and have not registered your ECS/NECS, please arrange to forward your ECS/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, 2011	October 17-18, 2011
Financial reporting for the second quarter ending December 31, 2011	January 17-18, 2012
Financial reporting for the third quarter ending March 31, 2012	April 17-18, 2012
Financial reporting for the year ending June 30, 2012	July 30-31, 2012
Annual General Meeting for the year ending June 30, 2012	October / November 2012

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 27, 2011 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

PM Tower, 37,
Greams Road,
Chennai - 600 006, India
Tel. : +(91) 44 2829 1735
Fax :+(91) 44 2829 1738

Thapar House,
43 / 44, Montieth Road, Egmore,
Chennai - 600 008, India
Tel. : +(91) 44 2851 1293
Fax :+(91) 44 2851 1986

No.184-188, 190,192 & 196,
Arcot Road, Vadapalani,
Chennai - 600 026, India
Tel. : +(91) 44 2372 8366
Fax :+(91) 44 2480 6640

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

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

64 & 65, Second Main Road,
Ambattur Industrial Estate,
Ambattur (AMB-3),
Chennai - 600 058, India
Tel. : +(91) 44 2652 1077
Fax :+(91) 44 4206 0485

94, South Phase,
Ambattur Industrial Estate,
Ambattur (AMB-4),
Chennai - 600 058, India
Tel. : +(91) 44 4226 2222
Fax : +(91) 444215 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

78- Ambattur Industrial Estate,
Ambattur (AMB-2),
Chennai - 600 058, India
Tel. : +(91) 44 2623 2318
Fax :+(91) 44 2625 9476

Sapna Trade Centre,
109/110 P H Road,
Chennai - 600 084, India
Tel. : +(91) 44 2822 1129
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

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

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

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

HCL Technologies Ltd,(C-3),
Unit-2, Block-1, No. 84,
Greams Road,
Thousand Lights,
Chennai - 600 006, India
Tel. : +(91) 44 6622 5522

HCL Technologies Ltd. (C-5),
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

HCL Technologies Ltd.,(C-4),
Unit-2, Block-1, No.84,
Greams Road,
Thousand Lights,
Chennai - 600 006, India
Tel. : +(91) 44 6622 5522

HCL Technologies Ltd. (C-1),
#30, Ethiraj Salai, Egmore,
Chennai - 600105, India
Tel : +(91) 44 2828 9200

Chennai SEZ

HCL Technologies Ltd.,
ETA- Techno Park" Block I,
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

HCL Technologies Limited,
ELCOT – SEZ Unit -I,
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

HCL Technologies Ltd.,
ETA- Techno Park" Block IV,
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 4000

HCL Technologies Limited,
ELCOT – SEZ Unit -II,
Special Economic Zone,
602/3, 138, Shollinganallur Village,
Shollinganallur - Medavakkam High Road,

Gurgaon – Centers

3, Udyog Vihar Phase 1,
Gurgaon - 122 016
Haryana, India
Tel. : +(91) 124 434 6400
Fax : +(91) 124 243 9910

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

Plot No C-1, Sector-34
Gurgaon - 122 002
Haryana, India
Tel. : +(91) 124-661-6565, 465-6565
Fax : +(91) 124 221 2381

Kolkata Centers

HCL Technologies Ltd.,
SDF Building, 1st & 3rd floors,
Module Nos. 212-214, 228-230 &413,
Block – GP, Sector – V,
Salt Lake, Kolkata 700 091, India
Tel. : +(91) 33 2357 3024-3025
Fax : +(91) 33 2357 3027

HCL Technologies Ltd.,
INFINITY Building, Tower – II,
13th, 14th & 15th. Floors,
Plot No. 3A, Block GP, Sector-V,
Salt Lake, Kolkata – 700 091, India
Tel. : +(91) 33 2357 2487- 90
Fax : +(91) 33 2357 2491

HCL Technologies Ltd. - SEZ Unit,
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

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) 120 450 2700
Fax :+(91) 120 252 9000

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 - 201 301,
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 - 201 301,
U.P., India
Tel. : +(91) 120-2589690
Fax : +(91) 120-4347485

A-104, Sector 58,
Noida 201301,
U.P., India
Tel. : +(91) 120-4364200
Fax :+(91) 120-2589688

B-34 / 3, Sector 59,
Noida - 201 301,
U.P., India
Tel. : +(91) 120-4364488
Fax : +(91) 120-2589688

C-23, Sector 58,
Noida - 201 301,
U.P., India
Tel : +(91) 120-4364500
Fax : +(91) 120-2490428

Noida SEZ

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

Mumbai Center

Unit No.181 B, SDF 6, First Floor,
SEEPZ, Andheri (East),
Mumbai - 400 096, India
Tel. : +(91) 22 28291440
Tel. : +(91) 22 28292665
Fax : +(91) 22 28292373

Hyderabad Center

DHFLVC Silicon Towers, Second Floor,
Kothaguda,
Hyderabad - 500 084
Tel. : +91 (40) 4430 2222

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

Tower: H01B, Phoenix Infocity Pvt. Ltd.{SEZ},
HITEC CITY 2 -Survey No.30, 34, 35 & 38,
Hyderabad - 500 081, India
Tel. : +(91) 40 3094 1000
Fax : +(91) 40 4027 3333

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

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

Bangalore SEZ

HCL Technologies Limited (SEZ),
No. 129, Jigani Bomasandra,
Link Road , Jigani Industrial Area,
Bangalore - 562 106, India
Tel. : +(91) 80 6781 0000
Fax : +(91) 80 6631 1111

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

Clause 49 of the Listing Agreement mandates us to obtain a certificate either from the auditors or from the practicing company secretary regarding the compliance of conditions of corporate governance as stipulated in clause 49 of the listing agreement and annex the certificate with the director's report, which is sent annually to the shareholders. We have obtained a certificate from our statutory auditors to this effect and the same is given as annexure to this report.

The clause further states that the non-mandatory requirements 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. The said tenure shall begin from July 1, 2008 for the current Independent Directors on the Board and for the new appointments the tenure shall begin from the date of the appointment of the Independent Director on the Board.

2. **Remuneration Committee**

   The Compensation Committee of the Company is in existence from September, 1999. Ms. Robin Abrams, 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 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 earnings 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, 2011.

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 familiarize 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, business strategy going forward and new initiatives being taken/ proposed to be taken by the Company.

6. **Whistle Blower Mechanism**

   A mechanism for the employees to have direct one on one access to the Chief Executive Officer (CEO) has been put in place. This mechanism focuses on reporting by the employees, any concerns on unethical behavior, actual/ suspected fraud, violation of the code of conduct or any such issue to the CEO.

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, 2011, 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

Gurgaon (Haryana)
Date: July 27, 2011

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, Chief Executive Officer & Whole-time Director of HCL Technologies Limited ("the Company") confirm that the Company has adopted a Code of Conduct ("Code") for its Board members and senior management personnel and the Code is available on the Company's web site.

We, further confirm that the Company has in respect of the financial year ended June 30, 2011, 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
Date: July 27, 2011

Vineet Nayar
Vice Chairman, CEO &
Whole-time Director

Shiv Nadar
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, Chief Executive Officer & Whole-time Director, Anil Chanana, Chief Financial Officer, Sandip Gupta, Deputy Chief Financial Officer, Prahlad Rai Bansal, Corporate Vice President- Finance and Mr. Raj Kumar Walia, Senior Vice President- Finance & Accounts 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, 2011 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
Vice Chairman, CEO &
Whole-time Director

Shiv Nadar
Chairman and Chief Strategy Officer

Anil Chanana
Chief Financial Officer

Sandip Gupta
Deputy Chief Financial Officer

Place Noida (U.P.), India
Date : July 27, 2011

Prahlad Rai Bansal
Corporate Vice President - Finance

Raj Kumar Walia
Senior Vice President - Finance & Accounts

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, 2011 and also the profit and loss account 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 (Auditors' Report) Order, 2003 (as amended) (the 'Order') 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, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;

   iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;

   v. On the basis of the written representations received from the directors, as on June 30, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on June 30, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and

   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 Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (a) in the case of the balance sheet, of the state of affairs of the Company as at June 30, 2011;

      (b) in the case of the profit and loss account, 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 27 , 2011

Annexure referred to in paragraph 3 of our report of even date

(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 previous 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) In our opinion, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Act.

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

(vii) In our opinion, the Company has an internal audit system commensurate with the size 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.*

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Act, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

(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 (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	1,105,830,990	2006-07	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	10,729,493	2005-06	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	6,821,418	2005-06	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	110,913,309	2005-06	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	413,109	2004-05	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	12,390,000	2004-05	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	1,180,000	2003-04	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	54,239,366	2003-04	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	35,792,992	2002-03	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	2,065,000	2001-02	Commissioner of Income Tax (Appeals)
Central Excise and 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
Sales Tax	Sales Tax	2,712,000	2007-08	Sales Tax, Joint Commissioner Appeal, Bangalore.

(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) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on 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 27 , 2011

Balance Sheet as at 30 June 2011

(All amounts in crores of ₹)

	Schedule	As at 30 June 2011	As at 30 June 2010
Sources of Funds			
Shareholders' funds			
Share capital	1	137.74	135.76
Share application money pending allotment		1.00	2.01
Reserves and surplus	2	5,720.41	4,798.09
		5,859.15	4,935.86
Loan funds			
Secured loans	3	1,029.87	1,030.51
Unsecured loans	4	0.29	366.88
		1,030.16	1,397.39
		6,889.31	**6,333.25**
Application of Funds			
Fixed assets	5		
Gross block		2,880.57	2,293.37
Less: Accumulated depreciation and amortization		1,584.64	1,349.54
Net block		1,295.93	943.83
Capital work-in-progress (including capital advances)		568.73	477.20
		1,864.66	1,421.03
Investments	6	2,653.27	2,233.20
Deferred tax assets (net)	20(7)	133.06	106.16
Current assets, loans and advances			
Inventories	7	124.97	12.04
Sundry debtors	8	1,657.26	2,084.70
Cash and bank balances	9	1,063.72	989.43
Other current assets	10	597.35	408.03
Loans and advances	11	970.51	1,234.74
(A)		4,413.81	4,728.94
Less: Current liabilities and provisions			
Current liabilities	12	1,572.65	1,722.48
Provisions	13	602.84	433.60
(B)		2,175.49	2,156.08
Net current assets (A-B)		2,238.32	2,572.86
		6,889.31	**6,333.25**
Notes to the accounts	20		

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet.

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

T S R Subramanian
Director

Vineet Nayar
Vice Chairman,CEO & Wholetime Director

Anil Chanana
Chief Financial Officer

per Tridibes Basu
Partner
Membership Number: 17401

Sandip Gupta
Deputy Chief Financial Officer

Prahlad Rai Bansal
Corporate Vice President - Finance

Raj Kumar Walia
Senior Vice President - Finance & Accounts

Manish Anand
Deputy Company Secretary

Gurgaon, India
27 July 2011

Noida (UP), India
27 July 2011

Profit and Loss Account for the year ended 30 June 2011

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

	Schedule	Year ended 30 June 2011	Year ended 30 June 2010
Income			
Revenues	14	6,794.48	5,078.76
Other income	15	166.27	171.77
		6,960.75	**5,250.53**
Expenditure			
Cost of goods sold	16	165.31	85.47
Personnel expenses	17	3,259.09	2,187.66
Operating and other expenses	18	1,853.71	1,449.19
Finance expenses	19	101.39	101.36
Depreciation and amortization	5	291.37	274.03
		5,670.87	**4,097.71**
Profit before tax		**1,289.88**	**1,152.82**
Provision for tax			
- current tax		(130.27)	(104.98)
- deferred tax benefit		38.67	4.97
- fringe benefit tax		-	3.77
Profit after tax		**1,198.28**	**1,056.58**
Balance brought forward from previous year		2,260.95	1,920.97
Loss acquired under the scheme of amalgamation (refer note 17 of Schedule 20)		(9.81)	-
Profit available for appropriation		**3,449.42**	**2,977.55**
Appropriations			
Proposed final dividend [including ₹ 0.35 crores (previous year ₹ 0.29 crores) paid for previous year]		138.09	68.16
Corporate dividend tax on proposed final dividend [including ₹ 0.06 crores (previous year ₹ 0.05 crores) paid for previous year]		22.40	11.32
Interim dividend		376.40	202.33
Corporate dividend tax on interim dividend		61.99	34.13
Transfer to general reserve		119.83	105.66
Transfer to debenture redemption reserve		295.00	295.00
Balance carried forward to the balance sheet		2,435.71	2,260.95
		3,449.42	**2,977.55**
Earnings per equity share of ₹ 2/- each	20(13)		
Basic		17.53	15.68
Diluted		17.18	15.33
Weighted average number of shares used in computing earnings per equity share			
Basic		683,508,571	673,741,835
Diluted		697,321,067	689,103,382
Notes to the accounts	20		

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

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
27 July 2011

Shiv Nadar
Chairman and Chief Strategy Officer

Vineet Nayar
Vice Chairman,CEO & Wholetime Director

Sandip Gupta
Deputy Chief Financial Officer

Raj Kumar Walia
Senior Vice President - Finance & Accounts

Noida (UP), India
27 July 2011

T S R Subramanian
Director

Anil Chanana
Chief Financial Officer

Prahlad Rai Bansal
Corporate Vice President - Finance

Manish Anand
Deputy Company Secretary

Cash Flow statement for the year ended 30 June 2011

(All amounts in crores of ₹)

		Year ended 30 June 2011	Year ended 30 June 2010
A	**Cash flows from Operating activities**		
	Profit before tax	1,289.88	1,152.82
	Adjusted for:		
	Depreciation and amortization	291.37	274.03
	Interest income	(124.49)	(123.83)
	Dividend income	(28.05)	(27.23)
	Profit on sale of investments	(3.89)	(5.58)
	Gain on sale of fixed assets	(1.13)	(2.20)
	Interest expense	92.13	82.91
	Amortisation of stock compensation under Employee stock option plans	133.22	49.84
	Other non cash charges	0.12	4.33
	Operating profit before working capital changes	**1,649.16**	**1,405.09**
	Movement in working capital		
	Decrease/ (increase) in sundry debtors	421.96	(591.61)
	Decrease/ (increase) in inventories	(112.93)	74.99
	Increase in loans and advances	(86.81)	(66.06)
	Increase in other current assets	(171.69)	(86.40)
	Increase/ (decrease) in current liabilities and provisions	(47.74)	177.73
	Cash generated from operations	1,651.95	913.74
	Direct taxes paid (net of refunds)	(132.56)	(174.48)
	Net cash from operating activities	**1,519.39**	**739.26**
B	**Cash flows from Investing activities**		
	Proceeds from fixed deposits	894.59	1,296.83
	Investment in fixed deposits	(866.02)	(999.59)
	Purchase of investments in mutual funds	(4,769.19)	(10,428.29)
	Proceeds from sale of investment in mutual funds	5,107.94	9,705.64
	Investment in bonds	(92.78)	(50.00)
	Proceeds from sale of bonds	50.00	20.00
	Deposits placed with body corporate	(50.00)	(100.00)
	Proceeds from deposits placed with body corporate	100.00	-
	Investment in subsidiaries	(710.02)	(912.93)
	Loans given to subsidiaries	-	(63.92)
	Proceeds from repayment of loans given to subsidiaries	387.84	332.52
	Purchase of fixed assets (including capital advances)	(698.14)	(400.33)
	Proceeds from sale of fixed assets	1.36	5.95
	Interest income	117.28	181.33
	Dividend income	28.05	27.23
	Taxes paid	(35.94)	(13.55)
	Net cash used for investing activities	**(535.03)**	**(1,399.11)**
C	**Cash flows from Financing activities**		
	Proceeds from issue of share capital	89.55	103.99
	Proceeds from secured loans	12.28	11.42
	Repayment of secured loans	(0.91)	(108.35)
	Proceeds from Issue of Debentures	-	1,000.00
	Proceeds from unsecured loans	750.28	500.75

Cash Flow statement for the year ended 30 June 2011 (Contd.)
(All amounts in crores of ₹)

	Year ended 30 June 2011	Year ended 30 June 2010
Repayment of unsecured loans	(1,110.54)	(530.00)
Dividends paid	(444.60)	(269.61)
Corporate dividend tax	(73.32)	(45.57)
Interest paid	(94.14)	(72.99)
Principal payment on finance lease obligations	(11.16)	(6.26)
Net cash from (used for) financing activities	**(882.56)**	**583.38**
Effect of exchange differences on cash and cash equivalents held in foreign currency	1.06	(2.69)
Net increase/(decrease) in cash and cash equivalents **(A+B+C)**	101.80	(76.47)
Cash and cash equivalents at the beginning of the year	64.84	144.00
Cash and cash equivalents at the end of the year	**167.70**	**64.84**
Cash and Bank Balances as per Schedule - 9 (refer note 1 below)	1,063.72	989.43
Less: Fixed Deposits greater than three months	(896.02)	(924.59)
Cash and cash equivalents in cash flow statement	**167.70**	**64.84**

Notes:

1. Cash and bank balance includes the following, which are not available for use by the Company:		
Investor education and Protection fund - Unclaimed dividend	2.38	2.35
Bank Guarantees margin	0.01	0.01

2 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

per Tridibes Basu
Partner
Membership Number: 17401

Gurgaon, India
27 July 2011

Shiv Nadar
Chairman and Chief Strategy Officer

Vineet Nayar
Vice Chairman,CEO & Wholetime Director

Sandip Gupta
Deputy Chief Financial Officer

Raj Kumar Walia
Senior Vice President - Finance & Accounts

Noida (UP), India
27 July 2011

T S R Subramanian
Director

Anil Chanana
Chief Financial Officer

Prahlad Rai Bansal
Corporate Vice President - Finance

Manish Anand
Deputy Company Secretary

Schedules to the accounts

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

Schedule 1: Share Capital	As at 30 June 2011	As at 30 June 2010
Authorised		
750,000,000 (previous year 750,000,000 equity shares of ₹ 2 each)	**150.00**	**150.00**
Issued, subscribed and paid up		
688,688,524 (Previous year 678,783,812) equity shares of ₹ 2 each, fully paid up	137.74	135.76
	137.74	**135.76**

Notes:

1. Paid up share capital includes:
   - 42,449,979 (Previous year 42,449,979) equity shares of ₹ 2 each allotted as fully paid up, pursuant to contracts for consideration other than cash.
   - 82,986,872 (Previous year 82,986,872) equity shares of ₹ 2 each issued as bonus shares in the ratio of one share for every two held by capitalisation of general reserve and 325,453,918 (Previous year 325,453,918) equity shares of ₹ 2 each issued as bonus shares in the ratio of one share for every share held by capitalisation of securities premium account.
2. For stock option oustanding details refer Note no 2 of schedule 20.

Schedule 2: Reserve and Surplus	Year ended 30 June 2011	Year ended 30 June 2010
Securities Premium Account		
Opening Balance	1,438.99	1,273.08
Add: Exercise of stock options by employees	215.24	165.91
	1,654.23	1,438.99
Foreign currency translation reserve		
Opening Balance	1.14	0.01
Add: Exchange difference during the year on net investment in Non-integral operations	(0.77)	1.13
	0.37	1.14
General Reserve		
Opening Balance	694.33	588.67
Add: Transferred from profit and loss account	119.83	105.66
	814.16	694.33
Debenture Redemption Reserve		
Opening Balance	295.00	-
Add: Transferred from profit and loss account	295.00	295.00
	590.00	295.00
Hedging Reserve account (net of deferred tax)		
Opening Balance	(92.46)	(642.79)
Add: Movement during the year (net)	111.70	550.33
	19.24	(92.46)
Employee Stock Options Outstanding	591.26	216.23
Less: Deferred employee compensation	384.56	16.09
	206.70	200.14
Profit and Loss Account	2,435.71	2,260.95
Total	**5,720.41**	**4,798.09**

Schedules to the accounts
(All amounts in crores of ₹)

Schedule 3: Secured Loans	As at 30 June 2011	As at 30 June 2010
Debentures (refer Note 1 below)		
7.55% Secured redeemable non convertible debentures of ₹ 10 lacs each	170.00	170.00
8.20% Secured redeemable non convertible debentures of ₹ 10 lacs each	330.00	330.00
8.80% Secured redeemable non convertible debentures of ₹ 10 lacs each	500.00	500.00
From Banks		
Term Loans (refer Note 2 below)	11.38	-
From Others		
Finance Lease Obligations (refer Note 3 below and Note 3(i) of Schedule 20)	18.49	30.51
	1,029.87	**1,030.51**

Notes:

1. The Company allotted 10,000 secured redeemable non convertible debentures of face value of ₹ 10 lacs each, aggregating to ₹ 1,000 crores.The debentures are secured by specified movable assets, receivables from subsidiaries and land and building of the Company.Debentures are redeemable at par on following dates.

Debenture - Series	Maturity Date
7.55% Redeemable non convertible debentures	August 25, 2011
8.20% Redeemable non convertible debentures	August 25, 2012
8.80% Redeemable non convertible debentures	September 10, 2014

2. Secured by hypothecation of gross block of vehicles of ₹ 15.49 crores (Previous year ₹ Nil crores). Amount payable within one year is ₹ 2.03 crores (Previous year ₹ Nil crores)
3. Obligation under finance lease are secured by fixed assets taken on lease.

Schedule 4: Unsecured Loans	As at 30 June 2011	As at 30 June 2010
Short term loans		
-From Banks	0.29	366.88
	0.29	**366.88**

Schedule 5: Fixed Assets
Refer Note 1(d), (e) and (f) of Schedule 20

Particulars	Gross Block						Accumulated Depreciation and amortization						Net Block	
	As at 1 July 2010	Additions	Additions on Merger*	Deletion	Translation exchange differences	As at 30 June 2011	As at 1 July 2010	Charge for the year	Additions on Merger	Deletion	Translation exchange differences	As at 30 June 2011	As at 30 June 2011	As at 30 June 2010
Goodwill	1.98	-	-	-	-	1.98	1.96	-	-	-	0.02	1.98	-	0.02
Freehold land	63.64	0.33	16.71	-	-	80.68	-	-	-	-	-	-	80.68	63.64
Leasehold land	120.36	6.08	-	-	-	126.44	7.67	1.37	-	-	-	9.04	117.40	112.69
Buildings	421.22	224.97	0.04	-	-	646.23	59.39	27.07	0.04	-	-	86.50	559.73	361.83
Plant and machinery	432.29	109.42	0.01	3.34	0.19	538.57	296.18	70.54	-	3.32	0.05	363.45	175.12	136.11
Computers	559.63	167.26	-	39.61	0.12	687.40	461.46	80.51	-	38.88	0.04	503.13	184.27	98.17
Software	309.57	76.23	-	0.04	0.01	385.77	209.86	68.55	-	0.04	-	278.37	107.40	99.71
Furniture and fittings	324.55	27.42	-	2.53	0.24	349.68	284.61	31.15	-	2.51	0.07	313.32	36.36	39.94
Vehicles - owned	5.45	15.76	-	0.09	-	21.12	4.16	1.92	-	0.09	-	5.99	15.13	1.29
- leased [refer Note 3 (i) of schedule 20]	54.68	3.51	-	15.49	-	42.70	24.25	10.26	-	11.65	-	22.86	19.84	30.43
	2,293.37	**630.98**	**16.76**	**61.10**	**0.56**	**2,880.57**	**1,349.54**	**291.37**	**0.04**	**56.49**	**0.18**	**1,584.64**	**1,295.93**	**943.83**
Previous year	1,957.86	366.74	-	31.08	(0.15)	2,293.37	1,100.88	274.03	-	25.36	(0.01)	1,349.54	943.83	856.98
Capital work-in-progress [including capital advances ₹ 50.03 crores (previous year ₹ 48.23crores)]													**568.73**	**477.20**

* Refer note 17 of Schedule 20

Schedules to the accounts

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

Schedule 6: Investments	As at 30 June 2011	As at 30 June 2010
A Long Term Investments (At cost)		
(i) In subsidiary companies Trade (Unquoted), fully paid up		
12,796,404 (Previous year 12,796,404) equity shares of ₹ 10 each, in HCL Comnet Systems and Services Limited	23.71	23.71
409,670,582 (Previous year 292,670,582) equity shares of USD 1 each, in HCL Bermuda Limited, Bermuda	2,095.68	1,386.94
939,440 (Previous year 939,440) equity shares of SGD 1 each, in HCL Singapore Pte. Limited	5.25	5.25
4,900 (Previous year 4,900) equity shares of SGD 1 each, in DSI Financial Solutions Pte Limited, Singapore	0.23	0.23
1 (Previous year 1) equity shares of Euro 100 each, in HCL GmbH	0.11	0.11
Nil (Previous year 1,000,000) equity shares of ₹ 10 each, in HCL Technoparks Limited	-	1.00
HCL Technologies (Shanghai) Limited	9.95	7.68
	2,134.93	1,424.92
(ii) 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
(iii) Other than trade (quoted)		
Investments in bonds (refer Note 12 (i) of Schedule 20)	94.93	50.00
Total long term investments	**2,240.64**	**1,485.70**
B. Current Investments (At lower of cost and market value) (unquoted)		
Investments in mutual funds (refer Note 1 below & 12 (ii) of Schedule 20)	412.63	747.50
	2,653.27	**2,233.20**

Note:

1. Net asset value of current investment in mutual funds as on 30 June 2011 ₹ 412.63 crores (Previous year ₹ 749.60 crores).

Schedule 7: Inventories (at lower of cost and net realisable value)	As at 30 June 2011	As at 30 June 2010
Finished goods (refer Note 18.1 of Schedule 20)	113.97	4.49
Store and spares	11.00	7.55
	124.97	**12.04**

Schedule 8: Sundry Debtors	As at 30 June 2011	As at 30 June 2010
Debts Outstanding for a period exceeding six months		
- Unsecured, considered good	248.84	303.81
- Unsecured, considered doubtful	30.29	21.32
	279.13	325.13
Other debts		
- Unsecured, considered good	1,408.42	1,780.89
- Unsecured, considered doubtful	0.55	2.48
	1,688.10	2,108.50
Less: Provision for doubtful debts	30.84	23.80
	1,657.26	**2,084.70**

Note:

Sundry debtors include ₹ 1023.04 crores (Previous year ₹ 1,550.64 crores) recoverable from subsidiaries of the Company.

Schedules to the accounts

(All amounts in crores of ₹)

Schedule 9: Cash and Bank Balances	As at 30 June 2011	As at 30 June 2010
Cash in hand	-	0.01
Cheques in hand	17.35	-
Remittances in transit	121.69	38.13
Balances with scheduled banks		
- On current accounts	12.25	16.56
- On fixed deposit accounts (refer Note below)	896.02	924.60
- On unpaid dividend account	2.38	2.35
	1,049.69	**981.65**
Balance with other banks (refer Note 9 of Schedule 20)		
- On current accounts	14.03	7.78
	1,063.72	**989.43**

Note:

Pledged with banks as security for guarantees ₹ 0.01 crores (Previous year ₹ 0.01 crores).

Schedule 10: Other Current Assets	As at 30 June 2011	As at 30 June 2010
Unbilled revenue (refer Note below)	365.80	217.13
Deferred Costs	203.51	187.48
Unrealised gain on derivative financial instruments	28.04	3.42
	597.35	**408.03**

Note:

Includes ₹ 193.33 crores (Previous year ₹ 111.55 crores) unbilled revenue in respect of subsidiary companies

Schedule 11: Loans and Advances (Unsecured and considered good, unless otherwise stated)	As at 30 June 2011	As at 30 June 2010
Advances recoverable in cash or in kind or for value to be received		
- Considered good (refer Note 1 below)	567.69	481.05
- Considered doubtful	2.76	1.42
Loans to subsidiaries (refer Note 6 of schedule 20)	38.46	426.30
Inter corporate deposits with HDFC Limited	50.00	100.00
MAT credit entitlement	263.44	179.39
Interest receivable (refer Note 2 below)	50.86	46.08
Advance fringe benefit tax (refer Note 3 below)	0.06	1.92
	973.27	**1,236.16**
Less: Provision for doubtful advances	2.76	1.42
	970.51	**1,234.74**

Notes:

1 Includes ₹ 124.92 crores (Previous year ₹ 217.17 crores) recoverable from subsidiaries of the company.

2 Includes ₹ 0.16 crores (Previous year ₹ 21.29 crores) recoverable from subsidiaries of the company.

3 Net of provision for fringe benefit tax of ₹ 86.50 crores (Previous year ₹ 85.01 crores).

Schedules to the accounts
(All amounts in crores of ₹)

Schedule 12: Current Liabilities	As at 30 June 2011	As at 30 June 2010
Sundry creditors		
total outstanding dues of micro and small enterprises (refer Note 14 of Schedule 20)	-	-
total outstanding dues of creditors other than micro and small enterprises	881.05	645.60
Subsidiary companies (refer Note 5 of Schedule 20)	256.38	544.95
Unrealised loss on derivative financial instruments	-	145.93
Unearned revenue (refer Note 1 below)	338.10	303.36
Advance from customers (refer Note 2 below)	25.76	59.96
Investor Education and Protection Fund shall be credited by following amounts (as and when due) -Unclaimed dividend	2.38	2.35
Interest accrued but not due on short term loans	7.92	9.89
Other liabilities	61.06	10.44
	1,572.65	**1,722.48**

Notes:

1 Includes ₹ 162.29 crores (Previous year ₹ 138.30 crores) pertaining to the subsidiaries of the company.

2 Includes ₹ 1.50 crores (Previous year ₹ 5.30 crores) pertaining to the subsidiaries of the company.

Schedule 13: Provisions	As at 30 June 2011	As at 30 June 2010
Provision for other staff benefits	189.03	144.76
Provision for income tax (refer Note 1 below)	252.36	207.90
Provision for wealth tax (refer Note 2 below)	1.37	1.80
Proposed dividend	137.74	67.87
Tax on proposed dividend	22.34	11.27
	602.84	**433.60**

Notes:

1 Net of advance income tax of ₹ 672.54 crores (Previous year ₹ 557.92 crores).

2 Net of advance wealth tax of ₹ 2.71 crores (Previous year ₹ 1.56 crores).

Schedule 14: Revenue	Year ended 30 June 2011	Year ended 30 June 2010
Sale of hardware and software	183.68	110.89
Services	6,610.80	4,967.87
	6,794.48	**5,078.76**

Schedules to the accounts
(All amounts in crores of ₹)

Schedule 15: Other Income	Year ended 30 June 2011	Year ended 30 June 2010
Interest		
- On fixed deposits [Includes, Tax deducted at source ₹ 9.86 crores (Previous year ₹ 19.81crores)]	102.48	73.66
- On investments (other than trade)	8.46	2.35
- On loans	13.55	47.82
Dividend Income		
- from subsidiary companies (trade investments- long term)	8.48	-
- On investments (other than trade)	19.57	27.23
Profit on sale of investments (other than trade)	3.89	5.58
Profit on sale of fixed assets (refer Note below)	1.13	2.20
Provision for doubtful debts written back	-	8.73
Miscellaneous income	8.71	4.20
	166.27	**171.77**

Note:
Net of loss on sale of fixed assets ₹ 0.30 crores (Previous year ₹ 1.67 crores)

Schedule 16: Cost of Goods Sold	Year ended 30 June 2011	Year ended 30 June 2010
Opening stock	4.49	87.01
Add: Purchases made during the year	274.79	51.06
Less: Stock transferred to deferred cost	-	(48.11)
Less: Closing stock	(113.97)	(4.49)
	165.31	**85.47**

Schedule 17: Personnel Expenses	Year ended 30 June 2011	Year ended 30 June 2010
Salaries, wages and bonus	2,990.38	2,043.99
Contribution to provident and other funds	104.66	74.36
Staff welfare expenses	30.83	19.47
Employee stock compensation expense	133.22	49.84
	3,259.09	**2,187.66**

Schedules to the accounts

(All amounts in crores of ₹)

Schedule 18: Operating and other expenses	Year ended 30 June 2011	Year ended 30 June 2010
Rent	132.30	158.62
Power and fuel	126.94	86.93
Insurance	3.88	7.13
Repairs and maintenance		
- Plant and machinery	41.63	29.99
- Building	35.56	33.42
- Others	51.14	24.69
Communication costs	63.66	44.20
Travel and conveyance	677.49	524.26
Business promotion	12.83	9.46
Legal and professional charges (refer Note 18.4 of Schedule 20)	43.31	39.32
Outsourcing cost	331.72	269.26
Software licence fee	78.98	63.96
Printing and stationery	9.65	6.75
Rates and taxes	34.04	8.46
Advertising and publicity	10.44	10.39
Books and periodicals	8.31	5.63
Recruitment, training and development	56.31	18.65
Provision for doubtful debts	7.42	-
Bad debts/ advances written off	0.02	3.26
Provision for doubtful advances	1.18	0.30
Donations	0.06	0.01
Exchange differences	74.93	47.75
Diminution in the value of investment	-	0.73
Miscellaneous expenses	51.91	56.02
	1,853.71	**1,449.19**

Schedule 19: Finance expenses	Year ended 30 June 2011	Year ended 30 June 2010
Interest		
- on debentures	83.90	69.32
- on bank loan	4.05	13.59
- on lease assets	5.44	6.20
- others	4.18	8.66
Bank charges	3.82	3.59
	101.39	**101.36**

Schedules forming part of the accounts

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

Schedule 20: Notes to the accounts

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 Retail, Aerospace and defense, Automotive, Telecom, Financial Services, Government, Hi-tech, Media and Entertainment, Travel, Transportation and Logistics, Energy and utilities, Life Sciences and Healthcare.

1. Statement of Significant accounting policies

a) Basis of preparation

The financial statements have been prepared to comply with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI). The financial statements have been prepared under the historical cost convention on an accrual basis except for certain financial instruments which are measured at fair values. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

b) 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.

c) 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 recognised when risk and reward of ownership has 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 service; 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. Provisions for estimated losses are 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 recognised on transfer of title in the user license. Revenue from annual technical service contracts is recognised 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 infrastructure services is derived from both time based and unit priced contracts. Revenue is recognized as the related services are performed in accordance with specific terms of the contract. 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.

Schedules forming part of the accounts

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

Schedule 20: Notes to the accounts (Contd.)

Cost and earnings in excess of billing are classified as unbilled revenue, while billing in excess of cost 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.

iv) Others

Profit on sale of Investments is recorded on transfer of title from the Company and is determined as the difference between the sales price and the then carrying value of the investment. Interest on the deployment of surplus funds is recognised using the time-proportion method, based on interest rates implicit in the transaction. Brokerage, commission and rent are recognised once the same are earned and accrued to the Company and dividend income is recognised when the right to receive the same is established. Dividend from subsidiaries is recognised even if same are declared after the balance sheet date but pertains to period on or before the date of the balance sheet as per the requirements of schedule VI of the Companies Act, 1956.

d) Fixed assets

Fixed assets are stated at the cost less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Fixed assets under construction, advances paid towards acquisition of fixed assets and cost of assets not ready for use before the year-end, are disclosed as capital work in progress.

e) Depreciation and amortization

Depreciation on fixed assets except leasehold land and leasehold improvements is provided on the straight-line method over their estimated useful lives, as determined by the management, at the rates which are equal to or higher than the rates prescribed under Schedule XIV of the Companies Act, 1956. Leasehold land is amortised over the period of lease. Leasehold improvements are amortised over a period of four years or the remaining period of the lease, whichever is shorter. 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.

Intangible assets are amortized over their respective individual estimated useful life or on a straight line basis.

The management's estimate of the useful life of the various fixed assets used for depreciation are as follows:

	Life (in years)
Fixed Assets	
Buildings	20
Plant and machinery (including office equipment, air conditioners and electrical installations)	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
Intangibles	
Software	3

Schedules forming part of the accounts

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

Schedule 20: Notes to the accounts (Contd.)

(f) Impairment of 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.

g) 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 lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income.

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

h) Investments

Trade investments are the investments made to enhance the Company's business interests. Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at 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 recognise a decline other than temporary in the value of the investments.

i) Foreign exchange transactions

(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 forecasted transactions.

The use of foreign currency forward contracts and options are 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 recognised directly in Hedging Reserve Account under shareholders' funds and the ineffective portion is recognized immediately in profit and loss account. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in profit and loss account as they arise.

Schedules forming part of the accounts

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

Schedule 20: Notes to the accounts (Contd.)

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 recognised in shareholder's funds is retained there until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in shareholders' funds is transferred to profit and loss account for the year.

b) **Hedging of monetary assets and liabilities**

The premium or discount arising at the inception of forward exchange contracts and option is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised 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 forward exchange contract is recognised 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 have been those of the Company itself.

In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at 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 have been deferred and which relate to that operation are recognised as income or as expenses in the same period in which the gain or loss on disposal is recognised.

j) **Inventories**

Finished goods are valued at lower of cost and net realisable 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 goods that are procured for specific projects is assigned by specific identification of their individual costs. Cost of goods that are interchangeable and not specific to any project is determined using weighted average cost formula. Stores and spare parts are carried at cost, less provision for obsolescence.

k) **Employee stock compensation cost**

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

l) **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 recognised 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 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 assets are recognised 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 realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses recognized and unrecognised 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 realised. 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

Schedules forming part of the accounts

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

Schedule 20: Notes to the accounts (Contd.)

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 realised.

Minimum Alternative tax (MAT) credit is recognised 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 profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of 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.

m) Employee benefits

i) Contributions to provident fund, a defined benefit plan, are deposited with a Recognised Provident Fund Trust, set up by the Company. The contributions are charged to the profit and loss account 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 makes contributions to a scheme administered by an insurance company in respect of superannuation for applicable employees and such contributions are charged to profit and loss account. The Company has no further obligations to the superannuation plan beyond its contributions.

iii) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year

iv) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation at the year end. The actuarial valuation is done as per projected unit credit method.

v) Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

vi) The Company's contribution to State Plans namely Employee State Insurance Fund and Employees Pension Scheme are charged to profit and loss account when the contributions are due.

n) Research and Development

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

(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 and use or sell it;

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

(iv) how the asset will generate probable 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 amortised 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.

o) 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.

p) Borrowing 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. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

Schedules forming part of the accounts

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

Schedule 20: Notes to the accounts (Contd.)

q) Provisions

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

r) Cash and cash equivalents

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

2. Employee stock option plan (ESOP)

The Company has provided various share-based payment schemes to its employees. During the year ended 30 June 2011, the following schemes were in operation:

	ESOP1999	ESOP 2000	ESOP 2004
Number of options approved under the scheme	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/ Company performance

During the year ended 30 June 2010, the following schemes were in operation:

	ESOP1999	ESOP 2000	ESOP 2004
Number of options approved under the scheme	20,000,000	15,000,000	20,000,000
Method of Settlement (Cash/Equity)	Equity	Equity	Equity
Vesting Period(maximum)	110 months	104 months	84 months
Exercise Period from the date of vesting (maximum)	5 Years	5 Years	5 Years
Vesting Conditions	Service period	Service period	Service period

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			
	2011		2010	
	No. of options	Weighted average exercise price (₹)	No. of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	1,522,857	753.56	2,399,885	765.33
Add: Granted during the year	-	-	-	-
Less: Forfeited during the year	(1,610)	704.04	(420)	636.00
Exercised during the year	(517,161)	778.46	(588,774)	730.38
Expired during the year	(258,139)	1,000.38	(287,834)	899.31
Options outstanding at the end of the year	**745,947**	**650.99**	**1,522,857**	**753.56**
Options exercisable at the end of the year	**745,947**		**1,522,857**	

The weighted average share price for stock options exercised during the year was ₹ 1,775.90.

Schedules forming part of the accounts

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

Schedule 20: Notes to the accounts (Contd.)

ESOP 2000	Year ended 30 June			
	2011		2010	
	No. of options	Weighted average exercise price (₹)	No. of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	2,351,180	649.20	3,473,285	649.37
Add: Granted during the year	-	-	-	-
Less: Forfeited during the year	(1,800)	636.00	(1,100)	525.55
Exercised during the year	(727,283)	655.42	(922,102)	619.63
Expired during the year	(137,438)	900.09	(198,903)	789.97
Options outstanding at the end of the year	**1,484,659**	**622.94**	**2,351,180**	**649.20**
Options exercisable at the end of the year	**1,484,659**		**2,351,180**	

The weighted average share price for stock options exercised during the year was ₹ 1,835.43

ESOP 2004	Year ended 30 June			
	2011		2010	
	No. of options	Weighted average exercise price (₹)	No. of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	2,079,112	33.34	2,545,431	39.21
Add: Granted during the year	3,194,000	8.00	240,000	8.00
Less: Forfeited during the year	(111,150)	8.00	(57,925)	20.65
Exercised during the year	(1,231,734)	21.38	(620,927)	37.20
Expired during the year	(1,553)	8.94	(27,467)	294.97
Options outstanding at the end of the year	**3,928,675**	**17.22**	**2,079,112**	**33.34**
Options exercisable at the end of the year	**7,99,525**		**679,935**	

The weighted average share price for stock options exercised during the year was ₹ 1,840.81

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	7,45,947	2.39	650.99
Employee Stock Option Plan - 2000	₹ 260 - ₹ 470 ₹ 483 - ₹ 823	60,556 14,24,103	0.73 2.13	405.34 632.20
Employee Stock Option Plan - 2004	₹ 8.00 ₹ 642 - ₹ 741	3,875,763 52,912	6.99 2.22	8.00 692.33

Schedules forming part of the accounts

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

Schedule 20: Notes to the accounts (Contd.)

The details of exercise price for stock options outstanding at the end of the year 30 June 2010 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 ₹ 985 - ₹ 2,444	1,082,747 440,110	3.34 0.10	648.97 1,010.87
Employee Stock Option Plan - 2000	₹ 260 - ₹ 470 ₹ 483 - ₹ 823 ₹ 1,016 - ₹ 1,312	109,880 2,109,285 132,015	1.50 3.14 0.59	406.30 629.34 1,168.72
Employee Stock Option Plan - 2004	₹ 8.00 ₹ 642 - ₹ 741	2,001,617 77,495	4.85 3.32	8.00 687.87

The weighted average fair value of stock options granted during the year was ₹ 1,309.65. The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	2011	2010
Weighted average share price	356.25	288.94
Exercise Price	2.00	2.00
Expected Volatility	40.93%	37.76%
Historical Volatility	40.93%	37.76%
Life of the options granted (Vesting and exercise period) in years	1.20 - 7.96 Years	1.02 - 5.01 years
Expected dividends	₹ 8	₹ 4
Average risk-free interest rate	7.78%	7.00%
Expected dividend rate	1.52%	1.38%

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. 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 of the same on net income and earnings per share is provided below:

		Year ended 30 June 2011	Year ended 30 June 2010
Net income - As reported		**1,198.28**	**1,056.58**
Add:-Employee stock compensation under intrinsic value method		133.22	49.84
Less:-Employee stock compensation under fair value method		128.05	45.26
Net income - Proforma		**1,203.45**	**1,061.16**
Earnings per share (refer note 13)			
Basic	- As reported	17.53	15.68
	- Proforma	17.61	15.75
Diluted	- As reported	17.18	15.33
	- Proforma	17.26	15.40

Schedules forming part of the accounts

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

Schedule 20: Notes to the accounts (Contd.)

3. Leases

In case assets taken on lease

i) Finance leases

The Company has acquired vehicles on finance leases. The lease term is 4 years, total minimum lease payments and 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 as of 30 June, 2011 are as follows:

	Total minimum lease payments outstanding	Interest included in minimum lease payments	Present value of minimum lease payments
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**
30 June, 2010			
Not later than one year	15.53	3.24	12.29
Later than one year and not later than five years	20.76	2.54	18.22
Total	**36.29**	**5.78**	**30.51**

ii) Operating Leases

The Company leases office spaces and accommodation for its employees under operating lease agreements. The lease rental expense recognised in the profit and loss account for the year is ₹ 133.98 crores (previous year ₹ 151.69 crores). The escalation amount for non-cancellable operating lease payable in future years and accounted for by the Company is ₹ 56.65 crores. Future minimum lease payments and the payment profile of non-cancellable operating leases are as follows:

	Year ended 30 June	
	2011	**2010**
Not later than one year	146.77	139.58
Later than one year but not later than five years	330.06	346.57
Later than five years	330.74	302.06
	807.57	**788.21**

4. Segment reporting

Identification of Segments

The Company's operating businesses are organized and managed separately 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 operating 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 centers 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 categorised based on items that are individually identifiable to that segment, while expenditure is categorised in relation to the associated turnover of the segment. Assets and liabilities are also identified to service segments.

Schedules forming part of the accounts

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

Schedule 20: Notes to the accounts (Contd.)

(ii) Geographic Segments

Geographic segmentation is based on the location of the respective client. The principal geographical segments have been classified as America, Europe and others. Europe comprises business operations conducted by the Company in the United Kingdom, Sweden, Germany, Italy, Belgium, Netherlands, Finland, Switzerland, Ireland and Poland. 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. All other customers, mainly in Japan, Australia, New Zealand, Singapore, Malaysia, Israel, South Korea, India, China, Hong Kong, Czech Republic, Macau, UAE, Portugal and Russia 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 this schedule 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 fixed assets, sundry debtors, loans and advances, cash and bank balances and unbilled receivables. Segment assets do not include unallocated corporate and treasury assets, net deferred tax assets and advance taxes.

Segment liabilities include sundry creditors and other liabilities. Segment liabilities do not include share capital, reserves, secured loans, unsecured loan 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 miscellaneous income, income from investments and 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 investment, charge taken for stock options issued to employees, corporate expenses and finance cost.

Schedules forming part of the accounts

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

Schedule 20: Notes to the accounts (Contd.)

Financial information about the business segments for the year ended 30 June, 2011 is as follows:

	Software services	Business process outsourcing services	Infrastructure service	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)
Finance 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 assets	-	-	-	4,720.18
Total assets				**9,064.80**
Liabilities				
Segment liabilities	1,313.54	93.46	359.50	1,766.50
Unallocated liabilities	-	-	-	1,439.15
Total liabilities				**3,205.65**
Others				
Capital expenditure (including capital work in progress)	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 for doubtful debts/ advances and bad debts/ advances written back				8.62

Schedules forming part of the accounts

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

Schedule 20: Notes to the accounts (Contd.)

Financial information about the business segments for the year ended 30 June, 2010 is as follows:

	Software services	Business process outsourcing services	Infrastructure services	Total
Segment Revenues	4,084.33	377.09	617.34	**5,078.76**
Segment results	1,146.98	(12.22)	135.13	**1,269.89**
Unallocated corporate expenses				(178.77)
Finance expense				(101.36)
Other income				39.23
Interest income				123.83
Net profit before taxes				**1,152.82**
Tax Expense				96.24
Net profit after taxes				**1,056.58**
Assets				
Segment assets	2,741.56	352.68	809.06	3,903.30
Unallocated assets				4,586.03
Total assets				**8,489.33**
Liabilities				
Segment liabilities	1,221.70	97.06	416.36	1,735.12
Unallocated liabilities				1,818.35
Total liabilities				**3,553.47**
Others				
Capital expenditure (including capital work in progress)	162.87	26.84	94.48	284.19
Unallocated corporate capital expenditure				110.20
Total				**394.39**
Significant non-cash adjustments				
Depreciation	171.14	28.66	34.52	234.32
Unallocated corporate depreciation				39.71
Total				**274.03**
Provision for doubtful debts/ advances and bad debts/ advances written off				(8.43)

Revenue from the geographic segments based on domicile of the customer is as follows:

	Year ended 30 June 2011	Year ended 30 June 2010
America	4,474.35	3,376.72
Europe	1,551.31	1,205.75
India	309.29	185.22
Others	459.53	311.07
	6,794.48	**5,078.76**

Assets and additions to tangible and intangible fixed assets by geographical area. The following table shows the carrying amount of segment assets by geographical area in which assets are located:

	Carrying amount of segment assets and Intangible assets	
	30 June 2011	30 June 2010
America	1,466.25	1,655.09
Europe	517.22	600.11
India	2,192.69	1,477.00
Others	168.46	171.10
	4,344.62	**3,903.30**

Schedules forming part of the accounts

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

Schedule 20: Notes to the accounts (Contd.)

5. Related party transactions

a) Related parties where control exists

Subsidiaries

HCL Comnet Systems and Services Limited
HCL Bermuda Limited
HCL Technologies (Shanghai) Limited
HCL Great Britain Limited
HCL (Netherlands) BV
HCL GmbH
HCL Belgium NV
HCL Sweden AB
HCL Italy SLR
HCL Australia Services Pty. 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 (formerly Intelicent India Limited)
DSI Financial Solutions Pte. Limited
HCL BPO Services (NI) Limited
HCL Jones Technologies LLC
HCL Singapore Pte. Limited
HCL (Malaysia) Sdn. Bhd.
HCL EAI Services Limited
HCL Poland sp. z o.o
Capital Stream, Inc.
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
HCL Technologies South Africa (Proprietary) Limited
PT. HCL Technologies Indonesia Limited
HCL Arabia LLC
HCL Technologies France
Anzospan Investments PTY Limited
FILIAL ESPAÑOLA DE HCL TECHNOLOGIES, S.L(Spain)

Schedules forming part of the accounts
(All amounts in crores of ₹ except share data and unless otherwise stated)
Schedule 20: Notes to the accounts (Contd.)

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- through subsidiary

b) **Related parties with whom transactions have taken place during the year**

Subsidiaries

HCL America Inc., United States of America
HCL Great Britain Limited, United Kingdom
HCL (Netherlands) BV, Netherlands
HCL GmbH, Germany
HCL Belgium NV, Belgium
HCL Sweden AB, Sweden
HCL Australia Services Pty. Limited, Australia
HCL (New Zealand) Limited, New Zealand
HCL Hong Kong SAR Limited, Hong Kong
HCL Comnet Systems and Services Limited, India
HCL Comnet Limited, India
HCL Bermuda Limited, Bermuda
HCL Technologies (Shanghai) Limited, Shanghai
HCL BPO Services (NI) Limited, Northern Ireland
HCL Singapore Pte. Limited, Singapore
HCL (Malaysia) Sdn. Bhd., Malaysia
HCL EAI Services Limited, India
HCL Global Processing Services Limited(formerly Intelicent India Limited)
HCL Poland Sp.z.o.o., Poland
Capital Stream Inc., United States of America
HCL Axon (Pty) Limited
Axon Solutions Inc. , United States of America
Axon Solutions Limited, UK
Axon Solutions Singapore Pte Limited
Axon Solutions Sdn. Bhd., Malaysia
HCL Insurance BPO Services Limited, UK
Axon Solutions (Canada) Inc., Canada
HCL Technologies Canada Inc.
Axon Group Limited.
HCL France
HCL EAS Limited, UK

Jointly controlled entities

NEC HCL System Technologies Limited, India

Others (Significant influence)

HCL Corporation Limited
HCL Infosystems Limited
HCL Security Limited
HCL Infinet Limited.
HCL Holding Pvt. Limited.
HCL Insys Pte Limited., Singapore

c) **Key Management Personnel**

Shiv Nadar, Chairman and Chief Strategy Officer
Vineet Nayar, Chief Executive Officer and Whole-time Director

Schedules forming part of the accounts

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

Schedule 20: Notes to the accounts (Contd.)

d) Transactions with related parties during the year in the ordinary course of business:

Particulars	Revenues		Operating & Other Expenses		Interest Expenses		Interest Income		Others	
	Year ended 30 June		Year ended 30 June		Year ended 30 June		Year ended 30 June		Year ended 30 June	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Subsidiaries										
-HCL America Inc.	2957.70	2462.85	326.89	273.32	0.44	1.18	1.88	-	-	2.31
-HCL Great Britain Limited	415.81	352.45	35.49	44.70	-	-	-	-	-	3.16
-HCL Australia Services Pty. Limited	219.66	156.71	-	-	-	-	-	-	-	-
-HCL Bermuda Limited	-	-	-	-	-	-	11.67	38.66	-	-
-HCL Insurance BPO Services Limited	-	-	-	-	-	-	-	-	-	12.63
-HCL Comnet Limited	-	-	33.94	28.33	1.36	-	-	-	-	-
-HCL EAS Limited	-	-	-	-	0.50	0.40	-	-	-	-
-HCL Global Processing Services Limited (formerly Intelicent India Limited)	-	-	-	-	1.75	-	-	-	-	-
-HCL Technopark Limited	-	-	-	-	-	-	-	6.84	-	-
-HCL Expenses Management Service Inc.	-	-	-	-	-	-	-	-	-	9.78
-Others	285.28	199.29	173.92	75.53	0.13	-	-	-	-	0.92
Total (A)	**3878.45**	**3171.30**	**570.24**	**421.88**	**4.18**	**1.58**	**13.55**	**45.50**	**-**	**28.80**
Jointly controlled entities										
-NEC HCL System Technologies Limited	4.43	3.64	-	-	-	-	-	-	-	-
Total (B)	**4.43**	**3.64**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Others (Significant influence)										
-HCL Infosystems Limited	11.77	17.26	55.53	40.11	-	-	-	-	-	1.38
-Others	-	-	2.02	1.67	-	-	-	-	-	-
Total (C)	**11.77**	**17.26**	**57.55**	**41.78**	**-**	**-**	**-**	**-**	**-**	**-**
Total (A+B+C)	**3894.65**	**3192.20**	**627.79**	**463.66**	**4.18**	**1.58**	**13.55**	**45.50**	**-**	**30.18**

Transactions with related parties during the year in the ordinary course of business (Continued)

Particulars	Dividend Income		Purchase of Capital equipments		Investments		Dividend Paid	
	Year ended 30 June		Year ended 30 June		Year ended 30 June		Year ended 30 June	
	2011	2010	2011	2010	2011	2010	2011	2010
-HCL Comnet Systems and Services Limited	-	-	-	-	-	-	-	-
-HCL Technologies (Shanghai) Limited	-	-	-	-	2.27	2.42	-	-
-HCL Comnet Limited	-	-	2.57	0.20	-	-	-	-
-HCL Bermuda Limited	-	-	-	-	708.74	910.51	-	-
-HCL Singapore Pte. Limited	8.48	-	12.82	9.09	-	-	-	-
Total (A)	**8.48**	**-**	**15.39**	**9.29**	**711.01**	**912.93**	**-**	**-**
Others (Significant influence)								
-HCL Infosystems Limited	-	-	55.65	22.91	-	-	-	-
-Others	-	-	6.36	0.25	-	-	-	-
-HCL Corporation Limited	-	-	-	-	-	-	210.00	135.21
-HCL Holding Private Limited.	-	-	-	-	-	-	78.17	48.30
Total (B)	**-**	**-**	**62.01**	**23.16**	**-**	**-**	**288.17**	**183.51**
Total (A+B)	**8.48**	**-**	**77.40**	**32.45**	**711.01**	**912.93**	**288.17**	**183.51**

Schedules forming part of the accounts

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

Schedule 20: Notes to the accounts (Contd.)

d) Transactions with related parties during the year in the ordinary course of business (Continued)

Particulars	Repayment of Loans Given to subsidiaries Year ended 30 June		Loans Given to subsidiaries Year ended 30 June		Payment for use of facilities Year ended 30 June		Receipt for use of facilities Year ended 30 June		Guarantees Given Year ended 30 June	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
-HCL America Inc.	-	-	-	-	-	-	-	-	319.14	76.18
-HCL Great Britain Limited	-	-	-	-	-	-	-	-	50.47	45.18
-HCL Comnet Limited	-	-	-	-	-	-	0.33	0.90	-	-
-HCL Comnet Systems and Services Limited	-	-	-	-	-	-	4.47	7.70	-	-
-HCL Bermuda Limited	(313.44)	-	-	292.15	-	-	-	-	71.58	69.73
-HCL Technoparks Limited	-	(26.40)	-	-	-	-	-	-	-	-
-HCL EAS Limited	-	-	-	-	-	-	-	-	1,173.83	1,602.18
-HCL Japan Limited	-	-	-	-	-	-	-	-	125.15	130.03
-HCL Insurance BPO Services Limited	-	-	-	-	-	-	-	-	257.68	251.03
-HCL Jones Technologies LLC	-	-	-	-	-	-	-	-	6.70	6.97
-HCL BPO Services (NI) Limited	-	-	-	-	-	-	-	-	39.15	38.14
-HCL Singapore Pte Limited.	-	-	-	-	-	-	-	-	111.74	-
-HCL EAI Limited	-	-	-	-	-	-	-	-	0.42	-
-HCL Netherlands B.V.	-	-	-	-	-	-	-	-	128.00	-
Total (A)	**(313.44)**	**(26.40)**	**-**	**292.15**	**-**	**-**	**4.80**	**8.60**	**2,283.86**	**2,219.44**
Others (Significant influence)										
-HCL Infosystems Limited	-	-	-	-	0.25	1.28	-	-	-	-
-HCL Peripherals Limited.	-	-	-	-	0.84	0.57	-	-	-	-
-HCL Corporation Limited	-	-	-	-	0.39	-	-	-	-	-
Total (B)	**-**	**-**	**-**	**-**	**1.48**	**1.85**	**-**	**-**	**-**	**-**
Total (A+B)	**(313.44)**	**(26.40)**	**-**	**292.15**	**1.48**	**1.85**	**4.80**	**8.60**	**2,283.86**	**2,219.44**

Transactions with Key Managerial personnel during the year

Particulars	Year ended 30 June 2011	Year ended 30 June 2010
Chief Executive Officer & Whole-time Director		
i) Remuneration	6.84	4.54
ii) Dividend Paid	1.36	0.40
iii) Stock option		
- Granted - No's	12,50,000	1,75,000
- Vesting period	In trenches t ill 2016	One year
- Exercised - No's	4,25,000	2,50,000
- Exercise price - ₹	8	8

Schedules forming part of the accounts

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

Schedule 20: Notes to the accounts (Contd.)

e) Outstanding balances with related parties

Particulars	Sundry Debtors As at 30 June		Creditors As at 30 June		Unearned revenue As at 30 June	
	2011	2010	2011	2010	2011	2010
Subsidiaries						
-HCL America Inc.	841.65	1215.43	135.79	138.76	98.19	123.68
-HCL Great Britain Limited	79.02	224.37	15.29	114.23	53.74	14.06
-HCL Gmbh	7.66	0.72	4.29	8.05	2.74	0.43
-HCL Comnet Systems and Services Limited	0.21	2.65	20.97	84.98	-	-
- HCL Bermuda Limited	-	-	-	45.39	-	-
-Others	94.50	107.47	80.04	153.54	7.62	0.13
Total (A)	**1023.04**	**1550.64**	**256.38**	**544.95**	**162.29**	**138.30**
Jointly controlled entities						
-NEC HCL System Technologies Limited	0.83	0.66	-	-	-	-
Total (B)	**0.83**	**0.66**	**-**	**-**	**-**	**-**
Others (Significant influence)						
-HCL Infosystems Limited	4.13	2.62	13.06	9.37	0.47	10.24
-Others	0.03	0.09	0.44	0.98	-	-
Total (C)	**4.16**	**2.71**	**13.50**	**10.35**	**0.47**	**10.24**
Total (A+B+C)	**1,028.03**	**1,554.01**	**269.88**	**555.30**	**162.76**	**148.54**

Outstanding balances with related parties - Continued

Particulars	Loans outstanding As at 30 June		Advance received As at 30 June		Other receivables As at 30 June	
	2011	2010	2011	2010	2011	2010
Subsidiaries						
-HCL America Inc.	-	-	-	1.67	188.06	64.19
-HCL Great Britain Limited	-	-	-	-	37.56	14.13
-HCL Bermuda Limited	38.46	351.90	-	-	-	-
-HCL Technoparks Limited	-	74.40	-	-	-	-
-HCL Comnet Limited	-	-	-	-	29.24	32.80
-HCL Gmbh	-	-	-	-	4.39	1.32
-HCL (New Zealand) Limited	-	-	-	1.96	-	-
-HCL EAI Services Limited	-	-	1.50	1.50	-	-
- HCL Comnet Systems and Services Limited	-	-	-	-	23.52	50.41
-Others	-	-	-	0.17	35.64	58.47
Total (A)	**38.46**	**426.30**	**1.50**	**5.30**	**318.41**	**221.32**
Jointly controlled entities						
- NEC HCL System Technologies Limited	-	-	-	-	0.43	0.19
Total (B)	**-**	**-**	**-**	**-**	**0.43**	**0.19**
Others (Significant influence)						
- HCL Infosystems Limited	-	-	-	-	17.08	1.46
- Others	-	-	-	-	0.14	0.48
Total (C)	**-**	**-**	**-**	**-**	**17.22**	**1.94**
Total (A+B+C)	**38.46**	**426.30**	**1.50**	**5.30**	**336.06**	**223.45**

Schedules forming part of the accounts

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

Schedule 20: Notes to the accounts (Contd.)

6. 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 Technoparks Limited (Refer note 17)	-	-	-
	(74.40)	(11%)	(122.40)
HCL Bermuda Limited	38.46	5% - 9.50%	351.90
	(351.90)	(5% - 9.50%)	(1445.19)

Previous year figures are given in brackets.

7. Components of Net Deferred Tax Assets

	As at 30 June 2011	As a 30 June 2010
Deferred Tax Assets		
Depreciation	52.43	59.91
Accrued employee costs	65.67	30.25
Unrealised loss on derivative instruments	-	7.51
Others	20.73	10.02
Total (A)	**138.83**	**107.69**
Deferred Tax Liability		
Leased vehicles	1.50	1.53
Unrealised gain on derivative instruments	4.27	-
Total (B)	**5.77**	**1.53**
Net Deferred Tax Assets / (Liabilities) (A-B)	**133.06**	**106.16**

8. Research and Development Expenditure

	Year ended 30 June 2011	Year ended 30 June 2010
Revenue	93.16	40.53
Capital	-	-
	93.16	**40.53**

9. Closing Balance and Maximum balances outstanding with non scheduled banks are as follows:

Non-scheduled banks	Closing Balance		Maximum Balance	
	As at 30 June 2011	As at 30 June 2010	Year ended 30 June 2011	Year ended 30 June 2010
- On Current account				
Deutsche Bank, London -Euro	0.10	0.02	0.11	0.03
Deutsche Bank, Singapore -SGD	-	0.06	0.07	0.22
Deutsche Bank, London -GBP	0.02	0.02	0.02	0.03
Deutsche Bank, New York -USD	-	0.12	0.12	0.12
BNP Paribas, Israel- ILS	0.96	0.50	2.08	8.63
Citibank International Plc Finland	3.68	-	20.29	-
Citi Bank, New YorK - USD	-	-	-	0.34
Citi Bank Europe plc, Czech Republic - CZK	1.22	0.32	10.33	1.61
Citibank , N.A - UAE- AED	2.35	5.89	21.11	5.89
BNP Paribas,Ireland- EUR	3.37	0.11	6.95	0.18
BNP Paribas, Switzerland - CHF	2.01	0.22	10.50	1.64
BNP Paribas, Portugal- EUR	0.10	0.21	0.52	0.27
BNP Paribas Zao, Russia- RUB	0.20	0.03	0.61	0.08
BNP Paribas Zao, Russia- USD	0.02	0.17	0.40	0.24
BNP Paribas, Israel- USD	-	0.11	0.11	9.73
Total	**14.03**	**7.78**		

Schedules forming part of the accounts

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

Schedule 20: Notes to the accounts (Contd.)

10. Commitments and Contingent liabilities

	As at 30 June 2011	As at 30 June 2010
i) Capital and other commitments		
a) Capital commitments		
Estimated amount of unexecuted capital contracts (net of advances)	391.33	274.15
b) Outstanding letter of credit	-	1.76
	391.33	**275.91**
ii) Contingent Liabilities		
a) Disputed Income Tax (excluding Interest)	-	9.99
b) Others	2.30	1.63
	2.30	**11.62**

c) 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 ₹ 2,283.86 crores (previous year ₹ 2,219.44 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.

d) Bank guarantees of ₹ 24.39 crores (previous year ₹ 6.39 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.

11. Derivative Financial Instruments

The Company is exposed to foreign currency fluctuations on foreign currency assets / liabilities, forecasted cash flows denominated in foreign currency. The use of derivatives to hedge foreign currency forecasted 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 party 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 between one to twenty months and the forecasted transactions are expected to occur during the same period. The Company does not use forward contracts and currency options for speculative purposes.

Schedules forming part of the accounts
(All amounts in crores of ₹ except share data and unless otherwise stated)
Schedule 20: Notes to the accounts (Contd.)

The following table presents the aggregate contracted principal amounts of the Company's derivative contracts outstanding:-

Sell Covers	As at 30 June 2011	As at 30 June 2010
Foreign Currency	**Rupee Equivalent (₹ in Crores)**	
U.S. Dollar / INR	207.83	1,314.22
GBP/INR	32.21	65.09
Euro/INR	106.66	58.19
Euro/USD	45.25	-
AUD/INR	57.47	-
Total	**449.42**	**1,437.50**

Buy Covers	As at 30 June 2011	As at 30 June 2010
Foreign Currency	**Rupee Equivalent (₹ in Crores)**	
U.S. Dollar/INR	-	366.88
Total	**-**	**366.88**

Forward options	As at 30 June 2011	As at 30 June 2010
	Rupee Equivalent (₹ in Crores)	
Put Options		
U.S. Dollar	89.39	65.02
Range Forward		
U.S. Dollar	860.83	139.32
GBP/INR	42.95	28.52
Euro/INR	36.85	-
Seagull		
Euro/INR	25.86	-
Total	**1,055.88**	**232.86**

The following table summarizes activity in the Hedging Reserve related to all derivatives classified as cash flow hedges during the years ended 30 June 2011 and 2010.

Particulars	Year ended 30 June 2011	Year ended 30 June 2010
Gain / (Loss) as at the beginning of the year	(99.97)	(775.09)
Unrealized gain/ (losses) on cash flow hedging derivatives during the year	53.62	197.05
Net losses reclassified into net income on occurrence of hedged transactions	69.86	478.07
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)	**23.51**	**(99.97)**

As of the balance sheet date, the Company's net foreign currency exposure that is not hedged is ₹ 1399.20 crores (previous year ₹ 3,754.76 crores).

Notes:

1. Balance as at year end is inclusive of deferred tax liability of ₹ 4.27 crores (previous year deferred tax assets of ₹ 7.51 crores).
2. At 30 June 2011, the estimated net amount of existing gain that is expected to be reclassified into the income statement within the next twelve months is ₹ 23.51 crores (previous year loss of ₹ 99.97 crores).

Schedules forming part of the accounts

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

Schedule 20: Notes to the accounts (Contd.)

12. The details of investments in mutual funds/ bonds and their movements during the year are provided below:

i) Details of Investments in bonds - Other than trade and unquoted

Particulars	Face Value	Balance as at 30 June 2011		Balance as at 30 June 2010	
		Units	Amount	Units	Amount
IRFC Tax Free Bonds (Series 68)	100,000	5,000	50.00	5,000	50.00
IIFCL Tax Free Bonds	100,000	4,418	44.93	-	-
Total			**94.93**		**50.00**

ii) Details of Investments in mutual funds - Other than trade and unquoted-Current Investments

Particulars	Face Value	Balance as at 30 June 2011		Balance as at 30 June 2010	
		Units	Amount	Units	Amount
Growth					
ICICI Prudential Medium Term Plan-Prem Plus	10			94,513,918	95.00
Daily Dividend					
IDFC Cash Fund Plan-C	10	-	-	4,414	-
TATA Liquid Fund-Super High Investment Plan	1,000			80,761	9.00
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 Premium	10	6,525,748	69.00	-	-
Weekly Dividend					
ICICI Prudential Banking & PSU Debt Fund	10			25,030,125	25.08
Fortnightly Dividend					
HDFC High Interest Fund-Short Term Plan	10			48,197,379	51.06
Monthly dividend					
Birla Sun Life Dynamic Bond Fund	10			83,300,723	86.66
Birla Sunlife Medium Term Plan	10			50,057,242	50.50
Birla Sunlife Saving Fund-Institutional	10			49,275,015	50.46
HDFC Cash Management Fund-Treasury Advantage Plan -Whole sale	10			100,534,368	101.06
HDFC Short Term Fund	10			14,791,788	15.28
ICICI Prudential Short Term Plan IP	10			20,809,636	25.18
IDFC Money Manager Fund-Investment Plan IP Plan B	10			101,566,031	102.03
Reliance Short Term Fund	10			66,649,228	70.91
SBI Short Horizon Debt Fund-Short Term	10			23,332,055	25.26
Tata Fixed Income Portfolio Fund SchemeA3	10			15,017,853	15.02
Reliance Quarterly Interval Fund Series III	10			24,993,796	25.00
TOTAL			**412.63**		**747.50**

Schedules forming part of the accounts

(All amounts in crores of ₹)

Schedule 20: Notes to the accounts (Contd.)

iii) Details of units of mutual funds & bonds purchased and redeemed/ sold during the year

A. Details of units of mutual funds	Face Value	Purchased During the Year		Sale/ Redemption Proceeds During the Year	
		Units	Amount	Units	Amount
Daily Dividend					
Birla Sunlife Cash Plus -Inst Prem	10	230,591,752	231.04	230,591,752	231.04
Birla Sunlife Saving Fund-Institutional	10	229,099,065	229.25	129,167,019	129.25
DSP BlackRock Liquidity Fund-IP	1,000	899,838	90.02	899,838	90.02
HDFC Cash Management Fund-Treasury Advantage Plan -Whole sale	10	855,411,543	858.11	855,411,543	858.11
HDFC Liquid Fund -Premium Plan	10	436,739,307	535.43	436,739,307	535.43
ICICI Prudential Flexible Income Plan Premium	100	37,279,837	394.19	30,754,089	325.18
ICICI Prudential Inst Liquid Plan -Super IP	100	42,274,048	422.84	42,274,048	422.83
IDFC Cash Fund Plan-C	10	84,072,790	84.09	84,072,790	84.10
IDFC Money Manager Fund Treasury Plan Inst Plan C	10	199,586,008	199.62	159,288,208	159.31
Reliance Liquidity Fund Daily Dividend reinvestment option	10	39,983,992	40.00	39,983,992	40.00
Reliance Medium Term Fund	10	23,414,668	40.03	23,414,668	40.03
SBI Premier Liquid Fund Super IP	10	355,889,821	357.04	355,889,821	357.04
SBI SHF Ultra Short Term Fund IP	10	696,156,209	696.57	616,185,962	616.55
TATA Floater Fund	10	213,478,473	214.24	142,024,477	142.53
TATA Liquid Fund-Super High Investment Plan	1,000	771,901	86.03	852,662	95.03
DSP BlackRock Money Manager Fund IP	1,000	900,959	90.17	900,959	90.17
Birla Sun Life Ultra Short Term Fund - IP	10	102,146,504	102.20	50,579,851	50.61
JPMorgan India Liquid Fund - Super IP	10	47,968,625	48.01	47,968,625	48.01
JPMorgan India Treasury Fund - Super IP	10	48,012,982	48.06	48,012,982	48.06
Weekly Dividend					
ICICI Prudential Banking & PSU Debt Fund	10	281,163	0.28	25,311,287	25.40
Fortnightly Dividend					
HDFC High Interest Fund-Short Term Plan	10	-	-	48,197,379	51.27
Monthly dividend					
Birla Sun Life Dynamic Bond Fund	10	647,469	0.68	83,948,192	87.76
Birla Sunlife Medium Term Plan	10	106,347	0.11	50,163,589	50.76
Birla Sunlife Saving Fund-Institutional	10	329,122	0.34	49,604,137	50.92
HDFC Cash Management Fund-Treasury Advantage Plan -Whole sale	10	4,058	-	100,538,426	101.20
HDFC Short Term Fund	10	89,750	0.09	14,881,537	15.37
ICICI Prudential Short Term Plan IP	10	356,836	0.43	21,166,472	25.35
IDFC Money Manager Fund-Investment Plan IP Plan B	10	12,386	0.01	101,578,417	101.97
Reliance Quarterly Interval Fund Series III Inst	10	-	-	24,993,796	25.01
Reliance Short Term Fund	10	127,600	0.14	66,776,829	70.83
SBI Short Horizon Debt Fund-Short Term-IP	10	155,722	0.17	23,487,777	25.35
Tata Fixed Income Portfolio Fund Scheme A3	10	-	-	15,017,853	15.02
Growth fund					
Tata Fixed Income Portfolio Fund Scheme A3	10	-	-	94,513,918	98.43
Total (A)			**4,769.19**		**5,107.94**

Schedules forming part of the accounts
(All amounts in crores of ₹)
Schedule 20: Notes to the accounts (Contd.)

B. Details of units of Bonds & Certificate of Deposits	Face Value	Purchased During the Year		Sale/ Redemption Proceeds During the Year	
		Units	Amount	Units	Amount
IIFCL Tax Free Bonds	100,000	4,418	45.21	-	-
Bank of Baroda Cert. of Deposit	100,000	2500	23.42	2500	25.00
Punjab National Bank Cert. of Deposit	100,000	2500	24.15	2500	25.00
Total (B)			**92.78**		**50.00**
Total (A+B)			**4,861.97**		**5,157.94**

13. Earnings per equity share (EPS)

	Year ended 30 June 2011	Year ended 30 June 2010
Net profit as per Profit and Loss Account for computation of EPS	1,198.28	1,056.58
Weighted average number of shares outstanding in computation of basic EPS	683,508,571	673,741,835
Dilutive effect of stock options outstanding	13,812,496	15,361,547
Weighted average number of equity shares and equity equivalent shares outstanding in computing diluted EPS	697,321,067	689,103,382
Nominal value of equity shares (in ₹)	2	2
Earnings per equity share (in ₹)		
- Basic	17.53	15.68
- Diluted	17.18	15.33

14. Micro, Small and Medium Enterprises

As per information available with the management, the dues payable as at any time during the year ended 30 June 2011 and 2010 to enterprises covered under "The Micro, Small and Medium Enterprises Development Act, 2006" is ₹ Nil crores.

This has been determined on the basis of responses received from vendors on specific confirmation sought by the Company in this regard.

15. 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 Profit and Loss account:-

	Year ended 30 June 2011	Year ended 30 June 2010
Superannuation Fund	2.45	2.11
Employer's contribution to Employees' State Insurance	2.64	0.58
Employer's contribution to Employees' Pension Scheme.	31.13	23.54
Total	**36.22**	**26.23**

B. Defined Benefit Plans
a) Gratuity
b) Employers Contribution to Provident Fund

Gratuity

The Company has a 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.

Schedules forming part of the accounts
(All amounts in crores of ₹)
Schedule 20: Notes to the accounts (Contd.)

The following table set out the status of the gratuity plan as required under AS 15 (Revised):

Profit and Loss Account

Net employee benefit expense (recognised in Employee Cost)

	Year ended 30 June 2011	Year ended 30 June 2010
Current service cost	20.40	17.06
Interest cost on benefit obligation	6.89	5.07
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognised in the year	(3.10)	(3.25)
Past service cost	-	-
Net benefit expense	**24.19**	**18.88**

Balance Sheet

Details of Provision for Gratuity

	Year ended 30 June 2011	Year ended 30 June 2010
Defined benefit obligations	100.58	85.00
Fair value of plan assets	-	-
	100.58	85.00
Less: Unrecognised past service cost	-	-
Plan (asset) / liability	**100.58**	**85.00**

Changes in present value of the defined benefit obligation are as follows:

Particulars	Year ended 30 June 2011	Year ended 30 June 2010
Opening defined benefit obligations	85.00	71.19
Current service cost	20.40	17.06
Interest cost	6.89	5.07
Actuarial (gain)/loss on obligation	(3.10)	(3.25)
Benefits paid	(8.61)	(5.07)
Closing defined benefit obligations	**100.58**	**85.00**

The Company expects to contribute ₹ 20.31 crores to gratuity in 2011-12.

The principal assumptions used in determining gratuity for the Company's plans are shown below:

	Year ended 30 June 2011	Year ended 30 June 2010
Discount rate	8.35%	7.15%
Estimated Rate of salary increases	6%-10%	6%-10%
Employee Turnover	18%	18%
Expected rate of return on assets	N.A	N.A

Schedules forming part of the accounts

(All amounts in crores of ₹)

Schedule 20: Notes to the accounts (Contd.)

The following table set out the experience adjustment to plan liabilities as required under AS-15 (Revised):

	Year ended 30 June 2011	Year ended 30 June 2010	Year ended 30 June 2009	Year ended 30 June 2008
Defined benefit obligations	100.58	85.00	71.19	53.90
Plan assets	-	-	-	-
Experience adjustment on plan liabilities	6.75	2.21	7.58	4.65
Experience adjustment on plan assets	-	-	-	-

The Company has adopted AS 15 (Revised) from 1 July 2007 and thereby has not given disclosures of the above for the year ended 30 June 2007.

Employer's Contribution to Provident Fund

The Guidance on implementing AS 15, Employee Benefits (revised 2005) issued by the Accounting Standard Board (ASB) states that benefits involving employer-established provident funds, which require interest shortfall to be recompensed are to be considered as defined benefits plans. Pending the issuance of the guidance note from the Actuarial Society of India, the Company's actuary has expressed his inability to reliably measure provident fund liabilities. Accordingly the Company is unable to provide the related information.

During the year ended 30 June 2011, the Company has contributed ₹ 58.77 crores (Previous year ₹ 48.13 crores) towards employers' contribution to the Provident Fund.

16. 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

* Axon balance LLC Dissolved w.e.f. January 18, 2011

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:

Particulars	Year ended 30 June 2011	Year ended 30 June 2010
Revenue from software services	46.02	41.44
Other income	0.50	0.58
Total	**46.52**	**42.02**
Personnel expenses	27.02	21.48
Other expenses	14.08	15.86
Depreciation and amortization	1.75	0.90
Total	**42.85**	**38.24**
Profit Before Tax	**3.67**	**3.78**
Provision for tax	0.39	(0.58)
Net Profit After Tax	**3.28**	**4.36**

Schedules forming part of the accounts

(All amounts in crores of ₹)

Schedule 20: Notes to the accounts (Contd.)

Particulars	As at 30 June 2011	As at 30 June 2010
Assets		
Fixed assets	10.86	10.89
Investments	-	-
Sundry Debtors	11.56	7.09
Cash and Bank Balances	12.64	11.10
Other Current Assets	4.38	3.49
Liabilities		
Current liabilities and provisions	15.62	15.17

Notes:

a. NEC HCL System Technologies Limited financial statements are for the year ended 31 March, 2011 and 2010 respectively.

b. Axon Puerto Rico Inc. financial statements are for the period ended 31 May, 2011 and 2010 respectively.

c. There is no material transaction between the reporting dates of the JV and that of Company.

17. 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 August 16, 2010 and is effective from April 1, 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 utilisation 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, the shortfall represents the aggregate value of the assets reduced by the aggregate value of the liabilities and balance in profit & loss account 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 profit & loss account. Details are given below:

	Amount
Assets	
Fixed assets (net) (Including capital work in progress ₹ 94.59 crores)	111.35
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 profit & loss account as at July 1, 2010	**9.81**

Schedules forming part of the accounts

(All amounts in crores of ₹)

Schedule 20: Notes to the accounts (Contd.)

18. Additional information pursuant to the provisions of paragraphs 3, 4, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956

18.1 Particulars of purchases, sales and closing stock of trading goods:

ITEMS	Opening Stock		Purchases		Sales		Closing Stock	
	Qty (Nos.)	Value (₹)	Qty (Nos.)	Value (₹)	Qty (Nos.)	Value (₹)	Qty (Nos.)	Value (₹)
Software Licenses (Unlimited Users)	-	-	-	84.16	-	60.69	-	27.77
	(-)	(32.24)	(-)	(-)	(-)	(29.83)	(-)	(-)
Servers	-	-	609	15.10	463	14.56	146	4.94
	(225)	(22.15)	(-)	(-)	(225)	(20.50)	(-)	(-)
Storage devices	-	-	166	3.41	17	10.75	149	1.49
	(107)	(20.06)	(-)	(-)	(107)	(18.56)	(-)	(-)
Routers	-	-	4,045	56.17	943	31.95	3,102	40.87
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Switches	-	-	1,956	19.04	506	19.33	1,450	9.25
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Others*	24,646	4.49	295,636	96.91	183,666	46.40	136,616	29.65
	(51)	(12.56)	(119,968)	(51.06)	(95,373)	(42.00)	(24,646)	(4.49)
Total	**24,646**	**4.49**	**302,412**	**274.79**	**185,595**	**183.68**	**141,463**	**113.97**
	(383)	(87.01)	(119,968)	(51.06)	(95,705)	(110.89)	(24,646)	(4.49)

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

Notes:

1. Previous year figures are given in brackets.
2. Quantities have been shown wherever determinable

18.2 Managerial remuneration

a) Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956 and calculation of commission payable to non whole-time directors:

	Year ended 30 June 2011	Year ended 30 June 2010
Profit before Tax as per Profit and Loss Account	**1,289.88**	**1,152.82**
Add:		
Depreciation as per books of accounts	291.37	274.03
Provision for doubtful debts/ advances	8.60	(8.43)
	299.97	**265.60**
Less:		
Depreciation under section 350 of the Companies Act, 1956	291.37	274.03
Profit on sale of fixed assets (net)	1.13	2.20
Profit on sale of Investments (net)	3.89	4.85
	296.39	**281.08**
Profit as per section 349	**1,293.46**	**1,137.34**
Add:		
Commission to non- executive directors	1.15	1.15
Profit as per section 198	**1,294.61**	**1,138.49**
Commission payable to non whole-time directors:		
Maximum commission under Section 309 of the Companies Act, 1956 @ 1%	12.95	11.38
Commission approved by the board	**1.15**	**1.15**

Schedules forming part of the accounts
(All amounts in crores of ₹)
Schedule 20: Notes to the accounts (Contd.)

b) Managerial remuneration comprises:

	Year ended 30 June 2011	Year ended 30 June 2010
Salaries and allowances	6.60	4.40
Contribution to provident fund	0.24	0.14
Sitting fees	0.08	0.13
Commission to non-executive directors	1.15	1.15
	8.07	**5.82**

The above does not include provision for encashable leave and gratuity, which is actuarially determined on an overall basis.

The wholly owned subsidiaries have made the following payments to a director of the Company:

	Year ended 30 June 2011	Year ended 30 June 2010
Remuneration paid to Executive director	4.65	4.76
	4.65	**4.76**

18.3. CIF value of imports

	Year ended 30 June 2011	Year ended 30 June 2010
Capital goods	193.06	114.91
	193.06	**114.91**

18.4. Auditors' remuneration *

	Year ended 30 June 2011	Year ended 30 June 2010
As Auditors		
Statutory audit	1.83	1.80
Tax audit fees	0.19	0.26
	2.02	**2.06**

* excluding service tax

18.5. Expenditure in foreign currency (on accrual basis unless otherwise stated)

	Year ended 30 June 2011	Year ended 30 June 2010
Software development expenses	260.87	319.77
Interest	4.20	4.64
Travel (on cash basis)	244.48	198.08
Rates and taxes	11.75	4.95
Software License Fee	7.75	4.07
Communication costs	0.03	2.48
Professional fees	13.56	7.21
Personnel Expenses	5.27	74.14
Others	50.22	73.16
	598.13	**688.50**

Schedules forming part of the accounts

(All amounts in crores of ₹)

Schedule 20: Notes to the accounts (Contd.)

18.6 Earnings in foreign currency (on accrual basis)

	Year ended 30 June 2011	Year ended 30 June 2010
Income from Services	5,056.95	4,968.24
	5,056.95	**4,968.24**

18.7 Dividend remitted in foreign currency

	Year ended 30 June 2011	Year ended 30 June 2010
Final dividend		
Number of non-resident shareholders	75	81
Number of shares held	120,778,581	121,961,684
Amount remitted in INR (net of tax)	12.08	12.20
Amount remitted FCY	$2,723,919	$2,614,286
Year to which it relates	2009-10	2008-09
1st Interim dividend		
Number of non-resident shareholders	75	84
Number of shares held	120,778,581	121,998,748
Amount remitted in INR (net of tax)	18.12	12.20
Amount remitted FCY	$4,085,879	$2,623,065
Year to which it relates	2010-11	2009-10
2nd Interim dividend		
Number of non-resident shareholders	77	79
Number of shares held	120,779,711	120,920,184
Amount remitted in INR (net of tax)	24.16	12.09
Amount remitted FCY	$5,297,356	$2,584,317
Year to which it relates	2010-11	2009-10
3rd Interim dividend		
Number of non-resident shareholders	71	74
Number of shares held	120,729,884	120,947,704
Amount remitted in INR (net of tax)	24.15	12.09
Amount remitted FCY	$5,423,625	$2,709,402
Year to which it relates	2010-11	2009-10

19. 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

per Tridibes Basu
Partner
Membership Number: 17401

Gurgaon, India
27 July, 2011

Shiv Nadar
Chairman and Chief Strategy Officer

Vineet Nayar
Vice Chairman,CEO & Wholetime Director

Sandip Gupta
Deputy Chief Financial Officer

Raj Kumar Walia
Senior Vice President - Finance & Accounts

Noida (UP), India
27 July, 2011

T S R Subramanian
Director

Anil Chanana
Chief Financial Officer

Prahlad Rai Bansal
Corporate Vice President - Finance

Manish Anand
Deputy Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(All amounts in thousands of ₹, unless otherwise stated)

I. Registration details

Registration No. 55-46369 State Code 55
Balance Sheet Date 30 June 2011

II. Capital raised during the year

Public issue Nil	Rights issue Nil
Bonus issue Nil	Private Placement 2,162,171

Note: Capital raised during the year includes share application money.

III. Position of mobilisation and deployment of funds

Total liabilities 68,893,077	Total assets 68,893,077

Sources of funds

Paid-up capital 1,387,419*	Reserves and surplus 57,204,053
Secured loans 10,298,674	Unsecured loans 2,905

*Includes ₹ 10,042 in respect of share application money.

Application of funds

Net fixed assets 18,646,590**	Investments 26,532,707
Net current assets 22,383,246	Misc. expenditure Nil
Accumulated losses Nil	Deferred tax 1,330,605

** Includes ₹ 5,687,337 thousands in respect of capital work-in-progress.

IV. Performance of Company

Turnover 69,607,473	Total expenditure 56,708,697
Profit before tax 12,898,776	Profit after tax 11,982,791
Earnings per share (in ₹) 17.53 (Basic) 17.18 (Diluted)	Dividend rate (%) 375%

V. Generic names of Principal Products/Services of Company (as per monetary terms)

Product description:	Software
Item code (ITC code):	852490

For **HCL Technologies Limited**

Shiv Nadar Chairman and Chief Strategy Officer	**T S R Subramanian** Director
Vineet Nayar Vice Chairman, CEO & Whole-time Director	**Anil Chanana** Chief Financial Officer
Sandip Gupta Deputy Chief Financial Officer	**Prahlad Rai Bansal** Corporate Vice President - Finance
Raj Kumar Walia Senior Vice President - Finance & Accounts	**Manish Anand** Deputy Company Secretary

Noida (UP), India
27 July, 2011

Consolidated Statements

AUDITORS' REPORT

The Board of Directors
HCL Technologies Limited

We have audited the attached consolidated balance sheet of HCL Technologies Limited, its subsidiaries and joint ventures (together refer to as 'Group'), as at June 30, 2011, and also the consolidated profit and loss account 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 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 as at June 30, 2011;

(b) in the case of the consolidated profit and loss account, 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 27, 2011

Consolidated Balance Sheet as at 30 June 2011

(All amounts in crores of ₹)

	Schedule	As at 30 June 2011	As at 30 June 2010
Sources of Funds			
Shareholders' funds			
Share capital	1	137.74	135.76
Share application money pending allotment		1.00	2.01
Reserves and surplus	2	7,514.25	6,151.06
		7,652.99	6,288.83
Minority interest		3.71	3.68
Loan funds			
Secured loans	3	2,143.43	2,345.90
Unsecured loans	4	43.86	378.34
		2,187.29	2,724.24
		9,843.99	**9,016.75**
Application of Funds			
Fixed assets	5		
Gross block		7,829.77	7,061.60
Less : Accumulated depreciation and amortisation		2,583.99	2,221.98
Net block		5,245.78	4,839.62
Capital work-in-progress (including capital advances)		609.39	609.13
		5,855.17	5,448.75
Investments	6	737.50	831.70
Deferred tax assets (net)	20 (7)	363.26	375.67
Current assets, loans and advances			
Inventories	7	166.35	65.17
Sundry debtors	8	2,611.28	2,521.06
Cash and bank balances	9	1,729.56	1,580.37
Other current assets	10	1,291.44	946.21
Loans and advances	11	1,146.08	833.79
(A)		6,944.71	5,946.60
Less: Current liabilities and provisions			
Current liabilities	12	3,063.03	2,979.93
Provisions	13	993.62	606.04
(B)		4,056.65	3,585.97
Net current assets (A-B)		2,888.06	2,360.63
		9,843.99	**9,016.75**
Notes to the accounts	20		

The schedules referred to above and notes to accounts form an integral part of the Consolidated Balance Sheet.

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
27 July 2011

Shiv Nadar
Chairman and Chief Strategy Officer

Vineet Nayar
Vice Chairman,CEO & Wholetime Director

Sandip Gupta
Deputy Chief Financial Officer

Raj Kumar Walia
Senior Vice President - Finance & Accounts

Noida (UP), India
27 July 2011

T S R Subramanian
Director

Anil Chanana
Chief Financial Officer

Prahlad Rai Bansal
Corporate Vice President - Finance

Manish Anand
Deputy Company Secretary

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

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

	Schedule	Year ended 30 June 2011	Year ended 30 June 2010
Income			
Revenue	14	15,730.43	12,136.29
Other income	15	299.65	154.12
		16,030.08	**12,290.41**
Expenditure			
Cost of goods sold	16	522.13	443.55
Personnel expenses	17	8,589.60	6,253.70
Operating and other expenses	18	4,163.18	3,498.48
Finance expenses	19	160.37	204.14
Depreciation and amortisation	5	459.69	418.11
		13,894.97	**10,817.98**
Profit before tax and minority interest		**2,135.11**	**1,472.43**
Provision for Tax			
- current tax		(492.52)	(270.22)
- deferred tax benefit		4.04	53.02
- fringe benefit tax		-	3.77
Profit after tax and before minority interest		**1,646.63**	**1,259.00**
Share of minority interest		(0.12)	0.19
Net Profit after tax and minority interest		1,646.51	1,259.19
Balance brought forward from previous year		3,535.14	2,992.55
Profit available for appropriation		**5,181.65**	**4,251.74**
Appropriations			
Proposed final dividend [including ₹ 0.35 crores (Previous year ₹ 0.29 crores) paid for previous year]		138.09	68.16
Corporate dividend tax on proposed final dividend [including ₹ 0.06 crores (Previous year ₹ 0.05 crores) paid for previous year]		22.40	11.32
Interim dividend		376.40	202.33
Corporate dividend tax on interim dividend		61.99	34.13
Transfer to general reserve		119.83	105.66
Transfer to debenture redemption reserve		295.00	295.00
Balance carried forward to the Balance Sheet		4,167.94	3,535.14
		5,181.65	**4,251.74**
Earnings per equity share of Rs. 2 each	20 (12)		
Basic		24.09	18.69
Diluted		23.61	18.27
Weighted average number of equity shares used in computing earnings			
per equity share			
Basic		683,508,571	673,741,835
Diluted		697,321,067	689,103,382
Notes to the accounts	20		

The schedules referred to above and notes to accounts form an integral part of the Consolidated Profit and Loss Account.

As per our report of even date

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

per Tridibes Basu
Partner
Membership Number: 17401

Gurgaon, India
27 July 2011

For **HCL Technologies Limited**

Shiv Nadar
Chairman and Chief Strategy Officer

Vineet Nayar
Vice Chairman,CEO & Wholetime Director

Sandip Gupta
Deputy Chief Financial Officer

Raj Kumar Walia
Senior Vice President - Finance & Accounts

Noida (UP), India
27 July 2011

T S R Subramanian
Director

Anil Chanana
Chief Financial Officer

Prahlad Rai Bansal
Corporate Vice President - Finance

Manish Anand
Deputy Company Secretary

Consolidated Cash flow statement for the year ended 30 June 2011

(All amounts in crores of ₹)

	Year ended 30 June 2011	Year ended 30 June 2010
A. Cash Flows from operating activities		
Profit before tax and minority interest	2,135.11	1,472.43
Adjusted for:		
Depreciation and amortization	459.69	418.11
Interest income	(135.90)	(98.80)
Dividend income	(25.82)	(27.65)
Profit on sale of investments (net)	(3.89)	(5.59)
Interest expenses	125.38	147.54
Gain on sale of fixed assets	(2.74)	(2.38)
Amortisation of stock compensation under employee stock option plans	133.22	49.84
Other non cash charges / (benefits)	(41.63)	2.17
Operating profit before working capital changes	**2,643.42**	**1,955.67**
Movement in Working Capital		
Increase in sundry debtors	(101.88)	(417.82)
Decrease / (increase) in inventories	(100.94)	104.33
Decrease / (increase) in loans & advances	(264.89)	8.64
Increase in other assets	(317.96)	(38.23)
Increase in current liabilities and provisions	233.67	513.65
Cash generated from operations	**2,091.42**	**2,126.24**
Direct taxes paid (net of refunds)	(328.51)	(335.06)
Net cash from operating activities	**1,762.91**	**1,791.18**
B. Cash flows from investing activities		
Proceeds from fixed deposits	1,065.47	2,013.64
Investments in fixed deposits	(1,163.05)	(1,616.24)
Purchase of investments in mutual funds	(5,918.08)	(10,628.44)
Proceeds from sale of mutual funds	6,061.82	9,871.92
Investment in bonds	(92.78)	(50.00)
Proceeds from sale of bonds	50.00	20.00
Deposits with body corporate	(50.00)	(100.00)
Proceeds from deposits with body corporate	100.00	-
Purchase of fixed assets (including capital advances)	(785.11)	(646.82)
Proceeds from sale of fixed assets	3.03	14.82
Payment for deferred consideration on business acquistion	(10.05)	-
Payment for business acquisition (net of cash acquired)	(60.46)	(50.82)
Proceeds from sale of business acquistion	14.66	-
Interest income	104.37	143.80
Dividend income	25.82	27.65
Taxes paid	(36.21)	(13.62)
Net cash (used for) investing activities	**(690.57)**	**(1,014.11)**
C. Cash flows from financing activities		
Proceeds from issue of share capital	89.55	103.99
Proceeds from issue of debentures	-	1,000.00
Proceeds from secured loans	12.28	1,243.51
Repayment of secured loans	(171.96)	(2,488.99)
Proceeds from unsecured loans	790.10	496.88

Consolidated Cash flow statement for the year ended 30 June 2011 (Contd.)

(All amounts in crores of ₹)

	Year ended 30 June 2011	Year ended 30 June 2010
Repayment of unsecured loans	(1,115.86)	(610.53)
Interest on loans	(126.90)	(141.31)
Dividends paid	(444.60)	(269.61)
Corporate dividend tax	(73.32)	(45.57)
Principal payment for capital lease obligations	(13.58)	(16.21)
Cash flows (used for) financing activities	**(1,054.29)**	**(727.84)**
Effect of exchange differences on cash and cash equivalents held in foreign currency	33.56	29.83
Net increase in cash and cash equivalents (A+B+C)	18.05	49.23
Cash and cash equivalents at the beginning of the year	483.32	404.26
Cash and cash equivalents at the end of the year	**534.93**	**483.32**
Cash and Bank Balances as per Schedule - 9 (refer note 1 below)	**1,729.56**	**1,580.37**
Less: Fixed Deposits greater than three months	(1,194.63)	(1,097.05)
Cash and cash equivalents in cash flow statement	**534.93**	**483.32**

Notes:

1. Cash and bank balance includes the following, which are not available for use by the Company:

Investor Education and Protection Fund-Unclaimed dividend	2.38	2.35
Bank Guarantees margin	11.23	11.87

2. Previous year figures have been regrouped and recast wherever necessary to conform to the current period 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
27 July 2011

Shiv Nadar
Chairman and Chief Strategy Officer

Vineet Nayar
Vice Chairman,CEO & Wholetime Director

Sandip Gupta
Deputy Chief Financial Officer

Raj Kumar Walia
Senior Vice President - Finance & Accounts

Noida (UP), India
27 July 2011

T S R Subramanian
Director

Anil Chanana
Chief Financial Officer

Prahlad Rai Bansal
Corporate Vice President - Finance

Manish Anand
Deputy Company Secretary

Schedules to the consolidated accounts

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

Schedule 1: Share Capital	As at 30 June 2011	As at 30 June 2010
Authorised		
750,000,000 (Previous year 750,000,000) equity shares of ₹ 2 each	**150.00**	**150.00**
Issued, subscribed and paid up		
688,688,524 (Previous year 678,783,812) equity shares of ₹ 2 each, fully paid up	137.74	135.76
	137.74	**135.76**

Notes:

1. Paid up share capital includes:-
   - 42,449,979 (Previous year: 42,449,979) equity shares of ₹ 2 each allotted as fully paid up, pursuant to contracts for consideration other than cash.
   - 82,986,872 (Previous year: 82,986,872) equity shares of ₹ 2 each issued as bonus shares in ratio of one share for every two held by capitalisation of general reserve and 325,453,918 (Previous year: 325,453,918) equity shares of ₹ 2 each issued as bonus shares in ratio of one share for every share held by capitalisation of securities premium account.

2 For stock options outstanding details refer Note no. 3 of Schedule 20

	Schedule 2: Reserve and Surplus	Year ended 30 June 2011	Year ended 30 June 2010
1	**Securities premium account**		
	Opening Balance	1,438.99	1,273.08
	Add: Exercise of stock option by employees	215.24	165.91
		1,654.23	1,438.99
2	**Foreign currency translation reserve**		
	Opening balance	(185.03)	118.04
	Add: Exchange difference during the year on net investment in Non-integral operations	(17.94)	(303.07)
		(202.97)	(185.03)
3	**General reserve**		
	Opening balance	914.28	808.62
	Add: Transferred from profit and loss account	119.83	105.66
		1,034.11	914.28
4	**Capital redemption reserve**	45.00	45.00
5	**Debenture redemption reserve**		
	Opening balance	295.00	-
	Add: Transferred from profit and loss account	295.00	295.00
		590.00	295.00
6	**Hedging reserve account (net of deferred tax)**		
	Opening balance	(92.46)	(642.79)
	Add: Movement during the period (net)	111.70	550.33
		19.24	(92.46)
7	**Employee stock options outstanding**	591.26	216.23
	Less: Deferred employee compensation	384.56	16.09
		206.70	200.14
8	**Profit & loss account** (refer note1 below)	4,167.94	3,535.14
	Total	**7,514.25**	**6,151.06**

Note :

The Profit and Loss Account includes profit of ₹ 3.28 Crores (Previous year: ₹ 4.36 Crores) being the company's share of profit of jointly controlled entities.

Schedules to the consolidated accounts

(All amounts in crores of ₹)

Schedule 3: Secured Loans	As at 30 June 2011	As at 30 June 2010
Debentures (refer Note 1 below)		
7.55% Secured redeemable non convertible debentures of ₹ 10 lacs each	170.00	170.00
8.20% Secured redeemable non convertible debentures of ₹ 10 lacs each	330.00	330.00
8.80% Secured redeemable non convertible debentures of ₹ 10 lacs each	500.00	500.00
From banks		
Long term loans (refer note 2 and 3 below)	1,032.10	1,212.08
Short term loans (refer note 4 below)	-	9.29
From others		
-Finance lease obligations (refer note 4 (i) of Schedule 20 and note 5 below)	63.30	61.03
- Others (refer note 6 below)	48.03	63.50
	2,143.43	**2,345.90**

Notes:

1. The Company allotted 10,000 secured redeemable non convertible debentures of face value of ₹ 10 lacs each, aggregating to ₹ 1,000 crores. The debentures are secured by specified movable assets, receivables from subsidiaries and specified land and building of the Company. Debentures are redeemable at par on following dates:-

Debenture - Series	Maturity Date
7.55% Redeemable non convertible debentures	August 25, 2011
8.20% Redeemable non convertible debentures	August 25, 2012
8.80% Redeemable non convertible debentures	September 10, 2014

2. Secured by pledge of equity shares of certain subsidiaries and corporate guarantee. Amount payable within one year is ₹ 291.63 crores (Previous year: ₹ 151.51 crores)
3. Secured by hypothecation of vehicles of ₹15.49 crores (Previous year ₹ Nil crores) . Amount payable within one year is ₹ 2.03 crores (Previous year ₹ Nil crores)
4. ₹ Nil crores (Previous year: ₹ 9.29 crores) secured by fixed assets and current assets except vehicle of a subsidiary.
5. Obligations under finance lease are secured by fixed assets taken on finance lease obligations. Amount payable within one year is ₹ 16.80 crores (Previous year: ₹ 24.26 crores)
6. ₹ 48.03 crores (Previous year: ₹ 63.50 crores) secured by hypothecation of gross block of fixed assets (Plant & Machinery) of ₹ 81.49 crores (Previous year: ₹ 71.60 crores) of a subsidiary. Amount payable within one year is ₹ 16.52 crores (Previous year: ₹ 15.43 crores)

Schedule 4: Unsecured Loans	As at 30 June 2011	As at 30 June 2010
Short term loans and advances		
- From banks	18.61	367.79
Other loans and advances		
- From others [Due within one year is ₹ 7.99 crores (Previous year: ₹ 3.31 crores)]	25.25	10.55
	43.86	**378.34**

Schedules to the consolidated accounts

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

Schedule 5: Fixed Assets
(refer Note 1 (e), (f), (g) of Schedule 20)

Particulars	Gross Block						Accumulated Depreciation/ Amortisation					Net Block	
	As at 1 July 2010	Additions	Additions on Acquisition	Deletions/ Adjustments	Translation exchange differences	As at 30 June 2011	As at 1 July 2010	Charge for the year	Deletions/ Adjustments	Translations exchange differences	As at 30 June 2011	As at 30 June 2011	As at 30 June 2010
Goodwill	3,647.26	-	100.76	-	(46.86)	3,701.16	126.77	0.44	-	(2.01)	125.20	3,575.96	3,520.49
Intangible	-	-	9.22	-	(0.15)	9.07	-	-	-	-	-	9.07	-
Freehold land	85.09	0.33	-	-	(0.18)	85.24	-	-	-	-	-	85.24	85.09
Leasehold land	125.79	6.08	-	-	-	131.87	8.15	1.45	-	-	9.60	122.27	117.64
Buildings	507.34	232.62	-	-	(1.11)	738.85	74.41	32.36	0.04	0.07	106.80	632.05	432.93
Plant and machinery - owned	714.78	129.44	-	5.15	0.31	839.38	471.93	120.39	5.11	0.70	587.91	251.47	242.85
Computers - owned	952.58	275.94	-	57.83	(1.34)	1,169.35	760.73	145.73	53.46	(3.60)	849.40	319.95	191.85
- leased	0.01	-	-	-	-	0.01	0.01	-	-	-	0.01	-	-
Software	506.42	99.29	-	14.04	(0.67)	591.00	350.70	103.03	12.84	(1.03)	439.86	151.14	155.72
Furniture and fittings - owned	458.62	45.49	-	9.68	1.97	496.40	398.81	43.35	9.00	1.00	434.16	62.24	59.81
- leased	0.07	-	-	-	-	0.07	0.07	-	-	-	0.07	-	-
Vehicles - owned	6.26	15.76	-	0.09	-	21.93	4.83	1.93	0.09	-	6.67	15.26	1.43
- leased	57.38	4.23	-	16.17	-	45.44	25.57	11.01	12.27	-	24.31	21.13	31.81
	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**
Previous year	6,779.64	573.23	105.57	41.60	(355.24)	7,061.60	1,863.87	418.11	27.51	(32.49)	2,221.98	4,839.62	4,915.77
Capital Work-in-progress [(including capital advances) of ₹ 53.54 crores (Previous year ₹ 61.99 crores)]												**609.39**	**609.13**

Note:

1. Additions to fixed assets and accumulated depreciation include ₹ 2.45 crores (Previous year: ₹ 10.83 crores) and ₹ 1.68 crores (Previous year: ₹ 0.91 crores) respectively in respect of the Company's share of fixed assets on account of proportionate consolidation of joint ventures.

Schedules to the consolidated accounts

(All amounts in crores of ₹)

Schedule 6: Investments	As at 30 June 2011	As at 30 June 2010
A. Long term investments (At cost)		
(Non trade and unquoted) (refer Note 11 of Schedule 20)		
Investment in bonds	94.93	50.00
Total long term investments (A)	**94.93**	**50.00**
B. Current investments (At lower of cost and market value)		
Unquoted (refer Note 11 of Schedule 20)		
Investment in mutual fund (refer Note 1 below)	642.57	781.40
Quoted		
Investment in Nil equity shares (Previous year: 7,790 equity shares) of		
American Commercial Lines Inc., United States of America (refer Note 2 below)	-	0.30
Total current investments (B)	**642.57**	**781.70**
Grand total (A) + (B)	**737.50**	**831.70**

Notes:

1. Net asset value of current investments in mutual funds as on 30 June 2011 ₹ 642.57 crores (Previous year: ₹ 784.32 crores).
2. The market value of the investment in shares of American Commercial Lines Inc. as on 30 June 2011 is ₹ Nil crores (Previous year: ₹ 0.81 crores).

Schedule 7: Inventories (at lower of cost and net realisable value)	As at 30 June 2011	As at 30 June 2010
Finished goods	139.18	55.47
Stores and spares	23.31	7.55
Goods in transit	3.86	2.15
	166.35	**65.17**

Schedule 8: Sundry Debtors	As at 30 June 2011	As at 30 June 2010
Debts outstanding for a period exceeding six months		
- Unsecured, considered good	315.52	108.40
- Unsecured, considered doubtful	117.06	128.03
	432.58	236.43
Other debts		
- Unsecured, considered good	2,295.76	2,412.66
- Unsecured, considered doubtful	6.47	6.94
	2,302.23	2,419.60
Less: Provision for doubtful debts	123.53	134.97
	2,611.28	**2,521.06**

Schedules to the consolidated accounts

(All amounts in crores of ₹)

Schedule 9: Cash and Bank Balances	As at 30 June 2011	As at 30 June 2010
Cash on hand	0.06	0.12
Cheques on hand	33.52	17.14
Remittances in transit	154.66	86.80
Balances with scheduled banks		
- On current accounts	29.17	63.44
- On fixed deposit accounts (refer note 1 below)	1,195.38	1,099.23
- On unclaimed dividend account	2.38	2.35
Balance with other banks		
- On current accounts	303.91	301.55
- On deposit accounts	10.48	9.74
	1,729.56	**1,580.37**

Note:

1. Pledged with banks as security for guarantees and letters of credit- ₹ 11.23 crores (Previous year: ₹ 11.87 crores).

Schedule 10: Other Current Assets	As at 30 June 2011	As at 30 June 2010
Unbilled revenue	813.44	532.80
Deferred cost	449.96	409.76
Unrealised gain on derivative financial instruments	28.04	3.65
	1,291.44	**946.21**

Schedule 11: Loans and Advances	As at 30 June 2011	As at 30 June 2010
(Unsecured and considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
- Considered good	655.34	441.51
- Considered doubtful	10.07	8.05
Interest receivable	59.57	30.48
Inter corporate deposits with HDFC Limited	50.00	100.00
MAT credit entitlement	267.99	196.04
Advance fringe benefit tax (refer note 1 below)	0.05	2.03
Finance lease receivables (refer note 4 (iii) of Schedule 20)	113.13	63.73
	1,156.15	**841.84**
Less: Provision for doubtful advances	10.07	8.05
	1,146.08	**833.79**

Note:

1. Net of provision for fringe benefit tax of ₹. 90.76 crores (Previous year: ₹ 89.27 crores)

Schedules to the consolidated accounts
(All amounts in crores of ₹)

Schedule 12: Current Liabilities	As at 30 June 2011	As at 30 June 2010
Current liabilities		
Sundry creditors	2,013.85	1,788.82
Unrealised loss on derivative financial instruments	2.05	145.93
Advance from customers	83.93	107.44
Unearned revenue	769.60	816.27
Investor education and protection fund shall be credited by following amounts (as and when due) - Unclaimed dividend	2.38	2.35
Interest accrued but not due on borrowings	8.33	9.82
Other liabilities	182.89	109.30
	3,063.03	**2,979.93**

Schedule 13: Provisions	As at 30 June 2011	As at 30 June 2010
Provisions for		
Provisions for income tax (refer note 1 below)	426.86	226.41
Provisions for wealth tax (refer note 2 below)	1.37	1.80
Proposed dividend	137.74	67.87
Tax on proposed dividend	22.34	11.27
Provisions for warranty	6.26	6.37
Provisions for other staff benefits	399.05	292.32
	993.62	**606.04**

Notes:

1. Net of advance income tax of ₹ 1,040.02 crores (Previous year: ₹ 799.44 crores)
2. Net of advance wealth tax of ₹ 2.71 crores (Previous year: ₹ 1.56 crores).

Schedule 14: Revenue	Year ended 30 June 2011	Year ended 30 June 2010
Sale of hardware and software	616.29	525.97
Services	15,114.14	11,610.32
	15,730.43	**12,136.29**

Schedules to the consolidated accounts

(All amounts in crores of ₹)

Schedule 15: Other Income	Year ended 30 June 2011	Year ended 30 June 2010
Interest income - gross		
- On fixed deposits [includes, tax deducted at source ₹11.38 (Previous year: ₹ 23.31 crores)]	116.83	90.16
- On investment (other than trade)	5.90	2.35
- Others	13.17	6.29
Profit on sale of investments (other than trade)	3.89	5.59
Dividend from current investments - other than trade	25.82	27.65
Provision for liabilities no longer required written back	0.01	7.77
Settlement of pre-acquisition claims (refer note 1 below)	101.98	-
Provision for doubtful debts written back	-	1.89
Profit on sale of fixed assets (refer note 2 below)	2.74	2.38
Foreign exchange gain (net)	-	4.17
Miscellaneous income	29.31	5.87
	299.65	**154.12**

Notes:

1. During the year ended June 30, 2011 certain pre-acquisition claims provided for in respect of the acquired entities, were settled. Accordingly, the excess provision of ₹ 101.98 crores was reversed to other income.
2. Net of loss on sale of fixed assets is ₹ 0.75 crores (Previous year ₹ 1.75 crores)

Schedule 16: Cost of Goods Sold	Year ended 30 June 2011	Year ended 30 June 2010
Opening stock	55.47	161.61
Purchases	605.84	337.41
	661.31	499.02
Closing stock	(139.18)	(55.47)
	522.13	**443.55**

Schedule 17: Personnel Expenses	Year ended 30 June 2011	Year ended 30 June 2010
Salaries, wages and bonus	7,467.07	5,572.63
Contribution to provident fund and other employee benefits	930.77	593.81
Staff welfare expenses	58.54	37.42
Employee stock compensation expense (refer Note 3 of Schedule 20)	133.22	49.84
	8,589.60	**6,253.70**

Schedules to the consolidated accounts
(All amounts in crores of ₹)

Schedule 18: Operating and other expenses	Year ended 30 June 2011	Year ended 30 June 2010
Rent	238.97	249.70
Power and fuel	158.72	118.13
Insurance	26.22	33.75
Repairs and maintenance		
- Plant and machinery	50.09	39.98
- Buildings	48.58	45.40
- Others	71.76	48.38
Communication costs	185.61	145.76
Books and periodicals	16.77	15.18
Travel and conveyance	1,094.51	948.40
Business promotion	30.71	27.10
Legal and professional charges	119.35	111.95
Outsourcing cost	1,565.74	1,150.19
Software license fee	105.97	88.04
Software tools	0.40	1.74
License and transponder fee	22.47	23.86
Printing and stationery	19.16	16.68
Rates and taxes	72.43	23.61
Advertising and publicity	11.78	11.37
Provision for doubtful advances / advances written off	2.32	1.10
Donations	0.30	0.12
Recruitment, training and development	124.46	66.36
Provision for doubtful debts net	18.74	-
Diminution in value of investments	-	0.73
Loss on sale of investments-other than trade	-	0.01
Exchange differences (net)	11.54	-
Miscellaneous expenses	166.58	330.94
	4,163.18	**3,498.48**

Schedule 19: Finance expenses	Year ended 30 June 2011	Year ended 30 June 2010
Interest		
-on debentures	83.90	69.32
-on loans from banks	41.48	78.22
-on leased assets	6.88	7.10
-others	8.96	7.13
Bank charges (refer note 1 below)	19.15	42.37
	160.37	**204.14**

Note:
1. Includes ₹ 9.24 crores (Previous year: ₹ 25.07 crores) on account of fees paid to bank for loan taken by a subsidiary.

Schedules to the consolidated financial statements

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

Schedule 20: Notes to the Accounts

Company Overview

HCL Technologies Limited ("the Company" or "the parent company") and its consolidated subsidiaries and associates, (hereinafter collectively referred to as "the Group") 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 Retail and consumer, Aerospace and defense, Automotive, Telecom, Financial Services, Government, Hi-tech, Media and Entertainment, Travel, Transportation and Logistics, Energy and utilities, Life Sciences and Healthcare.

1. **Significant Accounting Policies**

   a) ***Basis of preparation***

   The financial statements have been prepared to comply with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI). The financial statements have been prepared under the historical cost convention on an accrual basis except for certain financial instruments which are measured at fair values. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

   b) ***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.

   c) ***Principles of consolidation***

   These consolidated financial statements relate to HCL Technologies Limited, the parent company, its subsidiaries and joint ventures which are as follows:

   Subsidiaries of HCL Technologies Limited are as follows:-

Sr. No.	Name of the Subsidiaries	Country of Incorporation	Year ended June 30, 2011	Year ended June 30, 2010
			Holding Percentage	
1	HCL Comnet Systems and Services Limited	India	99.99%	99.99%
2	HCL Bermuda Limited	Bermuda	100%	100%
3	HCL Technologies (Shanghai) Limited	China	100%	100%
4	HCL Techno parks Limited *	India	100%	100%

* *merged with HCL Technologies "Parent Company" vide* order dated August 16, 2010 of Hon'ble High Court of Delhi.

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 June 30, 2011	Year ended June 30, 2010
			Holding Percentage	
1	HCL Great Britain Limited	UK	100%	100%
2	HCL (Netherlands) BV	The Netherlands	100%	100%
3	HCL GmbH	Germany	100%	100%
4	HCL Belgium NV	Belgium	100%	100%
5	HCL Sweden AB	Sweden	100%	100%
6	HCL Italy SLR	Italy	100%	100%
7	HCL Australia Services Pty. Limited	Australia	100%	100%
8	HCL (New Zealand) Limited	New Zealand	100%	100%
9	HCL Hong Kong SAR Limited	Hong Kong	100%	100%
10	HCL Japan Limited	Japan	100%	100%
11	HCL Comnet Limited	India	99.99%	99.99%
12	HCL America Inc.	USA	100%	100%
13	HCL Holdings GmbH	Austria	100%	100%
14	Intelicent India Limited	India	100%	100%
15	DSI Financial Solutions Pte. Limited	Singapore	100%	100%
16	HCL BPO Services (NI) Limited	UK	100%	100%
17	HCL Jones Technologies LLC	USA	51.00%	51.00%
18	HCL Singapore Pte. Limited	Singapore	100%	100%
19	HCL (Malaysia) Sdn. Bhd.	Malaysia	100%	100%

Schedules to the consolidated financial statements

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

Schedule 20: Notes to the Accounts (Contd.)

Sr. No.	Name of the Subsidiaries	Country of Incorporation	Year ended June 30, 2011	Year ended June 30, 2010
			Holding Percentage	
20	HCL EAI Services Limited	India	100%	100%
21	HCL Poland sp. z o.o	Poland	100%	100%
22	Capital Stream, Inc.	USA	100%	100%
23	HCL EAS Limited	UK	100%	100%
24	HCL Insurance BPO Services Limited	UK	100%	100%
25	HCL Expense Management Services Inc.	USA	100%	100%
26	Axon Group Limited.	UK	100%	100%
27	Axon EBT Trustee Limited @	UK	100%	100%
28	Axon Solutions (Canada) Inc.	Canada	100%	100%
29	Bywater Limited	UK	100%	100%
30	Axon Solutions Schweiz Gmbh	Switzerland	100%	100%
31	Axon International Limited ∈	UK	100%	100%
32	Axon Solutions Pty. Limited	Australia	100%	100%
33	Axon Solutions Inc.	USA	100%	100%
34	Axon Acquisition Company, Inc.	USA	100%	100%
35	Axon Solutions Limited	UK	100%	100%
36	Axon Solutions Sdn. Bhd.	Malaysia	100%	100%
37	Axon Solutions Singapore Pte. Limited	Singapore	100%	100%
38	Axon Solutions (Shanghai) Co. Limited	China	100%	100%
39	HCL Axon (Proprietary) Limited	South Africa	100%	100%
40	JSPC- I Solutions Sdn. Bhd.	Malaysia	100%	100%
41	JSP Consulting Sdn. Bhd.	Malaysia	100%	100%
42	Aspire Solutions Sdn. Bhd. &	Malaysia	100%	100%
43	HCL Technologies Canada Inc.	Canada	100%	100%
44	HCL Argentina s.a.	Argentina	100%	100%
45	HCL Mexico S. de R.L.	Mexico	100%	100%
46	HCL Technologies Romania s.r.l.	Romania	100%	100%
47	HCL Hungary Limited	Hungary	100%	100%
48	HCL Latin America Holding LLC	USA	100%	100%
49	HCL (Brazil) Technologia da informacao Ltda.	Brazil	100%	100%
50	HCL Retail Solutions Australia Pty Limited %	Australia	100%	100%
51	HCL Technologies Denmark Apps	Denmark	100%	100%
52	HCL Technologies Norway AS	Norway	100%	100%
53	PT. HCL Technologies Indonesia Limited #	Indonesia	100%	-
54	HCL Technologies Philippines Inc.*	Philippines	100%	-
55	HCL Technologies South Africa (Proprietary) Limited**	South Africa	100%	-
56	HCL Arabia LLC	Saudi Arabia	100%	-
57	HCL Technologies France ***	France	100%	-
58	Filial Espanola De HCL Technologies S.L.	Spain	100%	-
59	Anzospan Investments Pty Limited	South Africa	100%	-

@ Dissolved w.e.f August 17, 2010
& Dissolved w.e.f November 12, 2010
% Deregistered w.e.f. November 10, 2010
 # Incorporated w.e.f August 13, 2010
∈ Dissolved w.e.f March 1, 2011
** Incorporated w.e.f November 24, 2010*
*** Incorporated w.e.f September 14, 2010*
**** Incorporated w.e.f March 7, 2011*

Schedules to the consolidated financial statements

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

Schedule 20: Notes to the Accounts (Contd.)

Sr. No.	Name of the Joint Ventures	Country of Incorporation	Year ended June 30, 2011	Year ended June 30, 2010
			Holding Percentage	
1	NEC HCL System Technologies Limited.	India	49%	49%
2	Axon Balance LLC #	United States of America	50%	50%
3	Axon Puerto Rico	Puerto Rico	49%	49%

 # Dissolved w.e.f. January 18,2011

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 operations. 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.

All material inter company transactions, balances and unrealized surplus and deficit on transactions between Group companies are eliminated. Consistency in adoption of accounting policies among all Group companies is ensured to the extent practicable. Separate disclosures are made of minority interest.

Investment in business entities over which the Group exercises joint control is accounted for using proportionate consolidation except where the control is considered to be temporary.

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.

d) 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 recognised when risk and reward of ownership has been transferred to the customer, the sale price is fixed or determinable and collectability is reasonably assured. The Group derives revenues primarily from:-

- Software services;
- Infrastructure service; 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. Provisions for estimated losses are 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 recognised on transfer of title in the user license. Revenue from annual technical service contracts is recognised 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 has 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.

Schedules to the consolidated financial statements

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

Schedule 20: Notes to the Accounts (Contd.)

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

Profit on sale of Investments is recorded on transfer of title from the Group and is determined as the difference between the sales price and the then carrying value of the investment. 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 recognised once the same are earned and accrued to the Company and dividend income is recognised when the right to receive the same is established.

e) Fixed assets, intangible 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 any attributable cost of bringing the asset to its working condition for its intended use. Fixed assets under construction, advances paid towards acquisition of fixed assets and cost of assets not ready for use before the year-end, are disclosed as capital work in progress. Intangible assets represent goodwill which arise or have been acquired through acquisitions and software.

f) Depreciation and amortization

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 the rate which are equal to or higher than the rates prescribed under Schedule XIV of the Companies Act, 1956. Leasehold land is amortized over the period of lease. Leasehold improvements are amortized over a period of four years or the remaining period of the lease, whichever is shorter. 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.

Intangible assets other than goodwill acquired on consolidation are amortized over their respective individual estimated useful life or on a straight line basis.

The management's estimates of the useful life of the various fixed assets/intangibles used for depreciation are as follows:

	Life (in years)
Fixed Assets	
Buildings	20
Plant and machinery (including office equipment, air conditioners and electrical installations)	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
Intangibles	
Software	3
Intellectual Property Rights	10

g) Impairment of 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.

Schedules to the consolidated financial statements

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

Schedule 20: Notes to the Accounts (Contd.)

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 lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income.

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

Where the Company is the lessor

Assets given under a finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease rentals are apportioned between principal and interest. The principal amount received reduces the net investment in the lease and interest is recognised as revenue.

Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Profit and Loss Account.

i) Investments

Trade investments are the investments made to enhance the Group's business interests. Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at 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 recognise a decline other than temporary in the value of the long term investments.

j) 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 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 forecasted 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 recognised directly in Hedging Reserve Account under shareholders' funds and the ineffective portion is recognized immediately in profit and loss account. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in profit and loss account 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 recognised in shareholder's funds is retained there until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in shareholders' funds is transferred to profit and loss account for the year.

(b) Hedging of monetary assets and liabilities
The premium or discount arising at the inception of forward exchange contracts and option is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised 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 forward exchange contract is recognised 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 have been those of the Group itself.

In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at 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 have been deferred and which relate to that operation are recognised as income or as expenses in the same period in which the gain or loss on disposal is recognised.

k) Inventory

Finished goods are valued at 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 goods that are procured for specific projects is assigned by specific identification of their individual costs. Costs of goods that are interchangeable and not specific to any project is determined using weighted average cost formula. Stores and spare parts are carried at cost, less provision for obsolescence.

l) Employee stock compensation cost

The Group calculates the compensation cost based on the intrinsic value method wherein 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 graded vesting basis over the vesting period of the options.

m) 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 recognised 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 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 assets are recognised 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 realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses recognized and unrecognised 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 realised. 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 realised.

Minimum Alternate Tax (MAT) credit is recognised 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 profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of 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.

n) Employee benefits

India

i. Contributions to provident fund, a defined benefit plan, are deposited with a Recognised Provident Fund Trust, set up by the Company. The contributions are charged to the profit and loss account 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.

Schedules to the consolidated financial statements

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

Schedule 20: Notes to the Accounts (Contd.)

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

iii. Gratuity liability is a defined benefit obligation and are provided for on the basis of an actuarial valuation on projected unit method made at the end of each financial year.

iv. Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation at the year end. The actuarial valuation is done as per projected unit credit method.

v. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

vi. State Plans : The Company's contribution to State Plans namely Employee State Insurance Fund and Employees Pension Scheme are charged to profit and loss account every year, 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.

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.

Subsidiaries in Malaysia and Singapore

As per local laws of Malaysia and Singapore, employers are required to contribute up to 13% of the basic salary of the employees. The Company contributes to a fund approved by the Government of the Country.

o) Research and development

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

(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 and use or sell it;

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

(iv) how the asset will generate probable 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 amortised 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.

p) 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.

q) Borrowing 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. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

r) Provisions

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

Schedules to the consolidated financial statements

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

Schedule 20: Notes to the Accounts (Contd.)

s) Cash and cash equivalent

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

2. Acquisitions / Sale

A. Current year sale / acquisitions

a) 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 June 30, 2011.

b) Citibank International Plc.

In January 2011, the Group, acquired certain software assets and employees of Citi Securities and Fund Services for a total cash consideration of ₹ 59.08 crores and deferred consideration of ₹ 50.90 crores payable after one year from the date of acquisition. The transaction has been accounted by following the purchase method and resulted in goodwill aggregating to ₹ 100.76 crores and intangibles of ₹ 9.22 crores. The goodwill has been allocated to software segment.

B. Previous year acquisitions

a) UCS Solutions holding (Pty) Limited

On August 1, 2009, the Group, through its subsidiary, acquired Enterprise Solution SAP practice of UCS Group in South Africa for a cash consideration of ₹ 38.43 Crores (ZAR 57.13mn) and ₹ 44.13 crores as earn out payable on achieving specified targets over the next 2 years. The transaction has been accounted by following the purchase method and resulted in goodwill aggregating to ₹ 82.37 Crores. The goodwill has been allocated to software segment. During the year ended June 30, 2011 ₹ 10.00 crores have been paid on achieving the specified targets.

b) RKV Technologies

On March 31, 2010, the Group through its subsidiary, acquired unemployment Insurance Practice for a total cash consideration of ₹ 22.17 crores (USD 5mn). The transaction has been accounted by following the purchase method and resulted in goodwill aggregating to ₹ 23.20 crores. The goodwill has been allocated to software segment.

3. Employee Stock Option Plan (ESOP)

The Group has provided various share-based payment schemes to its employees. During the year ended 30 June 2011, the following schemes were in operation:

	ESOP 1999	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 / Company Performance

During the year ended 30 June 2010, the following schemes were in operation:

	ESOP 1999	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	84 months
Exercise Period from the date of vesting (maximum)	5 years	5 years	5 years
Vesting Conditions	Service Period	Service Period	Service Period

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.

Schedules to the consolidated financial statements

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

Schedule 20: Notes to the Accounts (Contd.)

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

ESOP 1999	Year ended 30 June			
	2011		2010	
	No. of options	Weighted average exercise price (₹)	No. of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	1,522,857	753.56	2,399,885	765.33
Add: Granted during the year	-	-	-	-
Less: Forfeited during the year	(1,610)	704.04	(420)	636.00
Exercised during the year	(517,161)	778.46	(588,774)	730.38
Expired during the year	(258,139)	1,000.38	(287,834)	899.31
Options outstanding at the end of the year	**745,947**	**650.99**	**1,522,857**	**753.56**
Options exercisable at the end of the year	**745,947**		**1,522,857**	

The weighted average share price for stock options exercised during the year was ₹ 1,775.90.

ESOP 2000	Year ended 30 June			
	2011		2010	
	No. of options	Weighted average exercise price (₹)	No. of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	2,351,180	649.20	3,473,285	649.37
Add: Granted during the year	-	-	-	-
Less: Forfeited during the year	(1,800)	636.00	(1,100)	525.55
Exercised during the year	(727,283)	655.42	(922,102)	619.63
Expired during the year	(137,438)	900.09	(198,903)	789.97
Options outstanding at the end of the year	**1,484,659**	**622.94**	**2,351,180**	**649.20**
Options exercisable at the end of the year	**1,484,659**		**2,351,180**	

The weighted average share price for stock options exercised during the year was ₹ 1,835.43

ESOP 2004	Year ended 30 June			
	2011		2010	
	No. of options	Weighted average exercise price (₹)	No. of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	2,079,112	33.34	2,545,431	39.21
Add: Granted during the year	3,194,000	8.00	240,000	8.00
Less: Forfeited during the year	(111,150)	8.00	(57,925)	20.65
Exercised during the year	(1,231,734)	21.38	(620,927)	37.20
Expired during the year	(1,553)	8.94	(27,467)	294.97
Options outstanding at the end of the year	**3,928,675**	**17.22**	**2,079,112**	**33.34**
Options exercisable at the end of the year	**799,525**		**679,935**	

The weighted average share price for stock options exercised during the year was ₹ 1,840.81

Schedules to the consolidated financial statements

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

Schedule 20: Notes to the Accounts (Contd.)

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	7,45,947	2.39	650.99
Employee Stock Option Plan - 2000	₹ 260 - ₹ 470 ₹ 483 - ₹ 823	60,556 14,24,103	0.73 2.13	405.34 632.20
Employee Stock Option Plan - 2004	₹ 8.00 ₹ 642 - ₹ 741	3,875,763 52,912	6.99 2.22	8.00 692.33

The details of exercise price for stock options outstanding at the end of the year 30 June 2010 are:

NName 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 ₹ 985 - ₹ 2,444	1,082,747 440,110	3.34 0.10	648.97 1,010.87
Employee Stock Option Plan - 2000	₹ 260 - ₹ 470 ₹ 483 - ₹ 823 ₹ 1,016 - ₹ 1,312	109,880 2,109,285 132,015	1.50 3.14 0.59	406.30 629.34 1,168.72
Employee Stock Option Plan - 2004	₹ 8.00 ₹ 642 - ₹ 741	2,001,617 77,495	4.85 3.32	8.00 687.87

The weighted average fair value of stock options granted during the year was ₹ 1,309.65. The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

Particulars	Year ended 30 June	
	2011	2010
Weighted average share price	356.25	288.94
Exercise Price	₹ 2.00	₹ 2.00
Expected Volatility	40.93%	37.76%
Historical Volatility	40.93%	37.76%
Life of the options granted (Vesting and exercise period) in years	1.20 - 7.96 years	1.02 - 5.01 years
Expected dividends	₹ 8	₹ 4
Average risk-free interest rate	7.78%	7.00%
Expected dividend rate	1.52%	1.38%

The expected volatility was determined based on historical volatility data.

Schedules to the consolidated financial statements

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

Schedule 20: Notes to the Accounts (Contd.)

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 Company applied the fair value method for determining compensation cost, the impact of the same on net income and earnings per share is provided below:

Particulars	Year ended 30 June	
	2011	2010
Net income - As reported	**1,646.51**	**1,259.19**
Add:-Employee stock compensation under intrinsic value method	133.22	49.84
Less:-Employee stock compensation under fair value method	128.05	45.26
Net income - Proforma	**1,651.68**	**1,226.24**
Earnings per share (₹)		
Basic - As reported	24.09	18.69
- Proforma	24.16	18.76
Diluted - As reported	23.61	18.27
- Proforma	23.69	18.34

4. **Leases**

Incase of assets taken on lease

i) **Finance lease:**

a) The future lease obligations in respect of assets taken on finance lease are as follows:

Particulars	Total minimum lease payments outstanding as on 30 June 2011	Interest included in minimum lease payments	Present value of minimum lease payments
Not later than one year	28.10	3.37	24.73
	(24.26)	(3.90)	(20.36)
Later than one year and not later than five years	41.29	2.72	38.57
	(43.71)	(3.04)	(40.67)
Later than five years	-	-	-
	(-)	(-)	(-)
	69.39	**6.09**	**63.30**
	(67.97)	(6.94)	(61.03)

Previous year figures are in brackets.

ii) **Operating Lease**

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 profit and loss account for the year amounts to ₹ 248.81 crores (Previous year ₹ 243.46 crores). The escalation amount for non-cancellable operating lease payable in future years and accounted for by the Group is ₹ 57.02 (Previous year ₹ 51.78 crores). Future minimum lease payments and the payment profile of non-cancellable operating lease are as follows:

Particulars	Year ended 30 June	
	2011	2010
Not later than one year	231.50	209.80
Later than one year but not later than five years	444.89	478.74
Later than five years	350.64	322.01

Schedules to the consolidated financial statements

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

Schedule 20: Notes to the Accounts (Contd.)

Incase of assets given on lease

iii) Finance 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:

Particulars	Total minimum lease payments receivable as on 30 June 2011	Interest included in minimum lease payments receivable	Present value of minimum lease payments receivable
Not later than one year	47.55	9.95	37.60
	(32.42)	(4.77)	(27.65)
Later than one year and not later than five years	84.72	9.19	75.53
	(43.56)	(7.48)	(36.08)
Later than five years	-	-	-
	(-)	(-)	(-)
	132.27	**19.14**	**113.13**
	(75.98)	(12.25)	(63.73)

Previous year figures are in brackets.

5. Segment Reporting

Identification of Segments

The Group's operating businesses are organised and managed separately 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 operating divisions 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 centers 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 categorised based on items that are individually identifiable to that segment, while expenditure is categorised in relation to the associated turnover of the segment. Assets and liabilities are also identified to service segments.

(ii) Geographic Segments

Geographic segmentation is based on the location of the respective client. The principal geographical segments have been classified as America, Europe, India and others. Europe comprises business operations conducted by the Group in the United Kingdom, Sweden, Germany, Italy, Belgium, Netherlands, Northern Ireland, Finland, Poland and Switzerland. Since services provided by the Group 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.

The Group is presenting only revenue for geographic segments.

(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 this schedule 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 fixed assets, sundry debtors, loans and advances, cash and bank balances, and unbilled receivables. Segment assets do not include unallocated corporate and treasury assets and net deferred tax assets and advance taxes.

Segment liabilities include sundry creditors and other liabilities. Segment liabilities do not include share capital, reserves, secured loan, unsecured loan and provision for taxes.

Schedules to the consolidated financial statements

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

Schedule 20: Notes to the Accounts (Contd.)

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, 2011 is as follows:

Particulars	Software services	Business process outsourcing services	Infrastructure services	Inter segment transactions	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**
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	-	-	-	-	597.05
Total liabilities					**6,247.65**
Others					
Capital expenditure (including capital work in progress)	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 for doubtful debts/advances and bad debts /advances written off	8.83	0.66	11.57	-	21.06

Schedules to the consolidated financial statements

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

Schedule 20: Notes to the Accounts (Contd.)

Financial information about the business segments for the year ended 30 June, 2010 is as follows:

Particulars	Software services	Business process outsourcing services	Infrastructure services	Inter segment transactions	Total
Revenue					
- External revenue	8,427.60	950.90	2,757.79	-	12,136.29
- Internal revenue	-	-	-	-	
Total	**8,427.60**	**950.90**	**2,757.79**	**-**	**12,136.29**
Segment results	1,288.87	(60.87)	431.50	**-**	**1,659.50**
Unallocated corporate expenses					(135.15)
Interest expense					(204.14)
Other income					53.42
Interest income					98.80
Net profit before taxes					**1,472.43**
Tax expense					**213.43**
Minority interest					0.19
Net profit after taxes					**1,259.19**
Assets					
Segment assets	7,063.70	488.67	1,817.51	-	9,369.88
Unallocated assets	-	-	-	-	3,232.82
Total assets					**12,602.70**
Liabilities					
Segment liabilities	4,496.17	256.17	1,103.53	-	5,855.87
Unallocated liabilities	-	-	-	-	458.03
Total liabilities					**6,313.90**
Others					
Capital expenditure (including capital work in progress)	259.04	65.53	197.23	-	521.80
Unallocated corporate capital expenditure	-	-	-	-	110.20
Total					**632.00**
Significant non-cash adjustments					
Depreciation	209.73	46.13	122.54	-	378.40
Unallocated corporate depreciation	-	-	-	-	39.71
Total					**418.11**
Provision for doubtful debts/advances and bad debts /advances written off	-	-	-	-	(0.79)

The Group has four geographic segments: America, Europe, India and Others. Revenue from the geographic segments based on domicile of the customer is as follows:

Particulars	Year ended 30 June 2011	Year ended 30 June 2010
America	8,654.18	6,852.19
Europe	4,250.67	3,430.52
India	742.43	660.75
Others	2,083.15	1,192.83
Total	**15,730.43**	**12,136.29**

Assets and additions to tangible and intangible fixed assets by geographical area. The following table shows the carrying amount of segment assets and addition to segment assets by geographical area in which assets are located:

Particulars	Carrying amount of segment assets and Intangible assets	
	2011	2010
America	4,579.97	4,539.07
Europe	2,736.27	2,445.70
India	4,548.25	1,782.73
Others	860.99	602.38
Total	**12,725.48**	**9,369.88**

Schedules to the consolidated financial statements

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

Schedule 20: Notes to the Accounts (Contd.)

6. Related Parties

a) *Related parties where control exists*

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
Axon Puerto Rico Inc., Puerto Rico

b) *Related parties with whom transactions have taken place during the year*

Key Management Personnel
Shiv Nadar - Chairman and Chief Strategy Officer
Vineet Nayar - CEO and Whole Time Director

Others (Significant influence)

HCL Infosystems Limited
HCL Security Limited
HCL Infinet Limited.
HCL Holding Limited
HCL Corporation Limited

Transactions with related parties during the normal course of business:

Particulars	Jointly controlled entities		Others		Dividend Paid	
	Year ended 30 June		Year ended 30 June		Year ended 30 June	
	2011	2010	2011	2010	2011	2010
Sale of materials and services	**16.58**	**19.99**	**12.63**	**19.37**	**-**	**-**
-NEC HCL Systems Technologies Limited	5.26	13.19	-	-	-	-
-Axon Puerto Rico	11.32	6.80	-	-	-	-
-HCL Infosystems Limited	-	-	11.81	17.43	-	-
Others	-	-	0.82	1.94	-	-
Purchase of materials and services	**16.20**	**9.43**	**80.72**	**74.55**	**-**	**-**
-HCL Infosystems Limited	-	-	60.15	48.03	-	-
-HCL Infinet Limited	-	-	20.02	24.63	-	-
-Axon Puerto Rico INC.	16.20	9.43	-	-	-	-
-Others	-	-	0.55	1.89	-	-
Payment for use of facilities	**-**	**-**	**1.48**	**1.85**	**-**	**-**
-HCL Infosystems Limited	-	-	0.25	1.28	-	-
- HCL Peripherals Limited	-	-	0.84	0.57	-	-
- HCL Corporation Limited	-	-	0.39	-	-	-
Purchase of capital equipments	**-**	**-**	**65.81**	**24.66**	**-**	**-**
-HCL Infosystems Limited	-	-	59.45	24.31	-	-
- Others	-	-	6.36	0.35	-	-
Others (Significant influence)	**-**	**-**	**-**	**-**	**289.53**	**183.91**
-HCL Corporation Limited	-	-	-	-	210.00	135.21
-HCL Holding Pvt. Ltd.	-	-	-	-	78.17	48.30

Schedules to the consolidated financial statements

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

Schedule 20: Notes to the Accounts (Contd.)

Transactions with Key Managerial personnel during the year

Particulars	Year ended 30 June	
	2011	2010
Chairman and Chief Strategy Officer		
i) Remuneration	4.65	4.76
Chief Executive Officer & Whole-time Director		
i) Remuneration	6.84	4.54
ii) Dividend Paid	1.36	0.40
iii) Stock option		
- Granted - No's	12,50,000	1,75,000
- Vesting period	In trenches till 2016	One year
- Exercised - No's	4,25,000	2,50,000
- Exercise price - ₹	8	8

Outstanding balances

Particulars	Jointly controlled entities		Others	
	As at 30 June		As at 30 June	
	2011	2010	2011	2010
Debtors	**11.97**	**1.45**	**12.14**	**2.80**
-HCL Infosystems Limited	-	-	12.06	2.67
-HCL Infinet Limited.	-	-	0.08	0.13
-NEC HCL Systems Technologies Limited	10.69	0.58	-	-
-Axon Puerto Rico INC.	1.28	0.87	-	-
Other receivables	**1.62**	**0.19**	**17.38**	**12.30**
-HCL Infosystems Limited	-	-	17.24	11.81
-Axon Puerto Rico INC.	1.19	-	-	-
-NEC HCL Systems Technologies Limited	0.43	0.19	-	-
-Others	-	-	0.14	0.49
Creditors	**4.48**	**2.22**	**13.57**	**10.94**
-HCL Infosystems Limited	-	-	13.13	9.90
-Axon Puerto Rico INC.	2.82	1.26	-	-
-NEC HCL Systems Technologies Limited	1.66	0.96	-	-
-Others	-	-	0.44	1.04

Schedules to the consolidated financial statements

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

Schedule 20: Notes to the Accounts (Contd.)

7. Components of Deferred Tax Assets / Liabilities

Particulars	As at 30 June 2011	As a 30 June 2010
Deferred Tax Assets		
Business losses *	40.86	95.98
Provision for doubtful debts	35.30	33.20
Accrued employee costs	52.85	72.65
Unrealized Loss on derivative financial instruments	0.83	7.51
Depreciation and amortization	81.16	89.03
Employee stock compensation	25.63	23.81
Others	144.89	67.30
Gross Deferred Tax Assets	**381.52**	**389.48**
Deferred Tax liabilities		
Depreciation and amortization	4.49	3.01
Unrealized gain on derivative financial instruments	4.27	-
Others	9.50	10.80
Gross Deferred tax Liabilities	18.26	13.81
Net Deferred Tax Assets	**363.26**	**375.67**

* The Company files a consolidated tax return with its US parent who is having a consistent profit history and as such recognized deferred tax assets on such portion of the carry forward business losses which can be utilized against US parent's profit within the limit and carryover period permitted under US law.

8. Research and Development Expenditure

Particulars	Year ended 30 June 2011	Year ended 30 June 2010
Revenue	110.58	55.01
Capital	-	-
	110.58	**55.01**

9. Commitments and Contingent liabilities

Particulars	As at 30 June 2011	As at 30 June 2010
i) Capital and Other Commitments		
a) Capital commitments		
Estimated amount of unexecuted capital contracts (net of advances)	433.54	305.56
b) Outstanding letters of credit	3.16	46.88
	436.70	**352.44**
ii) Contingent Liabilities		
a) Disputed Income Tax (excluding Interest)	2.46	9.99
b) Others	5.28	17.76
	7.74	**27.75**

c) Guarantees have been given by the Group against credit facilities, financial assistance and office premises taken on lease amounting to ₹ 35.66 crores (Previous year ₹ 20.94 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.

Schedules to the consolidated financial statements

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

Schedule 20: Notes to the Accounts (Contd.)

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.

10. 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, forecasted cash flows denominated in foreign currency. The use of derivatives to hedge foreign currency forecasted 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 party in these derivative instruments is a bank and the Group considers the risks of non-performance by the counterparty as non-material. A majority of the forward foreign exchange/option contracts mature between one to 12 months and the forecasted transactions are expected to occur during the same period. 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 2011	As at 30 June 2010
Foreign Currency	**Rupee Equivalent (₹ in Crores)**	
USD / INR	207.83	1,314.22
GBP / INR	32.21	65.09
EURO / INR	106.66	58.19
EURO / USD	45.25	-
AUD / INR	57.47	-
AUD / USD	9.58	-
USD / ZAR	44.03	-
USD / CAD	64.79	-
	567.82	**1,437.50**

Buy Covers	As at 30 June 2011	As at 30 June 2010
Foreign Currency	**Rupee Equivalent (₹ in Crores)**	
USD/INR	-	376.16
Total	**-**	**376.16**

Schedules to the consolidated financial statements

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

Schedule 20: Notes to the Accounts (Contd.)

Options	As at 30 June 2011	As at 30 June 2010
Foreign Currency	**Rupee Equivalent (₹ in Crores)**	
Put Options		
USD / INR	89.39	74.30
Range Forward		
USD / INR	860.83	139.32
GBP / INR	42.95	-
EURO / INR	36.85	28.52
EURO / USD	12.93	-
Seagull		
EURO / INR	25.86	-
EURO / USD	93.73	-
Total	**1,162.54**	**242.14**

The following table summarizes activity in the Hedging Reserve related to all derivatives classified as cash flow hedges during the years ended 30 June 2011:

Particulars	Year ended 30 June 2011	Year ended 30 June 2010
(Loss) as at the beginning of the year	(99.97)	(775.09)
Unrealized gain on cash flow hedging derivatives during the year	53.62	197.05
Net losses reclassified into net income on occurrence of hedged transactions	69.86	478.07
Net losses reclassified into net income as hedged transaction are not likely to occur	-	-
Gain / (loss) as at the end of the year (refer note 1 and 2 below)	**23.51**	**(99.97)**

As of the balance sheet date, the Company's net foreign currency exposure that is not hedged is ₹ 222.98 crores (previous year ₹ 2,443.36 crores).

Notes:

1. Balance as at year end is inclusive of deferred tax assets of ₹ 4.27 crores (Previous year ₹ 7.51 crores).
2. At 30 June 2011, the estimated net amount of existing gain that is expected to be reclassified into the income statement within next twelve months is ₹ 23.51 crores [Previous year loss of ₹ (99.97) crores].

11. The details of investments in mutual funds/ bonds and their movements during the year are provided below:

i) Details of Investments in bonds - Other than trade and unquoted

Particulars	Face Value	Balance as at 30 June 2011		Balance as at 30 June 2010	
		Units	Amount	Units	Amount
IRFC Tax Free Bonds (Series 68)	100,000	5,000	50.00	5,000	50.00
IIFCL Tax Free Bonds	100,000	4,418	44.93	-	-
Total			**94.93**		**50.00**

Schedules to the consolidated financial statements

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

Schedule 20: Notes to the Accounts (Contd.)

ii) Details of Investments in mutual funds - Other than trade and unquoted-Current Investmets

Particulars	Face Value	Balance as at 30 June 2011		Balance as at 30 June 2010	
		Units	Amount	Units	Amount
Quarterly Dividend					
Reliance Quarterly Interval Fund Series III Inst	10	-	-	2,49,93,796	25.01
Monthly Dividend					
Birla Sun Life Dynamic Bond Fund	10	-	-	8,33,00,723	86.66
Birla Sunlife Medium Term Plan	10	-	-	5,00,57,242	50.50
Birla Sunlife Saving Fund-Institutional	10	-	-	4,92,75,015	50.46
HDFC Cash Management Fund-Treasury Advantage Plan -Whole sale	10	-	-	10,05,34,368	101.05
HDFC Short Term Fund	10	-	-	14,791,788	15.28
Reliance Short Term Fund	10	-	-	66,649,228	70.91
Tata Fixed Income Portfolio Fund Scheme A3	10	-	-	15,017,853	15.02
SBI Short Horizon Debt Fund-Short Term-IP	10	-	-	23,332,055	25.26
IDFC Money Manager Fund-Investment Plan IP Plan B	10	-	-	101,566,031	102.02
Monthly Dividend					
ICICI Prudential Short Term Plan IP	10	-	-	20,809,636	25.18
Fortnightly Dividend					
HDFC High Interest Fund-Short Term Plan	10	-	-	48,197,379	51.06
Weekly Dividend					
ICICI Prudential Banking & PSU Debt Fund	10	-	-	25,030,125	25.08
Daily Dividend					
IDFC Cash Fund Plan-C	10	-	-	4,414	-
TATA Liquid Fund-Super High Investment Plan	1,000	-	-	80,761	9.01
Birla Sun Life savings	10	-	-	26,504,129	26.52
Reliance Medium Term Fund	10	-	-	4,316,838	7.38
Tata Floater Fund - Daily Dividend	20	100,727,467	101.09	-	-
Birla Sun Life Savings Fund -IP-DD	10	99,932,046	100.00	-	-
IDFC Money Manager Fund-Treasury Plan Plan C-Daily Dividend	20	96,889,701	96.90	-	-
SBI SHF Ultra Short Term Fund IP Daily Div	20	137,639,373	137.72	-	-
HDFC Cash Management Fund-Treasury Advantage Plan -Whole sale -Daily Dividend Option	10	45,418,515	45.56	-	-
Birla Sun Life Ultra Short Term Fund - IP- DDR	10	51,566,653	51.60	-	-
ICICI Prudential Flexible Income Plan Premium-Daily Dividend	200	10,374,875	109.70	-	-
Growth Fund					
ICICI Prudential Medium Term Plan-Prem Plus	10	-	-	94,513,918	95.00
TOTAL			**642.57**		**781.40**

Schedules to the consolidated financial statements

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

Schedule 20: Notes to the Accounts (Contd.)

12. Earnings Per Share

The computation or earning per share is as follows:

Particulars	Year ended 30 June 2011	Year ended 30 June 2010
Net profit as per Profit and Loss Account for computation of EPS	1,646.51	1,259.19
Weighted average number of equity shares outstanding in calculating basic EPS	683,508,571	673,741,835
Dilutive effect of stock options outstanding	13,812,496	15,361,547
Weighted average number of equity shares outstanding in calculating diluted EPS	697,321,067	689,103,382
Nominal value of equity shares	2.00	2.00
Earnings per equity share		
- Basic	24.09	18.69
- Diluted	23.61	18.27

13. 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 Employees' Pension Scheme.

During the year the Company has recognized the following amounts in the Profit and Loss account:-

Particulars	Year ended 30 June 2011	Year ended 30 June 2010
Superannuation Fund	2.45	2.11
Employer's contribution to Employees' State Insurance	3.18	0.78
Employer's contribution to Employees' Pension Scheme.	35.01	26.97
Total	**40.64**	**29.86**

Subsidiaries in US

Total contributions made to the plan by the company, for the years ended 30 June 2011 is ₹ 23.26 crores and 30 June 2010 is ₹ 16.47 crores.

Subsidiaries in Australia

Total contributions made to the plan by the company, for the years ended 30 June 2011 is ₹ 16.76 crores and 30 June 2010 is ₹ 13.35 crores.

Subsidiaries in Europe

Total contributions made to the plan by the company, for the years ended 30 June 2011 is ₹ 33.52 crores and 30 June 2010 is ₹ 25.81 crores.

Subsidiaries in Asia (excluding India)

Total contributions made to the plan by the company, for the years ended 30 June 2011 is ₹ 30.13 crores and 30 June 2010 is ₹ 20.67 crores.

B. Defined Benefit Plans

a) Gratuity
b) Employers Contribution to Provident Fund

Gratuity

The Company has a 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.

Schedules to the consolidated financial statements

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

Schedule 20: Notes to the Accounts (Contd.)

The following table set out the status of the gratuity plan as required under AS 15 (Revised):

Profit and Loss Account

Net employee benefit expense (recognised in Employee Cost)

Particiulars	Year ended 30 June 2011	Year ended 30 June 2010
Current service cost	23.02	19.52
Interest cost on benefit obligation	7.76	5.74
Expected return on plan assets	-	-
Net Actuarial (gain)/loss recognised in the year	(4.56)	(4.40)
Past service cost	-	-
Net benefit expense	**26.22**	**20.86**

Balance Sheet

Details of Provision for Gratuity

Particiulars	Year ended 30 June 2011	Year ended 30 June 2010
Defined benefit obligations	111.37	94.36
Fair value of plan assets	0.08	0.05
	111.45	94.41
Less: Unrecognised past service cost	-	-
Plan (asset) / liability	**111.45**	**94.41**

Changes in present value of the defined benefit obligation are as follows:

Particulars	Year ended 30 June 2011	Year ended 30 June 2010
Opening defined benefit obligations	94.36	78.81
Current service cost	23.02	19.52
Interest cost	7.76	5.74
Actuarial (gain)/loss on obligation	(4.51)	(4.40)
Benefits paid	(9.26)	(5.31)
Closing defined benefit obligations	**111.37**	**94.36**

Changes in fair value of the plan assets are as follows:

Particulars	Year ended 30 June 2011	Year ended 30 June 2010
Opening fair value of planned assets	0.05	-
Expected returns	-	-
Contribution by employer	0.03	0.05
Benefits paid	-	-
Actuarial (gain)/loss	-	-
Closing fair value of plan assets	**0.08**	**0.05**

The Group expects to contribute ₹ 22.73 crores to gratuity in 2011-12.

Schedules to the consolidated financial statements

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

Schedule 20: Notes to the Accounts (Contd.)

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 shown below:

Particulars	Year ended 30 June 2011	Year ended 30 June 2010
Discount rate	8.35%	7.15%
Estimated Rate of salary increases	6%-10%	6%-10%
Employee Turnover	18.00%	18.00%
Expected rate of return on assets	N.A	N.A

The following table set out the experience adjustment to plan liabilities as required under AS-15 (Revised):

Particulars	Year ended 30 June 2011	Year ended 30 June 2010	Year ended 30 June 2009	Year ended 30 June 2008
Defined benefit obligations	111.37	94.36	78.70	57.64
Plan assets	0.08	0.05	-	-
Experience adjustment on plan liabilities	5.15	(2.23)	(6.69)	5.09
Experience adjustment on plan assets	-	-	-	-

The Group has adopted AS 15 revised from 01 July 2007 and thereby has not given disclosures of the above for the year ended 30 June 2007.

Employers Contribution to Provident Fund

The Guidance on implementing AS 15, Employee Benefits (revised 2005) issued by the Accounting Standard Board (ASB) states that benefits involving employer - established provident funds, which require interest shortfall to be recompensed are to be considered as defined benefits plans. Pending the issuance of the guidance note from the Actuarial Society of India, the Group's actuary has expressed his inability to reliably measure provident fund liabilities. Accordingly the Group is unable to provide the related information.

During the year ended 30 June 2011, the Group has contributed ₹ 72.73 crores (Previous year ₹ 72.18 crores) towards employers' contribution to the Provident Fund.

14. 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. January 18, 2011*

Schedules to the consolidated financial statements

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

Schedule 20: Notes to the Accounts (Contd.)

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:

Particulars	Year ended 30 June 2011	Year ended 30 June 2010
Revenue from software services	46.02	41.44
Other income	0.50	0.58
Total	**46.52**	**42.02**
Personnel expenses	27.02	21.48
Other Expenses	14.08	15.86
Depreciation and Amortization	1.75	0.90
Total	**42.85**	**38.24**
Profit Before Tax	**3.67**	**3.78**
Provision for tax	0.39	(0.58)
Net profit after tax	**3.28**	**4.36**

Particulars	As at 30 June 2011	As at 30 June 2010
Assets		
Fixed Assets	10.86	10.89
Sundry debtors	11.56	7.09
Cash and Bank balances	12.64	11.10
Other Current Assets	4.38	3.49
Liabilities		
Current liabilities and provisions	15.62	15.17

Notes:

a. NEC HCL System Technologies Limited financial statements are for the year ended 31 March, 2011 and 2010 respectively.
b. Axon Puerto Rico Inc. financial statements are for the period ended 31 May 2011 and 2010 respectively.
c. There is no material transaction between the reporting dates of the JV and that of Group.

15. Previous year comparatives

Previous year figures have been re-classified/re-grouped to conform to current year's classifications.

As per our report of even date

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

per Tridibes Basu
Partner
Membership Number: 17401

Gurgaon, India
27 July 2011

For **HCL Technologies Limited**

Shiv Nadar
Chairman and Chief Strategy Officer

Vineet Nayar
Vice Chairman,CEO & Wholetime Director

Sandip Gupta
Deputy Chief Financial Officer

Raj Kumar Walia
Senior Vice President - Finance & Accounts

Noida (UP), India
27 July 2011

T S R Subramanian
Director

Anil Chanana
Chief Financial Officer

Prahlad Rai Bansal
Corporate Vice President - Finance

Manish Anand
Deputy Company Secretary

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, 2011	For previous financial years of the subsidiary since it became the Holding Company's subsidiary	For the year ended June 30, 2011	For previous financial years of the subsidiary since it became the Holding Company's subsidiary
1	HCL Bermuda Limited	30-Jun-11	409,670,582	100	(1,536,580)	(1,406,549)	Nil	Nil
2	HCL America Inc.	30-Jun-11	6,089,870	100	55,473	2,623,232	Nil	Nil
3	HCL Great Britain Limited	30-Jun-11	10,568,334	100	460,622	(367,796)	Nil	Nil
4	HCL Sweden AB	30-Jun-11	10,000	100	46,706	61,395	Nil	Nil
5	HCL (Netherlands) BV	30-Jun-11	400	100	209,688	110,651	Nil	Nil
6	HCL GmbH	30-Jun-11	257	100	79,447	(130,749)	Nil	Nil
7	HCL Italy SLR	30-Jun-11	20,000,000	100	(74,130)	(57,072)	Nil	Nil
8	HCL Belgium NV	30-Jun-11	2,750	100	(21,705)	(53,978)	Nil	Nil
9	HCL Australia Services Pty. Limited	30-Jun-11	500,000	100	867,596	1,053,866	Nil	Nil
10	HCL (New Zealand) Limited	30-Jun-11	10	100	201,806	199,889	Nil	Nil
11	HCL Hong Kong SAR Limited	30-Jun-11	193,167	100	94,516	19,168	Nil	Nil
12	HCL Japan Limited	30-Jun-11	4,400	100	62,463	48,514	Nil	Nil
13	HCL Holdings GmbH	31-Dec-10	6,500,000	100	(13,085)	4,182,371	Nil	Nil
14	HCL Global Processing Services Limited (formerly Intelicent India Limited)	30-Jun-11	106,070	100	20,084	250,376	Nil	Nil
15	HCL Comnet Systems and Services Limited	30-Jun-11	12,796,404	99.99	1,634,778	6,640,510	Nil	19610
16	DSI Financial Solutions Pte Limited	30-Jun-11	10,000	100	149	(1,731)	Nil	Nil
17	HCL BPO Services (NI) Limited	30-Jun-11	444,445	100	(125,767)	(47,866)	Nil	Nil
18	HCL Comnet Limited	30-Jun-11	949,840	99.99	(80,788)	598,714	Nil	Nil
19	HCL Jones Technologies LLC ##	30-Jun-11	-	51.00	-	29,442	Nil	Nil
20	HCL Singapore Pte Limited	30-Jun-11	2,000,000	100	358,059	1,038,839	181894	45245
21	HCL (Malaysia) Sdn. Bhd	30-Jun-11	100,000	100	66,488	255,826	Nil	Nil
22	HCL EAI Services Limited	30-Jun-11	1,050,100	100	(14,398)	42,492	Nil	Nil
23	HCL Technologies Denmark Apps	30-Jun-11	1,000,000	100	2,539	-	Nil	Nil
24	HCL Poland Sp.z.o.o.	30-Jun-11	17,000	100	(37,930)	(43,740)	Nil	Nil
25	HCL Technologies (Shanghai) Limited	31-Dec-10	Not Applicable	100	10,742	(60,705)	Nil	Nil
26	Capital Stream Inc.	30-Jun-11	10,000	100	43,429	(169,951)	Nil	Nil
27	HCL Expense Management Services Inc	30-Jun-11	1	100	(702,933)	(381,694)	Nil	Nil
28	Axon Group Limited	30-Jun-11	69,601,824	100	1,122,958	(27,348)	Nil	Nil
29	Axon Solutions Inc,	30-Jun-11	3,097,000	100	(223,365)	(704,412)	Nil	Nil
30	Bywater Limited	30-Jun-11	1,129,982	100	(1,838)	4,600	Nil	Nil
31	Axon Solutions Limited	30-Jun-11	100,150	100	1,963,960	(222,217)	Nil	Nil
32	Axon Solutions Sdn. Bhd.	30-Jun-11	10,000,000	100	(594,315)	(592,499)	Nil	Nil
33	Axon Solutions (Shanghai) Co. Ltd.	31-Dec-10	Not Applicable	100	(80,362)	2,184	Nil	Nil
34	Axon Solutions Singapore Pte Ltd.	30-Jun-11	100,000	100	(19,185)	(31,815)	Nil	Nil
35	JSPC i-Solutions Sdn Bhd	30-Jun-11	1,000,000	100	284	386,686	Nil	Nil
36	JSP Consulting Sdn. Bhd.	30-Jun-11	500,000	100	(738)	(788)	Nil	Nil
37	HCL Technologies Philippines Inc.	30-Jun-11	87,300	100	(988)	-	Nil	Nil
38	HCL Technologies South Africa (Proprietary) Limited	30-Jun-11	100	100	(4,882)	-	Nil	Nil
39	Axon Solution (Canada) Inc	30-Jun-11	1,000	100	(140,429)	(221,516)	Nil	Nil
40	Axon Solutions Australia Pty Limited	30-Jun-11	627,517	100	(232,394)	(269,532)	Nil	Nil
41	Axon Solutions Schweiz GmbH	30-Jun-11	20,000	100	(980)	77	Nil	Nil
42	Axon Acquisition Company, Inc.	30-Jun-11	1,000	100	-	-	Nil	Nil
43	HCL Technologies Norway AS	30-Jun-11	1,600	100	(26,047)	-	Nil	Nil
44	HCL Insurance BPO Services Ltd.	30-Jun-11	7,810,000	100	(89,619)	(187,104)	Nil	Nil
45	HCL Technologies Canada Inc.	30-Jun-11	180,000	100	337	75,614	Nil	Nil
46	HCL EAS Limited,	30-Jun-11	101,843,957	100	694,068	(2,026,260)	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, 2011	For previous financial years of the subsidiary since it became the Holding Company's subsidiary	For the year ended June 30, 2011	For previous financial years of the subsidiary since it became the Holding Company's subsidiary
47	HCL Axon (Pty) Ltd.	30-Jun-11	100	100	99,537	54,021	Nil	Nil
48	HCL (Brazil) Technologia da informacao Ltda.	31-Dec-10	12,701,741	100	(229,054)	(87,139)	Nil	Nil
49	HCL Technologies Romania s.r.l.	30-Jun-11	5,329	100	(1,496)	(941)	Nil	Nil
50	HCL Hungary Limited	30-Jun-11	9,000,000	100	1,147	(27)	Nil	Nil
51	HCL Latin America Holding LLC	30-Jun-11	11,296	100	(120)	(293)	Nil	Nil
52	HCL Argentina s.a.	30-Jun-11	512,125	100	(584)	(746)	Nil	Nil
53	FILIAL ESPAÑOLA DE HCL TECHNOLOGIES, S.L.(HCL Spain)	30-Jun-11	350	100	(253)	-	Nil	Nil
54	HCL Mexico S. de R.L.	31-Dec-10	6,490,497	100	7,076	-	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.

Since the company is under liquidation, no profit and loss account has been prepared and amount distributable to common shareholders has been shown under reserves.

For HCL Technologies Limited

Shiv Nadar
Chairman and Chief Strategy Officer

T S R Subramanian
Director

Vineet Nayar
Vice Chairman, CEO & Wholetime Director

Anil Chanana
Chief Financial Officer

Sandip Gupta
Deputy Chief Financial Officer

Prahlad Rai Bansal
Corporate Vice President - Finance

Raj Kumar Walia
Senior Vice President - Finance & Accounts

Manish Anand
Deputy Company Secretary

Place: Noida, UP (India)
Date: 16 September, 2011

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	Profit before tax	Provision for tax	Profit after tax	Dividend
1	HCL Bermuda Limited ###	USD	44.70	20,991,927	(2,543,368)	19,210,331	761,772	-	306,387	(1,536,580)	-	(1,536,580)	-
2	HCL America Inc.	USD	44.70	272,187	3,921,145	23,064,294	18,870,962	-	61,320,577	1,785,574	1,730,100	55,473	-
3	HCL Great Britain Limited	GBP	71.58	756,465	331,633	5,391,888	4,303,790	-	13,722,163	771,926	311,304	460,622	-
4	HCL Sweden AB	SEK	7.05	705	118,845	610,858	491,308	-	1,384,484	54,138	7,432	46,706	-
5	HCL (Netherlands) BV	EUR	64.64	1,173	282,307	551,087	267,607	-	1,505,438	280,507	70,818	209,688	-
6	HCL GmbH	EUR	64.64	1,661	111,823	668,668	555,183	-	1,331,946	91,535	12,088	79,447	-
7	HCL Italy SLR	EUR	64.64	668	(65,513)	34,298	99,143	-	160,767	(74,130)	-	(74,130)	-
8	HCL Belgium NV	EUR	64.64	4,407	(82,095)	34,482	112,170	-	232,932	(21,705)	-	(21,705)	-
9	HCL Australia Services Pty. Limited	AUD	47.89	23,945	1,350,694	2,210,226	835,587	-	6,697,901	1,267,866	400,269	867,596	143,668
10	HCL (New Zealand) Limited	NZD	36.95	1,715	194,280	480,050	284,055	-	1,356,304	291,448	89,642	201,806	73,907
11	HCL Hong Kong SAR Limited	HKD	5.74	1,109	129,528	251,309	120,672	-	620,645	113,343	18,826	94,516	-
12	HCL Japan Limited	JPY	0.56	122,320	108,286	928,244	697,638	-	3,781,847	96,167	33,704	62,463	-
13	HCL Holdings GmbH	EUR	59.78	28,236	4,808,272	4,838,534	2,026	-	-	(12,876)	209	(13,085)	-
14	HCL Global Processing Services Limited (formerly Intelicent India Limited)	INR	1.00	1,061	270,461	272,527	1,006	-	5,136	29,635	9,550	20,084	-
15	HCL Comnet Systems and Services Limited	INR	1.00	128,094	8,467,238	10,098,408	1,503,077	-	7,119,190	2,007,210	372,269	1,634,941	-
16	DSI Financial Solutions Pte Limited	INR	1.00	271	3,141	4,694	1,282	-	-	-	(149)	149	-
17	HCL BPO Services (NI) Limited	GBP	71.58	286,394	(182,388)	798,697	694,691	-	1,590,881	(125,767)	-	(125,767)	-
18	HCL Comnet Limited	INR	1.00	9,499	1,054,556	8,750,308	7,686,253	2,299,421	4,426,076	(85,569)	(4,773)	(80,796)	-
19	HCL Jones Technologies LLC ##	USD	44.70	-	31,135	31,939	805	-	-	-	-	-	-
20	HCL Singapore Pte Limited	SGD	36.38	72,758	1,025,092	2,601,009	1,503,159	-	5,347,957	413,567	55,507	358,059	-
21	HCL (Malaysia) Sdn. Bhd	MYR	14.81	1,481	161,928	250,861	87,452	-	569,727	90,244	23,756	66,488	-
22	HCL EAI Services Limited	INR	1.00	10,501	60,023	98,575	28,051	-	46,466	(14,398)	-	(14,398)	-
23	HCL Technologies Denmark Apps	DKK	8.67	14,466	2,539	83,709	66,704	-	67,486	3,386	846	2,539	-
24	HCL Poland Sp.z.o.o.	PLN	16.23	13,796	(65,757)	223,056	275,016	-	344,800	(37,926)	4	(37,930)	-
25	HCL Technologies (Shanghai) Limited	CNY	6.78	81,533	(16,981)	86,630	22,077	-	187,649	11,160	419	10,742	-
26	Capital Stream Inc. #	USD	44.70	-	1,725,557	2,076,075	350,517	-	957,180	30,175	(13,254)	43,429	-
27	HCL Expense Management Services Inc. #	USD	44.70	-	(11,739)	87,754	99,493	-	-	(702,933)	-	(702,933)	-
28	Axon Group Limited.	GBP	71.58	49,820	6,676,403	6,743,761	17,537	-	46,170	1,122,958	-	1,122,958	-
29	Axon Solutions Inc,	USD	44.70	1,384	2,801,750	7,522,903	4,719,769	43,801	9,331,066	(36,639)	186,727	(223,365)	-
30	Bywater Limited	GBP	71.58	3,963	116,686	120,650	-	-	-	(1,838)	-	(1,838)	-
31	Axon Solutions Limited	GBP	71.58	72	2,748,556	5,729,963	2,981,336	-	10,959,005	2,469,534	505,574	1,963,960	-
32	Axon Solutions Sdn. Bhd.	MYR	14.81	148,095	(93,766)	4,293,340	4,239,011	-	1,421,978	(555,012)	39,302	(594,315)	-
33	Axon Solutions (Shanghai) Co. Ltd.	CNY	6.78	14,036	(76,746)	32,322	95,032	-	126,839	(80,362)	-	(80,362)	-
34	Axon Solutions Singapore Pte Ltd.	SGD	36.38	3,638	(49,846)	155,423	201,631	-	196,301	(19,185)	-	(19,185)	-
35	JSPC i-Solutions Sdn Bhd	MYR	14.81	1,481	-	1,481	-	-	-	372	89	284	-
36	JSP Consulting Sdn. Bhd.	MYR	14.81	7,405	-	7,405	-	-	-	(738)	-	(738)	-
37	HCL Technologies Philippines Inc.	PHP	1.03	9,005	(899)	9,200	1,094	-	-	(987)	1	(988)	-
38	HCL Technologies South Africa (Proprietary) Limited	ZAR	6.59	1	(4,882)	3,545	8,427	-	2,078	(4,882)	-	(4,882)	-
39	Axon Solution (Canada) Inc. #	CAD	46.28	-	(371,434)	995,056	1,366,489	-	936,202	(140,429)	-	(140,429)	-
40	Axon Solutions Australia Pty Limited	AUD	47.89	30,051	(765,418)	201,580	936,947	-	260,300	(232,394)	-	(232,394)	-
41	Axon Solutions Schweiz GmbH	CHF	53.54	1,071	3,039	7,054	2,944	-	-	(980)	-	(980)	-
42	Axon Acquisition Company, Inc. #	USD	44.70	-	-	-	-	-	-	-	-	-	-

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	Profit before tax	Provision for tax	Profit after tax	Dividend
43	HCL Technologies Norway AS	NOK	8.32	13,306	(26,047)	61,292	74,032	-	55,018	(36,176)	(10,130)	(26,047)	-
44	HCL Insurance BPO Services Ltd.	GBP	71.58	559,045	(253,324)	1,237,559	931,838	-	2,845,118	(100,786)	(11,167)	(89,619)	-
45	HCL Technologies Canada Inc.	CAD	46.28	9,594	56,021	161,038	95,424	-	557,314	563	225	337	-
46	HCL EAS Limited,	USD	44.70	7,042,171	(938,494)	32,772,852	26,669,175	-	-	694,068	-	694,068	-
47	HCL Axon (Pty) Ltd.	ZAR	6.59	1	128,104	1,328,317	1,200,213	-	1,934,553	113,738	14,201	99,537	-
48	HCL (Brazil) Technologia da informacao Ltda.	BRL	26.94	342,174	(316,862)	194,821	169,509	-	284,485	(229,054)	-	(229,054)	-
49	HCL Technologies Romania s.r.l.	RON	15.26	813	(2,596)	3,697	5,480	-	5,703	(1,463)	33	(1,496)	-
50	HCL Hungary Limited	HUF	0.24	2,189	1,115	4,690	1,386	-	11,030	1,354	207	1,147	-
51	HCL Latin America Holding LLC ###	INR	1.00	533,780	(412)	533,367	-	-	-	(120)	-	(120)	-
52	HCL Argentina s.a.	ARS	10.89	5,579	(2,571)	3,888	880	-	6,433	(584)	-	(584)	-
53	FILIAL ESPAÑOLA DE HCL TECHNOLOGIES, S.L. (HCL Spain)	EUR	64.64	226	(253)	227	253	-	-	(253)	-	(253)	-
54	HCL Mexico S. de R.L.	MXN	3.61	23,413	7,076	72,552	42,063	-	63,518	10,704	3,628	7,076	-

Notes:

Refer table given below for absolute amount of share capital in each of the following companies:-

Name of the Subsidiary Company	Share Capital (₹)
Capital Stream Inc.	447.00
HCL Expense Management Services Inc.	44.70
Axon Solution (Canada) Inc	463.00
Axon Acquisition Company, Inc.	45.00

Since the company is under liquidation, no profit and loss account has been prepared and amount distributable to common shareholders has been shown under reserves.

Share application money pending allotment has been included in share capital.

For HCL Technologies Limited

Shiv Nadar
Chairman and Chief Strategy Officer

T S R Subramanian
Director

Vineet Nayar
Vice Chairman, CEO & Wholetime Director

Anil Chanana
Chief Financial Officer

Sandip Gupta
Deputy Chief Financial Officer

Prahlad Rai Bansal
Corporate Vice President - Finance

Raj Kumar Walia
Senior Vice President - Finance & Accounts

Manish Anand
Deputy Company Secretary

Place: Noida, UP (India)
Date: 16 September, 2011

رشאי

تمكين

bemyndiget

empowered

授權

ermächtigt

kuasa

uprawnionych

授权

تمكين

grymuso

エンパワーメント

empowered

bemagtig

befogenhet

HCL Technologies Ltd.
A-10/11, Sector - 3, Noida 201301, U.P., India.
www.hcltech.com
www.hcl.com

Printed at Thomson Press