HCL Technologies Limited

ANNUAL REPORT 2008-09

CONTENTS

BOARD OF DIRECTORS

MR. SHIV NADAR
Chairman & Chief Strategy Officer

MR. VINEET NAYAR
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

Auditors

Price Waterhouse
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

ICICI Bank Limited
ICICI Tower
NBCC Place, Bhisham Pitamah Marg,
Pragati Vihar
New Delhi–110003

HDFC Bank Limited
B-6/3, Safdarjung Enclave
DDA Commercial Complex
Opp. Deer Park
New Delhi-110029

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

Canara Bank
C-3, Sector-1, Noida

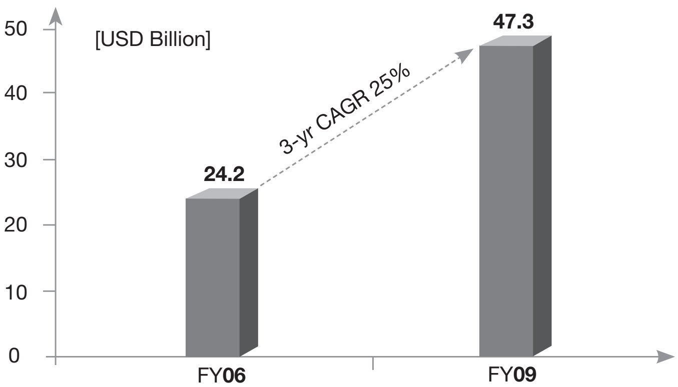
MANAGEMENT'S DISCUSSION AND ANALYSIS

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 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 as 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.

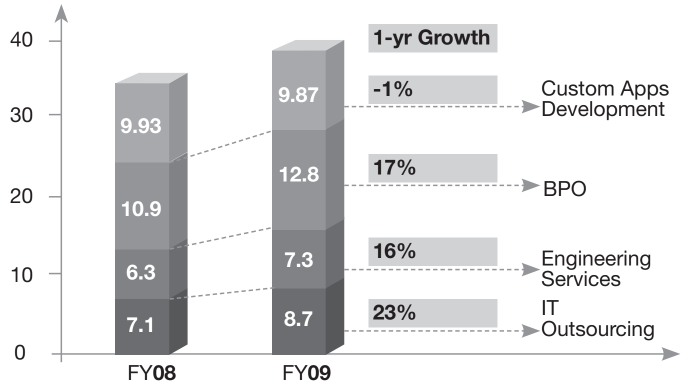
Current State of Indian IT Industry

Indian IT Industry is going through a phase of transformation to reengineer itself in the wake of Global Economic slowdown. The clients are looking to their Indian IT service providers, not only to reduce costs, but also to partner with them in these difficult times. Looking beyond labor cost arbitrage benefits, they are seeking transformative offerings with a stronger business case. The vendors are also making focused investments in capability building across domains, processes, technologies to deliver enhanced value proposition to their customers.

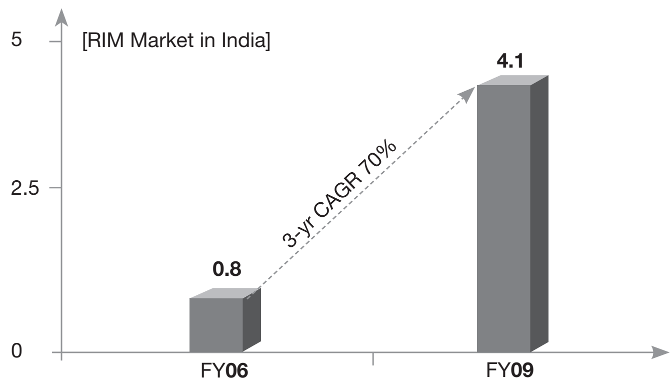
Indian IT Industry growth is still intact. As per NASSCOM Strategic Review 2009, Indian IT Industry export revenues are estimated to be $47.3 bn in FY09. The IT Export revenues have grown at a CAGR of 25% during last 3 years. They were $24.2 bn during FY06.



The overall structure of the Industry started to change in 2008. Custom Application Development, which used to be the backbone of Indian IT exports, saw a negative growth of -1% during FY09, while there was a positive double digit growth observed in IT Outsourcing (Applications and Infrastructure Management), BPO and Engineering services. These services grew at 23%, 17% and 16% respectively. The main reason for the decline in Custom Applications Development was the shifting of client's focus from 'Change-the-Business' projects to 'Run-the-Business' projects.

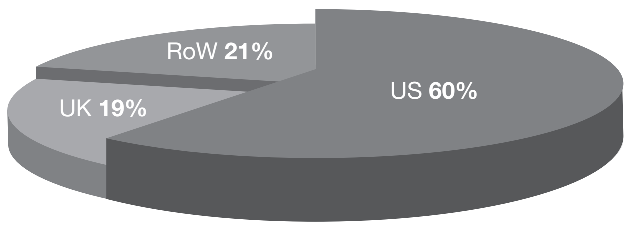


Indian IT Industry is continuing to innovate its offerings. Remote Infrastructure Management (RIM) services market, which was just $0.8 bn in FY06 grew at a CAGR of 70% during the last 3 years to reach at $4.1 bn in FY09. RIM services are predicted to be the next high growth engine for Indian IT Services market.



Indian IT Exports so far have been concentrated around US and UK markets. During FY08, 79% of the Indian IT exports were made to US/UK. Remaining 21% of exports were made to the rest of the countries. However, in terms of IT services spend the Rest of World (Non US/UK) region represents nearly 51% of Global IT services spend. So, there still exists, a lot of opportunities that are yet to be tapped by the Indian IT service providers.

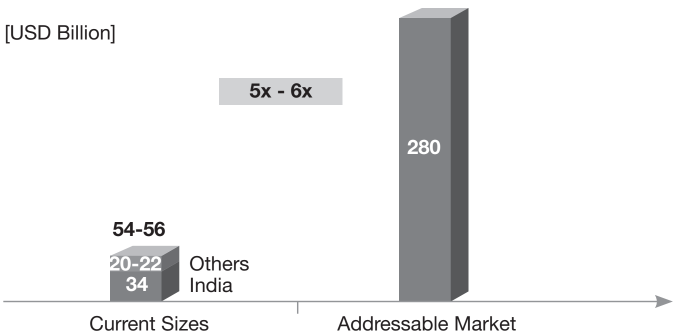
FY08 Exports Geo-Mix



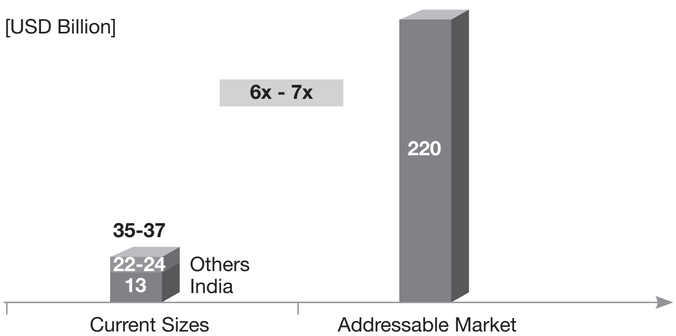
Drivers for Future Growth

As per NASSCOM Strategic Review 2009, Global Sourcing of Services has significant headroom for growth as the current penetration levels are very low. For Global Sourcing of IT and Engineering Services, the addressable market is nearly $280 bn, of which $54-56 bn has been tapped so far leaving a head room of 5-6x for growth. For Global Sourcing of BPO Services, the addressable market is nearly $220 bn, of which $35-37 bn has been tapped so far. This means there is still 6-7x headroom for growth available in global sourcing of BPO services.

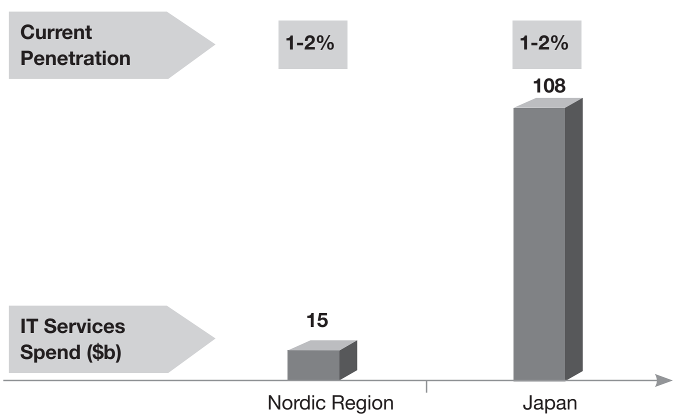
Global Sourcing of IT/ Engineering Services

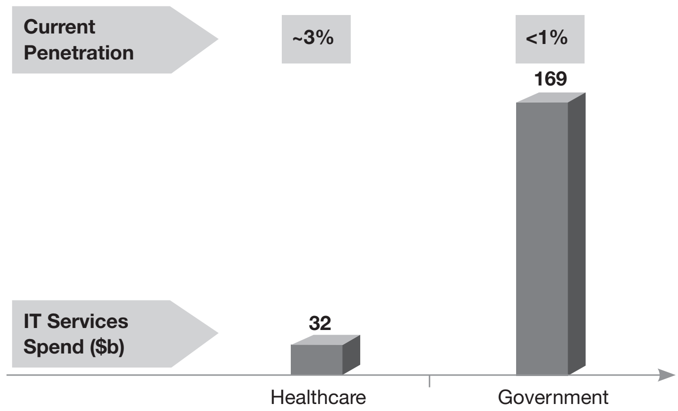


Global Sourcing of BPO Services



The Indian IT-BPO industry has a very low penetration level in certain geographies, verticals, and horizontals. For example, Japan has $100+ bn IT services spend and only 1-2% has been currently penetrated by the Indian providers. Amongst verticals, Healthcare and Government have a low penetration and will offer significant opportunities for future growth.





Industry Outlook

With the global economic slowdown, Client IT spending is likely to fall globally in the near term. However, spend on IT services will be affected to a lesser degree than spending on hardware and software licenses. Within IT Services, maintenance and support are seen to be less sensitive to a downturn than application development and deployment services. Clients are still spending in the non-discretionary areas such as applications and infrastructure maintenance/ support, regulatory requirements, business critical enhancements and security.

As per 'NASSCOM Perspective 2020: Transform Business, Transform India' report, India's IT/BPO Exports could range from $65 bn to $75 bn in FY12. Two potential scenarios were analyzed. In the worst case scenario, factors such as constraints on pricing pressures, global sourcing mix, talent, infrastructure and productivity were considered in addition to falling demand as a result of regulation and policy changes in core markets. In this scenario, export revenues could grow to $65 bn to $70 bn with industry growing at a CAGR of 13%- 15% between 2008 and 2012. In the Best case scenario, export revenues are projected to grow to $70 bn to $75 bn with industry growing at a CAGR of 15%-17% between 2008 and 2012.

The Indian global sourcing industry is expected to reach $ 175 bn in revenues by 2020. This will imply a slightly lower CAGR of 13% and a decline in India's share of global market from 51% to 40% in 2020. The India share decline may be reduced if substantial efforts are made to reform education, enhance capacity, improve the business environment, and reduce risks.

The Indian IT/BPO industry has contributed significantly to Indian economy and society and can sustain this impact by 2020. Its contribution to Indian GDP can reach almost 10% if the industry achieves its full potential. Further, it can create 30 million (direct and indirect) employment opportunities, both in urban as well as rural and non-metro regions of the country. The industry can also foster India's development by encouraging improved infrastructure and providing technology enabled services far more effectively and efficiently than today's traditional models.

HCL Strategy

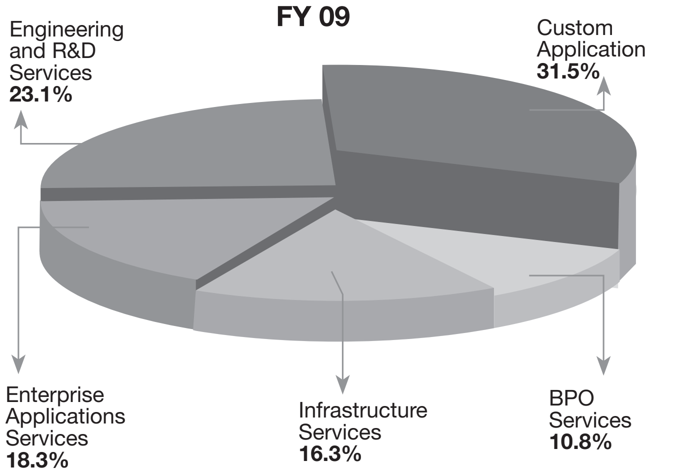
HCL is a dominant player in its own niche and is uniquely positioned as a co-sourcing partner because of the experience it has created for its clients. The unique positioning lends HCL to be different in its Business Model from other Indian IT Services players. HCL is focused on the following 5 strategies to achieve growth during the recessionary times.

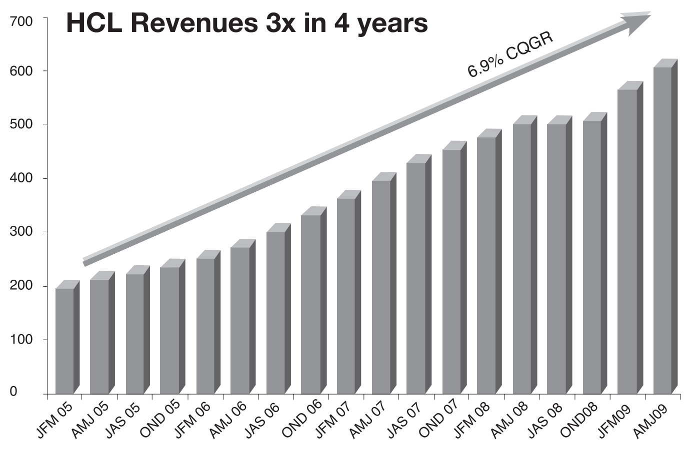
- **Unique dual horizontal - vertical strategy –** HCL has a unique model focusing equally on verticals and horizontals as equal end to end entities. In the case of horizontals, HCL has diversified go to market entities focused on achieving salience and dominance in the market. HCL is investing and energizing its Enterprise Application Services (EAS), Remote Infrastructure Management Services (RIMS) and Engineering and R&D Services (ERS) businesses that are high growth in nature. On the verticals front, HCL has a diversified portfolio of verticals today and is focusing on building micro verticalised domain competency.
- **Acquisitions to gain salience in growth segments** – HCL completed Axon acquisition in Dec 08, the biggest acquisition in Indian IT Industry history, to create a dominant position in the SAP Applications Services market place. As per an analysis of SAP Services Market, the Global SAP Services market size is around $26-28bn, of which $7-8bn has the potential for offshore. Currently, about $2bn has been captured by Indian players. So, there exists enough headroom for growth in this market segment.
- **Increase cross-sell and up-sell within acquired entities** – HCL is focused on cross-sell and up-sell opportunities with Axon accounts for non-SAP service and HCL accounts for SAP services. HCL had some quick wins during second half of FY09 on cross sell with Axon accounts. 3 of top 5 Axon customers have signed for non-Axon services.
- **Focus on winning new deals** – HCL continued to win large deals during tough times. HCL won several large deals during the last financial year with 70% of the wins won against global players. In the new wins, there was a domination of Infrastructure Services, which will be the key driver for future growth of Indian IT Industry.
- **Investments in new geographies** – HCL believes that Continental Europe and Asia have huge untapped potential and will offer opportunities for future growth. So far Indian IT Exports were focused on US/UK, with these two countries capturing 79% of Indian IT exports. With US/ UK IT Outsourcing markets maturing, HCL believes that untapped outsourcing potential in Continental Europe and Asia can be exploited by investing in these geographies. HCL has invested in a new leadership team and local presence to drive growth in these geographies. 85% of HCL Europe employee headcount is local to the region and has a diverse employee mix from 12 nationalities. HCL has also opened New Delivery centers in Poland and China to cater to Continental Europe and Asia markets.

Company Overview

About HCL Technologies Ltd.

HCL Technologies is a leading global IT services company, working with clients in the areas that impact and redefine the core of their businesses. Since its inception into the global landscape after its IPO in 1999, HCL focuses on 'transformational outsourcing', underlined by innovation and value creation, and offers integrated portfolio of services including software-led IT solutions, Remote Infrastructure Management, Engineering and R&D Services and BPO. HCL leverages its extensive global offshore infrastructure and network of offices in 23 countries to provide holistic, multi-service delivery in key industry verticals including Financial Services, Manufacturing, Aerospace & Defense, Telecom, Retail & CPG, Life Sciences & Healthcare, Media & Entertainment, Travel, Transportation & Logistics, Automotive, Government, Energy & Utilities. HCL takes pride in its philosophy of 'Employee First' which empowers our 54,216 transformers to create a real value for the customers.





Service Offerings

HCL has re-structured and re-energized its diversified portfolio of service offering with each having a robust and resilient business model in place. It is important to note that no single service line contributes more than 32% to the total revenue, while maintaining a leading edge in key verticals where the company has chosen to focus.

Custom Application Services

Custom Application Services division at HCL endeavors to help customers' businesses by designing and implementing scalable, reliable, robust, secure, and easily maintainable business applications. In order to provide our customers with state-of-the-art solutions, HCL has ensured continuous development of niche competencies in the latest technologies.

The Application Consulting Group at HCL provides services ranging from custom application development, application re-engineering and integration, legacy migration and modernization, to application portfolio optimization, maintenance and production support.

The group contributes 31.5% of the HCL revenues and boast of servicing at least two of the top five players in various industries like Retail, Banking, Insurance, Media & Publishing, Gaming and Life Sciences.

HCL is continuously investing in robust methodologies, tools, and processes to ensure high quality of delivery to customers. The unique Knowledge Transfer methodology - ASSET™ ensures minimum cost bulge for clients and a smooth transition to offshore. HCL's CoE concept ensures continuous upgradation of skills and also helps customers benefit from our extensive research and developments of reusable components and frameworks.

With a focus on quality and keeping with the customers' information security requirements, all company software development centers are certified with ISO 9001:2000, Level 5 of Software Engineering Institute's Capability Maturity Model (CMM Level 5) standards, and British Security Standard—BS7799.

HCL is also investing significantly in areas like cloud computing, pay as you go services and hosted services.

HCL has also built a managed services model as a new operating model. We are also developing a new framework that allows alignment of IT with the Business. The new framework provides a unified view of business processes and underlying IT landscape and helpful in cycle time reduction, be more resilient by high availability and, most efficient by providing the lowest IT cost of a business transaction.

Engineering and R&D Services

Engineering and R&D Services account for 23.1% of the Company's revenues. Over the past decade and more - HCL has been involved in engineering engagements with leading technology companies, in almost all Manufacturing verticals and in the Software domain. Many of these project-based engagements are today large scale multi-product multiservice partnerships - where HCL plays a critical role in our Customers' global innovation network.

As our customers' needs are changing, so are their expectations - and in the past couple of years - HCL has been called upon to deliver greater value in terms of business impact higher up in the value chain. With our Full Lifecycle Expertise, Ecosystem partnerships for manufacturing and research, our IPs and Frameworks, our Vertical Solutioning capability and our appetite to take risks and invest - we are today positioned to be the Business Aligned R&D partner to global technology companies.

HCL understands the importance of Research & Development (R&D) for its customers businesses and is committed to provide world-class R&D and Technology Services to them. HCL offers comprehensive range of R&D and Engineering services to component vendors, OEMs, ODMs and ISVs across multiple industry segments and domains. The company has a proven track record in providing "end to end solutions" that span across conceptualising to manufacturing and ability to consistently deliver complex and critical products. With its significant product engineering strength and experience, HCL provides full lifecycle product engineering services, spanning from requirements definition to prototype architecture, development, testing, and manufacturing technical help desk to field support, maintenance and upgrades.

Business Aligned R&D is a new paradigm for Global Collaborative Innovation, where synergistic partnerships are leveraged by Innovation driven companies to maximize ROI and meet business objectives in increasingly challenging yet rapidly expanding global markets. Over a decade of operating in multi-vendor environments and being involved in every part of our Customers' value chain, we have the ability to seamlessly integrate into your existing R&D ecosystem, working with your other innovation partners, captive centers, universities, industry bodies and manufacturing partners. This is what it takes to make an R&D ecosystem truly business aligned.

Enterprise Application Services (EAS)

HCL's Enterprise Applications Services (EAS) is focused on providing best-in-class services and solutions to its customers in areas like in areas like ERP, SCM, CRM, HCM, EPM, etc. leveraging its strong strategic partnerships with SAP, Oracle and Microsoft.

The EAS accounts for about 18.3% of the Company's revenue and is one of the key areas of growth at HCL.

HCL further strengthens its presence in the Enterprise Application space by acquiring Axon group plc, one of the few large-scale pure play SAP companies, in December 2008, making is one of the biggest acquisitions by any Indian company in recent times. The combination of Axon's strong SAP implementation capabilities with HCL's strong SAP application and infrastructure management capabilities ensured higher value on an end-to end services basis for all our customers.

HCL reverse merged its SAP practice with the acquired company and created HCL AXON, the largest SAP only Global Partner and service provider in the world. HCL AXON has created great opportunity to bring new capabilities to the market with a truly global delivery model providing the full lifecycle suite of services - fitting into HCL's Blue Ocean strategy perfectly.

AMR Research believes that AXON acquisition puts HCL in the SAP Big League and ranked HCL among the Top 10 SAP service providers, with a combined SAP consulting and support capability that is 60% larger than its closest India-based competitor. HCL also won the FT ArcelorMittal Boldness in Business award for its strategic acquisition of Axon.

Another important arm of HCL's EAS service line is Oracle Universe (OU), which provides the entire gamut of end-to-end application life-cycle management services such as blue printing, implementation, global roll-outs, upgrades & migration, integration and development. The group delivers high value solutions in Oracle, PeopleSoft, Siebel, JD Edwards, Hyperion, Agile, Oracle Transportation Management, Stellent, and other Oracle Edge applications and technology products.

Enterprise Transformation Services (ETS)

HCL's Enterprise Transformation Services group assists our forward-looking customers to develop a transformation roadmap that aligns business strategy with IT strategy. HCL partners with customers and help them identify the initiatives driving change, manage the transformation process, and implement supporting technology solutions that add value to the organization. We provide value by reducing IT intensity (IT Spend to Revenue ratio), helping achieve operational excellence, and helping customers achieve business goals.

The ETS group provides comprehensive "Advise to Execute" services that span from end-to-end implementation, to maintenance and support services that guarantee alignment of customer's IT spend to industry benchmarks, while supporting Transformation initiatives across the enterprise.

HCL's ETS proposition comes with guaranteed benefits of transformation arising out of its capability to provide integrated IT services including Applications, Infrastructure and BPO.

The group offers a complete bouquet of best-in-class services in key areas including Middleware & SOA, Data Warehousing & Business Intelligence Services, Enterprise Content Management & Portals, Independent Verification & Validation, and Mainframe and Midrange Services, Governance, Risk Compliance Consulting.

In 2008, we have introduced several new propositions and services like Integrated Mainframe Operations and Applications Management services for our customers, which are compliant with industry standard frameworks such as ITIL, Six Sigma and CMM-i.

Infrastructure Management Services (IMS)

HCL Infrastructure Management Services contributes to 16.3% of revenues of the company. We consider this space as one of the key growth areas and continue to invest and expand its footprint in niche areas such as Integrated Operations Management Services, Cloud Computing and Green IT services.

HCL's leadership in Infrastructure Space has been recognized by many leading independent analysts and media firms. We have been cited as a 'Leader' in Global IT Infrastructure Outsourcing by Forrester (Forrester Wave™ report on Global Infrastructure Outsourcing Q1, 2009). Global Services 100 Survey, 2008 ranked HCL as the world's 'Best Performing Infrastructure Service Provider'. We were ranked amongst the Top 10 'Green 50 Sourcing Vendors' by Blackbook of Outsourcing Survey, 2009. We also won the Golden Peacock Award for Eco Innovation.

The company was Ranked No.1 in Customer Satisfaction Audit in IT Services in India by IDC-Dataquest CSA, 2008 (second year in a row!) and Ranked No. 2 in Network management and Network Integration Services in V&D100 Survey, 2009 Ranked No. 1 Security Service Provider in V&D 100 Survey, 2009 (fifth year in a row!).

HCL ISD offers end-to-end 'Remote Infrastructure Management' services to clients. This includes services such as Data Center Design, Migration & Rollout Planning, Process Design, Service Delivery Structure Design, Implementation & Rollouts as well as Day to Day Operations across the entire range of Infrastructure Elements such as Servers, Storage, End User Devices, Network Equipment, Security Devices etc.

HCL recently launched a suite of Green Data Center Services primed to impact and reduce the disproportionate share of an enterprise carbon footprint and environmental impact by assessing, planning, and implementing initiatives around their DC environment. A key highlight of this service is our unique Data center Green Quotient Framework that offers assessment of the 'green' state of an enterprise DC.

HCL is the first ever technology company in India to launch a comprehensive Green Data center Service Offering ahead of its competitors, the other Indian IT players.

So far, HCL's Green DC Services has impacted cost savings for the enterprise by saving power to the tune of 11334 KW in a year which is equivalent to*

- 22,500 Cars off the highway
- 300,000 Trees Planted
- 133,140,990 lbs reduction in Carbon Emissions
- Reduced 15000 Servers through virtualization
- Annual Energy cost savings: 10 million USD

Business Process Outsourcing (BPO)

HCL BPO Services is a dominant player in the BPO field, contributing about 10.8% of the company's revenue. HCL BPO excels at developing reliable and scalable solutions for essential business processes, consecutive with industry best practices and metric-based Quality norms.

HCL views BPO as a key growth segment and is aggressively expanding its presence in niche areas and geographies. HCL is investing in creating unique differentiators and competencies to achieve over a period world class competencies in its BPO services.

HCL's BPO strategy determines our conscious move from voice-based services to platform-based services; and from input-based pricing to output-based pricing to outcome- based pricing.

The company focuses on 'transformational outsourcing' by offering a combination of voice and non voice based processes that relate to:

- Business Generation (Contact Scoring/Customer acquisition/ Post Sales Service)
- Operations Management (Technical desk support/ Procurement Services/ Transaction Processing/ Collection Services)
- Management Support (Primary/Secondary Research/ Data Analysis and Modeling)
- Platform based Services – (Supply Chain Management, Knowledge & Legal Services/Human Resource Outsourcing/ Customer Relationship Management)

HCL's acquisitions of UK-based Liberata Financial Services and US-based Control Point Solutions in 2008 is in line with its VBPO strategy. This VBPO strategy also defines our global delivery model which is to expand our delivery footprint, minimize risks from currency fluctuations and country specific risks and to offer near-shore, off-shore options to customers.

The acquisition of Liberata Financial Services (LFS), a leading UK-based BPO, offered a wide range of end-to-end administrative and customer services for the Life and Pensions industry. With this strategic acquisition, HCL BPO catapulted to become one of the Top 5 Insurance service providers in UK. LFS has been rebranded to HCL Insurance BPO Services (HCL IBS) and Control Point Solutions Inc. changed to HCL Expense Management Services Inc.

HCL BPO expanded its global presence to the USA in September 2008 with the acquisition of Control Point Solutions (CPS). This acquisition makes HCL BPO the first Indian BPO to enter the Telecommunications Expense Management (TEM) market. CPS has been rebranded to HCL Expense Management Services (HCL EMS).

HCL BPO is the first BPO Company in the world to be successfully appraised at Maturity Level 3 of People CMM. With respect to Quality, HCL BPO is the first BPO to go for "Integrated Business Management System" (IBMS) to ensure that the organization follows the most innovative and Best Practices of all Quality Certifications (ISO 9001, ISO 14001, OHSAS 18001, and COPC). HCL BPO is also the first Indian company and 3rd in the world to be COPC certified in the specialized area of collections.

Risks and Concerns

Operating Business Environment Risk & Deepening Recession

The business environment deteriorated sharply in the past year particularly in US due to the subprime banking crisis emanating in the US and its spiral-down effect to other parts of the world. Most of the IT service providers derive significant business from the Banking, Financial Services & Insurance (BFSI) vertical which is facing severe credit crunch. The service providers are facing challenging times with clients and the downward trend is expected to continue into 2009 as well with global IT spend expected to decline due to challenging economic environment. As fallout of global economic slowdown there is a growing trend among the IT outsourcing client base to explore opportunities to achieve cost optimization through consolidation of services provided by various technology service providers and by putting discretionary projects on hold.

HCL Strategy

To reduce dependence on any particular market, HCL has its operations well diversified across various geographies. Moreover, it has a vertically focused business approach and offers combination of services mix reducing its dependence on any particular service. The Company's business is spread over six distinct service lines and no single business line contributes more than 32% of the total revenue.

Similarly, our revenue from biggest industry vertical is also within 31% of overall revenue and BFSI vertical contribution is within 26% of overall revenue.

Further, HCL strengthened its position in Package implementation segments and Platform based outsourcing services by making acquisitions in these segments.

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 who are expanding their presence in the country owing to attractiveness of the Offshoring model.

HCL Strategy

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

Employee Related Risks – Managing Talent

Attracting talent is still important and so is retaining key talent during an economic downturn. What was the "war for talent" is now more complicated. One of the key challenges being faced by IT industry today is to avoid losing key competencies especially when companies are undergoing downsizing or making strategic divestures. Even though the attrition has abated a bit, still the supply of talent and skilled manpower continues to remain major challenge for companies in services and consulting domain.

HCL Strategy

HCL's continues with its "Employee First" initiative which has now entered in its fourth year of successful implementation. The focus on employees as key resources has led to introduction of several employee friendly policies that has helped HCL in containing its attrition rates from 20.4% in 2005 to 13.0% in 2009. Success of this program continues to be hailed globally as it won various accolades.

This year, HCL was 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, HCL 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, HCL was named as one of Britain's Top Employers 2009 for the third successive year by CRF International, an independent business research organisation.

HCL 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.

HCL 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

HCL 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.

HCL Strategy

The Company keeps itself abreast and updated on the contemporary developments in technology landscape through participation in key technology forums, in-house training and development initiatives and its intensive focus on core research and development activities. The Company is not dependent on any single technology or platform. HCL 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.

Further, HCL has a dedicated Delivery Excellence Group (DEX) which offers consulting to various delivery teams in developing best practices, development of reusable code and registering patents for methodologies and tools developed. This group works closely with Technology Research Council (TRC) of respective Vertical Delivery Units for adopting and implementing the latest technological enhancements in their respective domains.

Exchange Rate Risks

Global financial crisis and house price declines has sparked capital flight from emerging markets thereby causing depreciation of currencies of developing countries against US Dollar. This would benefit the exporters and provide a gain which partly offsets the decline in margin on account of pricing pressure due to deepening recession. However, this benefit will not accrue in the short term due to hedges taken by exporters against their forecasted revenues.

HCL Strategy

As a risk containment strategy, HCL has taken forward covers to hedge its receivables and forecast revenues against the foreign currency fluctuations. This strategy ensures certainty in revenue collection and also provides safeguards against any unfavorable movement to stakeholder. The treasury department of the Company continues to track the foreign exchange movements and takes advise 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 de-risking the currency risk.

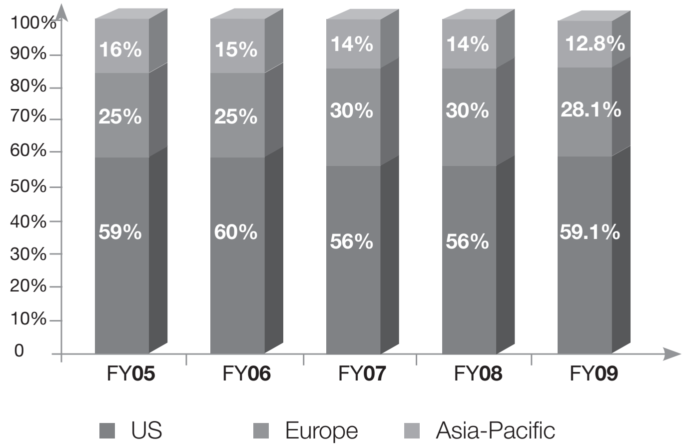
Business Concentration Risks

Geographical Concentration

HCL has fairly well diversified portfolio of services spread over various geographies across multiple verticals. This has ensured adequate de-risking of the business model and protects HCL from any adverse development in any geography, vertical or for any service line. Enclosed below are the details of HCL's business concentration based on geography and verticals. In addition, the client portfolio of HCL is also adequately diversified and does not carry any concentration risks.

HCL Strategy

This year has marked a positive growth in all geographies across HCL. HCL derives 59% of business from the US and rest 41% from the other regions. Even though the company has a strategy to grow more out of non-US geographies, the share of the US has increased in total revenue during the year 2009. The same has been primarily on account of two reasons - firstly on account of more number of outsourcing opportunities arising out of the US due to continued focus on off-shoring and cost-cutting necessitated by recession. Secondly because of decline of value of other currencies especially in Euro Zone vis-à-vis US Dollar.



Industry Vertical Concentration

While the BFSI remained the most challenged vertical against the backdrop of US slowdown, HCL's broad based vertical approach ensured that business impact is minimized through enhanced contribution from other verticals.

HCL Strategy

Our vertical constitution has changed significantly. New growth verticals constitute 5.5% of our business as against 1.2% till last year.

Further, HCL has been successful in gaining new client engagements in newer growth verticals like Life Sciences and Media, Publishing & Entertainment. These verticals are not conventionally large outsourcers of business applications and therefore present good growth potential. HCL continues to replicate its successful business engagements in these verticals in newer geographies and has been successful in gaining clients in this space.

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.

HCL Strategy

HCL 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.

Mergers & Acquisitions - Executing M&A Transactions

To increase depth and breadth of HCL's services, UK based SAP consulting company AXON Plc. has been acquired (£441 mn) through a combination of internal accrual and debt.

HCL Strategy

For facilitating integration of AXON, HCL's strategy was built around Five Ps i.e. (Purpose, Planning, Process, Pace & People).

Multiple tracks were formed with joint participation of HCL and AXON covering Delivery and Sales & Marketing and Back-office operation. Milestone driven timelines have been set-up and achieved for completion of layers of integration. The acquisition has already started contributing toward growth and penetration into new business verticals.

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.

Further, management has supplemented the efforts of Internal Audit team by establishing a dedicated Risk Management team. This team is responsible for HCL's Corporate Governance program including Enterprise Risk Management Program, Assurance on continuity of Internal Control procedures and Legal compliances.

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, risk management and legal compliances. This committee reviews all quarterly and yearly results of the company and recommends the same to Board for their approval.

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 2009.

RESULTS OF OPERATIONS (CONSOLIDATED)

(Rs. in Crores)

Particulars	For the Year Ended June 30, 2009 Amount	% Income	For the Year Ended June 30, 2008 Amount	% Income	Growth % Increase
Revenue	10,229.4	97.5%	7,562.8	97.5%	35.3%
Other Income	262.2	2.5%	192.7	2.5%	36.1%
Total Income	**10,491.6**	**100.0%**	**7,755.5**	**100.0%**	**35.3%**
Cost of Revenue	5,911.8	56.3%	4,190.5	54.0%	41.1%
Administration and other expenses	2,485.9	23.7%	2,065.6	26.6%	20.4%
Interest	112.4	1.1%	17.7	0.2%	535.2%
Depreciation	375.5	3.6%	298.8	3.9%	25.6%
Total Expenditure	**8,885.6**	**84.7%**	**6,572.6**	**84.7%**	**35.2%**
Profit before tax	**1,606.0**	**15.3%**	**1,182.9**	**15.3%**	**35.8%**
Provision for tax	286.6	2.7%	129.0	1.7%	122.1%
Minority Interest	(0.2)	0.0%	2.4	0.0%	-107.4%
Profit after tax	**1,319.6**	**12.6%**	**1,051.4**	**13.6%**	**25.5%**

FISCAL YEAR 2009 COMPARED WITH 2008

Revenues

Revenues during 2009 have grown by 35.3% as compared to fiscal 2008. The Company derives its revenue from three segments viz Software, infrastructure and business process outsourcing services. Among the three segments, revenues from infrastructure services have registered highest growth rate of 46.1%. Segment wise details are given below:

(Rs. in Crores)

Particulars	For the Year Ended June 30, 2009 Amount	% Revenue	For the Year Ended June 30, 2008 Amount	% Revenue	Growth % Increase
Software Services	7,440.3	72.7%	5,517.6	73.0%	**34.8%**
Infrastructure Services	1,670.0	16.3%	1,142.7	15.1%	**46.1%**
Business Process Outsourcing Services	1,119.1	10.9%	902.5	11.9%	**24.0%**
Total Service Revenue	**10,229.4**		**7,562.8**		**35.3%**

Geography wise Composition of revenue is given below:

(Rs. in Crores)

Geographical Mix	For the Year Ended June 30, 2009 Amount	% of Revenue	For the Year Ended June 30, 2008 Amount	% of Revenue	Growth % Increase
US	5,568.8	54.4%	4,073.7	53.9%	**36.7%**
Europe	2,986.8	29.2%	2,285.3	30.2%	**30.7%**
Rest of the world	1,673.8	16.4%	1,203.8	15.9%	**39.0%**
Total Service Revenue	**10,229.4**		**7,562.8**		**35.3%**

The Company continues to derive about 54% of its revenue from US geography. Share of Europe has reduced from 30.2% to 29.2% primarily on account of weakening of GBP against INR. Contribution from Rest of the world has increased from 15.9% to 16.4% during current fiscal. Top 5 customers accounts for 20.6% of the Company's revenue.

Cost of Revenues

(Rs. in Crores)

Particulars	For the Year Ended June 30, 2009 Amount	% of Revenue	For the Year Ended June 30, 2008 Amount	% of Revenue	Growth % Increase
Cost of Goods Sold	205.5	2.0%	194.4	2.6%	**5.7%**
Personnel Expenses	5,194.4	50.8%	3,662.4	48.4%	**41.8%**
Software development expenses - external	488.9	4.8%	312.7	4.1%	**56.4%**
License and transponder fee	23.0	0.2%	21.0	0.3%	**9.2%**
Total	**5,911.8**		**4,190.5**		**41.1%**

The cost of revenues increased by 41.1% from Rs. 4,190.5 crores in 2008 to Rs. 5,911.8 crores in 2009. This increase is mainly on account of increase in personnel costs. Personnel costs of the Company increased to Rs. 5,194.4 crores in 2009 from Rs. 3,662.4 crores in 2008, an increase of 41.8%. Personnel cost includes non cash based stock option charge of Rs. 56.1 crores during the year ended June 30, 2009 (Rs. 105.0 crores for the year ended June 30, 2008).

Personnel costs have increased on account of – (a) increase in number of employees during the year from total of 50,741 at the end of fiscal 2008 to 54,216 at the end of fiscal 2009 and (b) increase in proportion of onsite employees (based outside India). Personnel costs as a percentage of revenues have increased from 48.4% in 2008 to 50.8 % in fiscal 2009.

The Company also subcontracts certain projects to or hires consultants from third parties. These costs increased to Rs. 488.9 crores in fiscal 2009 from Rs. 312.7 crores in fiscal 2008, an increase of 56.4%.

Administration and other expenses

(Rs. in Crores)

Particulars	For the Year Ended June 30, 2009 Amount	% Revenue	For the Year Ended June 30, 2008 Amount	% Revenue	Growth % Increase
Rent	236.7	2.3%	211.5	2.8%	**11.9%**
Power & Fuel	123.9	1.2%	100.5	1.3%	**23.3%**
Travel and conveyance	844.9	8.3%	653.5	8.6%	**29.3%**
Communication costs	118.4	1.2%	103.2	1.4%	**14.8%**
Recruitment Training & Development	52.9	0.5%	73.1	1.0%	**-27.6%**
Exchange differences	239.1	2.3%	288.0	3.8%	**-17.0%**
Others	870.0	8.5%	635.8	8.4%	**36.8%**
Total	**2,485.9**		**2,065.6**		**20.4%**

The Company derives over 90% of its revenues in foreign currencies while over 40% of its 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 fiscal 2009, the Company has incurred exchange loss of Rs. 239.1 crores on account of mark to market of forward covers and options which do not qualify for cash flow hedge accounting, ineffective hedges and restatement of foreign currency assets and liabilities.

Interest

Interest cost during the year ended June 30, 2009 has increased to Rs. 112.4 crores against Rs. 17.7 crores during the previous year. The increase in interest cost is primarily on account of foreign currency loan taken by the Company to fund the acquisitions consummated during current fiscal.

Profit before tax

The Company's profit before tax increased to Rs. 1,606.0 crores in fiscal 2009 from Rs. 1,182.9 crores in 2008, increase of 35.8%.

Taxation

The net tax expense (including fringe benefit tax and wealth tax) for 2009 was Rs. 286.6 crores compared to Rs. 129.0 crores in 2008.

Profits from the Company's operations in India attributable to the export operations from units situated in Software Technology Parks ("STP") and Special Economic Zones ("SEZ") 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 units of the Company was scheduled to expire in stages by 2010. However, the Finance Act, 2008 extended the availability of the tax holiday for one more year. Subsequent to balance sheet date, the Finance Act, 2009 has further extended the availability of tax holiday for another one year such that the tax holiday will now be available until the earlier of fiscal year 2011 or ten years after the commencement of a tax holiday for an individual unit In respect of units situated in 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. Tax holiday period for certain units has expired during the current year and earlier periods.

The Finance Act 2009 introduced amendment removing the anomaly in the provisions of Section 10AA of the Income Tax Act relating to tax benefit to units situated in Special Economic Zone prospectively. Since the amendment has been done prospectively, the Company has made a provision of Rs. 32 crores in respect of earlier years.

The tax exempt income of the Company attributable to export operations of units situated in STPs is subject to Minimum Alternate Tax (MAT). Any MAT paid for an year is available for set-off against tax liability for ten subsequent years. The Company foresees that an additional tax burden will arise due to the expiry of tax holiday period by 2010. Accordingly, the Company has recognized deferred tax assets for such tax credit amounting to Rs. 91.14 crores and Rs. 77.90 crores as at June 30, 2008 and 2009 respectively.

Net profit

The Company's profit after tax increased to Rs. 1,319.6 crores in fiscal 2009 from Rs. 1,051.4 crores in fiscal 2008, increase of 25.5%.

FINANCIAL POSITION

Share capital

Particulars	2009	2008
Authorized Share Capital	**150.0**	**150.0**
Issued Subscribed & Paid Up	134.1	133.3

Authorized Share Capital consists of 750,000,000 equity shares of Rs. 2 each. During the year, employees exercised 4,29,256, 9,26,864 and 25,60,208 equity shares under the employees stock options plan 1999, 2000 & 2004 respectively. Consequently issued subscribed and paid capital increased by 3,916,328 equity shares and share capital increased by Rs. 0.8 crores.

Borrowings

Company has outstanding borrowings of Rs. 3,016.2 crores as of June 30, 2009. Outstanding borrowings include bridge loan of USD 500 million (Rs. 2,395.0 crores) taken by the Company to fund the acquisitions consummated during the current fiscal year. Bridge loan is repayable within a maximum period of one year from December 2008 and has an effective interest cost of 4% to 5% per annum. Borrowings of Rs. 64.3 crores have been taken to finance the equipments which is repayable over a period of five years in quarterly installments and carries interest ranging between 7% to 8%. Remaining borrowings have been taken to meet its working capital requirements at various locations and carries interest between 4% to 9% per annum.

Fixed Assets

The Company has made additions of Rs. 4,281.4 crores during 2009 in the gross block of fixed assets which comprises computers, software, other equipments and investment in facilities. Additions include Rs. 3,637.1 crores being assets (including goodwill) acquired on consummation of acquisition during the year. Gross block of fixed assets as at the end of fiscal 2009 stood at Rs. 6,779.6 crores and capital work in progress (including capital advances) stood at Rs. 489.1 crores.

Capital work in progress includes payment of Rs. 85.6 crores for 170 acres of land allotted to the Company in Nagpur, an approved SEZ location. Company is in the process of taking possession of this land.

The Company is in the process of developing facilities in its campuses at NOIDA, Chennai & Bangalore. These campuses are spread over a combined area of 121 acres. 4500 seats have already become operational at NOIDA campus and 9500 seats are under development at these campuses. All the three campuses are approved SEZ locations. Expenditure incurred till end of fiscal 2009 for the facilities under construction is appearing under capital work in progress.

Treasury Investments

(Rs. in Crores)

Particulars	2009	2008
Debt Mutual Funds	20.0	1,364.5
Bonds	20.0	12.0
Fixed Deposits with Banks	1,494.6	540.2
Total	**1,534.6**	**1,916.8**

The Company deploys its surplus funds primarily in debt mutual funds and bank fixed deposits with a limit on investments with individual fund/bank. As at the end of fiscal 2009, almost entire surplus funds are invested in fixed deposit with nationalized banks.

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 Rs. 1,117.8 crores and Rs.1,349.2 crores in fiscal 2009 and 2008 respectively.

Cash Flows from Investing Activities

In fiscal 2009, an amount of Rs. 638.8 crores was invested in fixed assets. Rs. 3,368.3 crores were used for payment for business acquisitions.

Cash Flows from Financing Activities

Cash flow from financing activities in the year under review was an inflow of Rs. 2,263.2 crores. It primarily consisted of proceeds(net) from borrowings of Rs. 2,935.7 crores and outflow of Rs. 704.4 crores pertaining to the final dividend declared in the previous fiscal year as well as the interim dividends paid 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 2009.

RESULTS OF OPERATIONS (STANDALONE)

(Rs. in Crores)

Particulars	For the Year Ended June 30, 2009 Amount	% Income	For the Year Ended June 30, 2008 Amount	% Income	Growth % Increase
Revenue	4,675.1	94.6%	4,615.4	96.4%	1.3%
Other Income	265.8	5.4%	170.4	3.6%	56.0%
Total Income	**4,940.9**	**100.0%**	**4,785.8**	**100.0%**	**3.2%**
Cost of Revenue	2,392.3	48.4%	2,448.2	51.2%	-2.3%
Administration and other expenses	1,074.7	21.7%	1,225.4	25.6%	-12.3%
Interest	28.1	0.6%	19.1	0.4%	47.3%
Depreciation	251.9	5.1%	217.9	4.6%	15.6%
Total Expenditure	**3,747.0**	**75.8%**	**3,910.6**	**81.7%**	**-4.2%**
Profit before tax	**1,193.9**	**24.2%**	**875.2**	**18.3%**	**36.4%**
Provision for tax	196.6	4.0%	94.6	2.0%	207.8%
Profit after tax	**997.3**	**20.2%**	**780.6**	**16.3%**	**27.7%**

FISCAL 2009 COMPARED TO FISCAL 2008

Revenues

Revenue during the fiscal 2009 has grown by 1.3% as compared to fiscal 2008.

The Company has been deriving its revenue from two segments viz Software and Business Process Outsourcing Services. During the current year, the Company has also started rendering infrastructure services which were hitherto rendered by its subsidiary companies. Segment wise details are given below:

(Rs. in Crores)

Particulars	For the Year Ended June 30, 2009 Amount	% of Revenue	For the Year Ended June 30, 2008 Amount	% of Revenue	Growth % Increase
Software Services	3,991.8	85.4%	4,012.0	86.9%	**-0.5%**
Infrastructure Service	152.0	3.3%	-	0.0%	**N.A.**
Business Process Outsourcing Services	531.3	11.4%	603.4	13.1%	**-12.0%**
Total Service Revenue	**4,675.1**		**4,615.4**		**1.3%**

Cost of Revenues:-

(Rs. in Crores)

Particulars	For the Year Ended June 30, 2009 Amount	% of Revenue	For the Year Ended June 30, 2008 Amount	% of Revenue	Growth % Increase
Personnel Expenses	1,930.2	41.3%	1,726.4	37.4%	**11.8%**
Software development expenses	462.1	9.9%	721.8	15.6%	**-36.0%**
Total	**2,392.3**		**2,448.2**		**-2.3%**

The cost of revenues decreased by 2.3% from Rs. 2,448.2 crores in fiscal 2008 to Rs. 2,392.3 crores in fiscal 2009. Personnel costs of the Company increased to Rs. 1,930.2 crores in 2009 from Rs. 1,726.4 crores in 2008, an increase of 11.8%. Personnel cost includes non cash based stock option charge of Rs. 56.1 crores during the year ended June 30, 2009 (Rs. 105.0 crores for the year ended June 30, 2008).

Personnel costs have been driven primarily by an increase in number of employees during the year from total of 37,757 at the end of fiscal 2008 to 38,525 at the end of fiscal 2009 and increase in average cost per employee.

The Company also subcontracts certain projects to subsidiaries or hires consultants from third parties. These costs decreased to Rs. 462.1 crores in fiscal 2009 from Rs. 721.8 crores in fiscal 2008, decrease of 36.0%.

Administration and other expenses:-

(Rs. in Crores)

Particulars	For the Year Ended June 30, 2009 Amount	% of Revenue	For the Year Ended June 30, 2008 Amount	% of Revenue	Growth % Increase
Rent	148.5	3.2%	160.2	3.5%	**-7.3%**
Power & Fuel	100.3	2.1%	83.5	1.8%	**20.1%**
Travel and conveyance	290.0	6.2%	305.6	6.6%	**-5.1%**
Communication costs	56.6	1.2%	65.4	1.4%	**-13.4%**
Recruitment Training & Development	23.1	0.5%	49.9	1.1%	**-53.6%**
Exchange differences	174.3	3.7%	277.5	6.0%	**-37.2%**
Others	281.9	6.0%	283.3	6.1%	**-0.5%**
Total	**1,074.7**		**1,225.4**		**-12.3%**

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 fiscal 2009, the Company has incurred exchange loss of Rs. 174.3 crores on account of mark to market of forward covers and options which do not qualify for cash flow hedge accounting, ineffective hedges and restatement of foreign currency assets and liabilities.

Profit before tax

The Company's profit before tax increased to Rs. 1,193.9 crores in fiscal 2009 from Rs. 875.2 crores in 2008, increase of 36.4%.

Taxation

The net tax expense (including fringe benefit tax and wealth tax) for 2009 was Rs. 196.6 crores compared to Rs. 94.6 crores in 2008.

Profits from the Company's operations in India attributable to the export operations from units situated in Software Technology Parks ("STP") and Special Economic Zones ("SEZ") 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 units of the Company was scheduled to expire in stages by 2010. However, the Finance Act, 2008 extended the availability of the tax holiday for one more year. Subsequent to balance sheet date, the Finance Act, 2009 has further extended the availability of tax holiday for another one year such that the tax holiday will now be available until the earlier of fiscal year 2011 or ten years after the commencement of a tax holiday for an individual unit In respect of units situated in 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. Tax holiday period for certain units has expired during the current year and earlier periods.

The Finance Act 2009 introduced amendment removing the anomaly in the provisions of Section 10AA of the Income Tax Act relating to tax benefit to units situated in Special Economic Zone prospectively. Since the amendment has been done prospectively, the Company has made a provision of Rs. 32 crores in respect of earlier years.

The tax exempt income of the Company attributable to export operations of units situated in STPs is subject to Minimum Alternate Tax (MAT) . Any MAT paid for an year is available for set-off against tax liability for ten subsequent years. The Company foresees that an additional tax burden will arise due to the expiry of tax holiday period by 2010. Accordingly, the Company has recognized deferred tax assets for such tax credit amounting to Rs. 53.35 crores and Rs. 80.25 crores as at June 30, 2008 and 2009 respectively.

Net profit

The Company's profit after tax increased to Rs. 997.3 crores in fiscal 2009 from Rs.780.6 crores in fiscal 2008, increase of 27.8%.

FINANCIAL POSITION

Borrowings

Company has outstanding borrowings of Rs. 513.7 crores as of June 30, 2009. Borrowings have been taken by the Company to meet its working capital requirements at various locations and carries interest between 4% to 9.5% per annum.

Fixed Assets

The Company has made additions of Rs. 390.22 crores during 2009 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 2009 stood at Rs. 1,957.86 crores and capital work in progress (including capital advances) stood at Rs. 417.56 crores.

Capital work in progress includes payment of Rs. 85.6 crores for 170 acres of land allotted to the Company in Nagpur, an approved SEZ location. Company is in the process of taking possession of this land.

The Company is in the process of developing facilities in its campuses at NOIDA, Chennai & Bangalore. These campuses are spread over a combined area of 121 acres. 4500 seats have already become operational at NOIDA campus and 9500 seats are under development in these campuses. All the three campuses are approved SEZ locations. Expenditure incurred till end of fiscal 2009 for the facilities under construction is appearing under capital work in progress.

Treasury Investments

(Rs. in Crores)

Particulars	2009	2008
Debt Mutual Funds	20.0	1,220.1
Bonds	20.0	12.0
Fixed Deposits with Banks	1,221.8	524.0
Total	**1,261.8**	**1,756.2**

The Company deploys its surplus funds primarily in debt mutual funds and bank fixed deposits with a limit on investments with individual fund/bank. As at the end of fiscal 2009, almost entire surplus funds are invested in fixed deposit with nationalized banks.

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 Rs. 587.9 crores and Rs. 1,056.8 crores in fiscal 2009 and 2008 respectively.

Cash Flows from Investing Activities

In fiscal 2009, an amount of Rs. 365.6 crores was invested in fixed assets. Rs. 675.7 crores were used as loan to subsidiaries to meet their funds requirements for acquisitions consummated during the current fiscal.

Cash Flows from Financing Activities

Cash flow from financing activities in the year under review was an inflow of Rs. 215.8 crores. It primarily consisted of proceeds (net) from borrowings of Rs. 486.8 crores and outflow of Rs. 704.4 crores pertaining to the final dividend declared in the previous fiscal year as well as the interim dividends paid during the year.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting this Seventeenth Annual Report together with the Audited Accounts for the year ended June 30, 2009.

FINANCIAL RESULTS

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

(Rs. in crores)

	Year ended June 30, 2009	Year ended June 30, 2008
Income		
Revenues	10,229.41	7,562.78
Other income	262.20	192.72
	10,491.61	**7,755.50**
Expenditure		
Cost of revenues	5,911.75	4,190.54
Administration and other expenses	2,485.94	2,065.56
Finance costs	112.44	17.70
Depreciation and amortization	375.47	298.84
	8,885.60	**6,572.64**
Profit before tax and minority interests	**1,606.01**	**1,182.86**
Provision for tax	(286.56)	(129.03)
Profit before minority interests	**1,319.45**	**1,053.83**
Share of minority shareholders	0.18	(2.42)
Net Profit	**1,319.63**	**1,051.41**

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

(Rs. in crores)

	Year ended June 30, 2009	Year ended June 30, 2008
Income		
Revenues	4,675.09	4,615.39
Other income	265.81	170.40
	4,940.90	**4,785.79**
Expenditure		
Cost of revenues	2,392.28	2,448.18
Administration and other expenses	1,074.72	1,225.42
Finance Charges	28.09	19.07
Depreciation	251.89	217.87
	3,746.98	**3,910.54**
Profit before tax	**1,193.92**	**875.25**
Provision for tax	(196.61)	(94.60)
Profit after tax	**997.31**	**780.65**
Balance in Profit and Loss Account brought forward	1,572.73	1,570.44
Amount available for appropriation	**2,570.04**	**2,351.09**
Appropriations		
Proposed final dividend [including Rs. 0.87 crores (previous year Rs. 0.03 crores) paid for previous year]	67.90	199.94
Corporate dividend tax on proposed final dividend [including Rs. 0.15 crores (previous year Rs. 0.01 crores) paid for previous year]	11.54	33.97
Interim dividend	401.71	398.64
Corporate dividend tax on interim dividend	68.19	67.75
Transfer to general reserve	99.73	78.06
Balance carried forward to the balance sheet	**1,920.97**	**1,572.73**
Total	**2,570.04**	**2,351.09**

TRANSFER TO RESERVES

Your Company proposes to transfer Rs. 99.73 crores to the General Reserve. An amount of Rs. 1,920.97 crores is proposed to be carried forward in the Profit & Loss Account.

OVERVIEW

During the financial year 2008-09, on a standalone basis, your Company's revenues stood at Rs. 4,675.09 crores registering a growth of 1.29% over the previous year and on a consolidated basis, the Company's revenues for the year 2008-09 stood at Rs. 10,229.41 crores registering a growth of 35.26% 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.

DIVIDEND

Your directors are pleased to recommend a final dividend of Re. 1/- per equity share for the financial year ended June 30, 2009, 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, 2009	Rate of dividend (Per Share)	Amount of dividend paid (Rs./crores)	Dividend Distribution tax paid by the Company (Rs./crores)	Total Outflow (Rs./crores)
1	1st Interim Dividend	Rs. 3/-	200.78	34.05	234.83
2	2nd Interim Dividend	Rs. 2/-	133.95	22.76	156.71
3	3rd Interim Dividend	Re. 1/-	66.98	11.38	78.37

The total amount of dividends (including interim dividends paid) for the year ended June 30, 2009 shall be Rs. 468.74 crores as against Rs. 598.58 crores for the previous year. Dividend distribution tax paid / payable by the Company for the year would amount to Rs. 79.58 crores.

ACQUISITIONS DURING THE YEAR

Axon Group Limited (formerly known as "Axon Group Plc.")

During the year under review, the Company has acquired all the capital stock of Axon Group Limited (formerly known as "Axon Group Plc."), a leading U.K. based SAP consulting Company for a cash consideration of Rs.3,302.39 crores by way of a cash offer made by the Company to the shareholders of Axon Group Ltd. This acquisition is through HCL EAS Limited, a Company incorporated in U.K. as a step down wholly owned subsidiary of the Company. HCL EAS Limited was set up as special purpose vehicle to acquire the Axon Group Ltd.

About Axon: Axon is a leading U.K. based SAP consulting Company. It is a business transformation consultancy that delivers significant value to large, complex organizations through the innovative implementation and support of SAP technologies. It's professionals specialize in the delivery of sustained business improvement through technology enabled transformation programs. Axon consultants bring in-depth industry expertise alongside best practice functional knowledge to address the strategic, operational, information management and organizational effectiveness challenges faced by the organizations today.

HCL Insurance BPO Services Limited (formerly known as "Liberata Financial Services Ltd.")

During the year under review, your Company has acquired all the capital stock of HCL Insurance BPO Services Limited (formerly known as "Liberata Financial Services Ltd.") ("IBS"), incorporated in U.K. IBS is a Financial Services Authority regulated entity and provides administrative and customer services for Life & Pension in the U.K. market. IBS offers specialized services such as claim processing, policy servicing, group pensions, actuarial & finance and underwriting. This transaction has been accounted for by following the purchase method and resulted in goodwill aggregating to Rs. 52.90 crores. The goodwill has been allocated to BPO segment.

HCL Expense Management Services, Inc. (formerly known as "Control Point Solutions, Inc.")

During the year under review, your Company has acquired all the capital stock of HCL Expense Management Services, Inc. (formerly known as "Control Point Solutions, Inc.") ("CPS") for a cash consideration of Rs.107.65 crores. CPS is the provider of end to end telecom expense management services. It's main customers include government, enterprises and telecom service providers.

SUBSIDIARIES/BRANCHES FORMED DURING THE YEAR

1. In order to expand the business, the Company has set up its different step down subsidiaries in various countries across the world. The subsidiaries viz. HCL Technologies Romania s.r.l, in Romania, HCL Hungary Ltd. in Hungary, HCL Technologies Canada Inc. in Canada and HCL (Brazil) Technologia da informacao Ltda. in Brazil were set up during the year ended June 30, 2009 while the subsidiaries in Argentina and Mexico have been set up subsequent to June 30, 2009. The Company has also set up a subsidiary viz. HCL Latin America Holding, LLC to hold its subsidiaries in Argentina and Mexico.
2. Your Company had set up six subsidiaries to carry out the activities in Special Economic Zone in different locations in India to get various tax benefits. The investments were yet to be made as on June 30, 2009. However, due to the amendments in the Income Tax Act, 1961 implemented

subsequent to June 30, 2009, the Company has decided not to carry business in these entities and therefore application(s) for striking of the name of these companies have been filed with the Registrar of Companies, Delhi & Haryana, as per section 560 of the Companies Act, 1956.

3. The Company has also set up its branches in different locations to expand its operations in new geographies. The Company has set up its branches in Dubai, UAE, Helsinki, Portugal, Finland and Macau during the year ended June 30, 2009 while the branch in Russia has been set subsequent to June 30, 2009.

EXISTING SUBSIDIARIES- CLOSED DURING THE YEAR

HCL Enterprise Solutions Limited

As briefed in the last year's Annual Report, the Company acquired the 100% stake in Joint Venture Company HCL Enterprise Solutions Ltd. ("HES"). Since the business pertaining to the said joint venture has been merged with the other subsidiaries of the Company, a winding up application was filed with the relevant authorities in Mauritius. Accordingly, HES has been wound up w.e.f. September 26, 2008.

Aalayance (U.K.) Limited

As briefed in the last year's Annual Report, the Company acquired the balance 49% stake in its Joint Venture Company viz. HCL EAI Services Inc. ("HCL EAI"), a California Corporation through its downstream subsidiary HCL America Inc. ("HCL America") and thereafter HCL EAI was merged with HCL America. Pursuant to the said merger, a subsidiary of HCL EAI viz. Aalayance (U.K.) Ltd., a company based in U.K. became the subsidiary of HCL America. Since your Company already has a presence in U.K. it was decided to wind up Aalayance (U.K.) Ltd. and the same has been dissolved w.e.f. June 09, 2009.

HCL Jones Technologies (Bermuda) Limited

As briefed in the last year's Annual Report, the Company and Jones Apparel Group ("Jones") had terminated its joint venture. Accordingly, the joint venture company in Bermuda viz. HCL Jones Technologies (Bermuda) Limited has been wound up w.e.f. June 10, 2009.

SUBSIDIARIES - FINANCIALS

The Company has 57 subsidiaries as on June 30, 2009. The 10 subsidiaries of the Company are not required to prepare the financials as on June 30, 2009 as all these companies are incorporated during the current year and the financial year of these companies is not closing either on June 30, 2009 or any date prior to June 30, 2009. Accordingly, the Company is not required to annex the financials of all these subsidiaries along with its Financial Report.

The Company has been granted exemption under section 212 of the Companies Act, 1956 by the Ministry of Corporate Affairs from annexing the accounts and other information for the remaining 47 subsidiaries along with the accounts of the Company for the year ended June 30, 2009. As per the terms of the exemption letter, a statement containing brief financial details of the Company's subsidiaries for the year ended June 30, 2009 is included in the Annual Report.

As required under the Listing Agreement with the Stock Exchanges, consolidated financial statements of the Company and its subsidiaries are attached.

CHANGES IN CAPITAL STRUCTURE

Issue of shares under Employee Stock Option Plans

During the year ended June 30, 2009, the Company allotted 3,916,328 equity shares of Rs. 2/- each fully paid up under its Employees Stock Option Plans.

Issued and Paid-up Share Capital

As on June 30, 2009 the issued and paid-up share capital of the Company was Rs. 134,05,13,200/- (previous year: Rs. 133,26,80,544/-) comprising 67,02,56,600 (previous year: 66,63,40,272) equity shares of Rs. 2/- each fully paid-up.

STOCK OPTIONS PLANS

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

The details on these plans have been annexed to this report.

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 compulsory effective from July 24, 2000, if the same are traded on a stock exchange, which is linked to a depository. As of June 30, 2009, 99.92% shares were held in demat form.

CORPORATE GOVERNANCE

The report of Board of Directors of the Company on Corporate Governance is given as a separate section titled 'Corporate Governance Report 2008-09', 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 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' 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 to this Report.

DIRECTORS

In accordance with the Articles of Association of the Company, Mr. Shiv Nadar, Ms. Robin Abrams and Mr. P. C. Sen, shall retire by rotation as Directors at the ensuing Annual General Meeting and being eligible, they have offered themselves for re-appointment.

Further, Mr. Shiv Nadar was appointed as Managing Director w.e.f September 13, 1999 for a period of 5 years and re-appointed as Managing Director effective September 13, 2004 for a further period of five years. The term of office of Mr. Shiv Nadar expires on September 12, 2009. The Board has re-appointed Mr. Shiv Nadar as the Managing Director under the designation of Chairman and Chief Strategy Officer of the Company for a further period of five years w.e.f. September 13, 2009. The said re-appointment is subject to the approval by the shareholders in the ensuing Annual General Meeting of the Company.

AUDITORS

The auditors, M/s. Price Waterhouse, Chartered Accountants, shall retire at the conclusion of the ensuing Annual General Meeting. The recommendations of the Board of Directors on the appointment/re-appointment of Auditors shall be covered in the Notice of ensuing Annual General Meeting.

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 included in this Report.

FIXED DEPOSITS

Your Company has not accepted any fixed deposits.

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 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
August 25, 2009

SHIV NADAR
Chairman and Chief Strategy Officer

ANNEXURE 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

Building Infrastructure

The Company has formally launched its 'Go Green' initiative last year in its annual Global Meet 'Unstructure' in the U.S., which was completely a carbon neutral event. The Company offset 100% of carbon emissions generated during the event by purchasing carbon credits, split equally into carbon offsets of reforestation, energy efficiency and renewable energy.

Energy conservation drive was launched last year by control on lighting, using green systems and control on air-conditioning, etc. The Company expects to achieve savings in energy costs with this drive.

In regard to new infrastructure creation, energy efficient high performance building offers tremendous opportunities to improve economic performance, gain competitive advantage, improve human well-being and productivity and reduce environmental impact, and conserve natural resources. Thus, all buildings of the Company which are under construction are as per green building principle and have been optimized for energy performance & occupant comfort.

IT Infrastructure

The Company has always strived for providing consolidated, cost effective, and eco-friendly solutions to its customers through optimized IT services and operations. The same approach is evident in the Company's internal IT operations, focused on consolidation and virtualization.

Embarking on a 'Green IT' initiative, the Company also mandated the desktop shut down policy at night and also configured dual side printing on all printers in economy-mode.

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

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

Innovative solutions delivered through Business Aligned IT Strategy (BAIT)

CIO's today face the challenge of reducing business costs with technology-based interventions. To assist in identifying and addressing this gap, the Company has developed Business Aligned IT (BAIT) framework as part of its R&D initiatives this year. The BAIT framework addresses the gap by focusing on business KPIs to enhance business performance and places emphasis on business costs rather than IT costs. The primary business benefit has enhanced the business performance through improved KPIs.

The Company has also set up a dedicated 'Solutions Lab' that focuses industry-specific R&D initiatives and tests various ideas that demonstrate potential benefits to customers.

The Company also introduced its Green IT framework '**Green Edge**' in 2008 that has started to build capabilities and offer enterprise level sustainability solutions to customers. Solutions in development include:

- Green Edge, an assessment framework for assessing the sustainability quotient of an enterprise and provide consultancy on sustainability initiatives.
- Design for Green, focusing on manufacturing enterprises, provides a holistic solution to design products for sustainability, monitor the production line and provide reporting for compliance needs. It also provides a dashboard for monitoring.
- Green Datacenter Service provides solutions for running assessing the green quotient for datacenters and for asset and facility changes for running a green data center. This has won the Golden Peacock award for the IT sector.
- Solar Monitoring System, a solution for managing the operations of a solar power generation plant, provides monitoring and reporting capabilities.
- Research on Solutions for emissions management is in progress.

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

Our 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, 2009 and 2008 are as follows:

(Rs. in crores)

Particulars	2009	2008
Revenue expenditure	40.86	19.44
Capital expenditure	-	-
Total R&D expenditure	**40.86**	**19.44**
R&D expenditure as a percentage of revenues	**0.87%**	**0.42%**

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 exports 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. The acquisition of Axon Group Ltd. ("Axon") by the Company is a major initiative to increase the exports and the development of export market as Axon already has its presence in various countries across the globe. During the year, your Company has also set up subsidiaries and branches in various countries including Romania, Hungary, Portugal, Russia, Argentina and Mexico 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:

(Rs. in crores)

Particulars	2009	2008
Foreign exchange earnings	**4,572.53**	**4,545.89**
Foreign exchange outgo		
- Expenditure in foreign currency	702.29	1,043.99
- CIF value of imports	108.03	67.78
- Dividend remitted in foreign currency	110.65	98.36
	920.97	**1,210.13**

For and on behalf of the Board of Directors

Noida (U.P.), India
August 25, 2009

SHIV NADAR
Chairman and Chief Strategy Officer

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, 2009 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
August 25, 2009

SHIV NADAR
Chairman and Chief Strategy Officer

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

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	4,476,172
2	The pricing formula	Market price / internal valuation	Market price	Market price/ price determined by Compensation Committee
3	Number of options vested	16,805,932	9,103,323	1,790,759
4	Number of options exercised	12,196,371	4,656,791	1,275,189
5	Total number of shares arising as a result of exercise of options	48,785,484	18,627,164	5,100,756
6	Number of options lapsed	12,004,618	9,617,324	655,552
7	Variation in terms of options	None	None	None
8	Money realized by exercise of options (Rs. crores)	391.00	257.19	3.88
9	**Total number of options in force as on June 30, 2009**	**2,399,885**	**3,473,285**	**2,545,431**
10	Grant to Senior Management			
	Number of Options	1,967,175	254,904	1,110,000
	Vesting Period	3-7 years	2-7 years	1.5-5 years

The diluted earnings per share were Rs. 14.73 and Rs.11.40 for the fiscal years ended June 30, 2009 and 2008 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 Rs.150 crores for this purpose.

As on June 30, 2009, an amount of Rs. 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 Rs. 6.52 crores against the same.

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

Details of Stock Option Plans for the year ended June 30, 2009

Particulars	1999 Plan	2000 Plan	2004 Plan
Total number of options outstanding as on July 1, 2008	**2,822,430**	**4,091,441**	**3,325,543**
Number of options granted during the year	-	-	-
Pricing formula	Market price / internal valuation	Market price	Market price / price determined by Compensation Committee
Number of of options vested during the year	855,785	1,565,945	851,116
Number of options exercised during the year	107,314	231,716	640,052
Total number of shares arising as a result of exercise of options during the year	429,256	926,864	2,560,208
Number of options lapsed during the year	315,231	386,440	140,060
Variation in terms of options	None	None	None
Money realised by exercise of options during the year (Rs. crores) (includes issued through Trust)	0.78	13.60	0.77
Total number of options in force as on June 30, 2009	**2,399,885**	**3,473,285**	**2,545,431**
Employees granted options equal to 5% or more of the total number of options granted during the year	None	None	None
Employees granted options equal to or exceeding 1% of the issued capital during the year	None	None	None
Fair Value compensation cost for options granted (Rs. crores)	N.A.	N.A.	N.A.
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.	N.A.
Weighted average fair value of options granted below market price	N.A.	N.A.	N.A.
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	8.10%	8.10%	8.10%
Expected life	upto 35 months	upto 35 months	upto 35 months
Expected Volatility	26.67%	26.67%	26.67%
Expected Dividend	3.65%	3.65%	3.65%
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, 2009 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 (Rs. crores)	259.41
Total number of options in force as on June 30, 2009	-
Fair value compensation cost for options granted (Rs. crores)	43.96
Weighted average exercise price of options granted (Rs.)	255.00
Weighted average fair value of options granted (Rs.)	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 TO THE DIRECTORS' REPORT (Contd.)

Employees Compensation Cost based on fair value of the options

Particulars		**Year ended 30 June, 2009**
		(Rs. crores)
Net income, as reported		**997.26**
Add: Stock-based employees compensation expense included in reported net income		55.87
Deduct: Total stock-based employees compensation expense determined under fair value based method for all awards		63.23
Proforma net income		**989.90**
Earnings per share		Rs.
As reported	- Basic	14.91
	- Diluted	14.73
Adjusted proforma	- Basic	14.80
	- Diluted	14.62
Method used to estimate the fair values of options		Black-Scholes
Significant assumptions		
Dividend yield %		3.65%
Expected life		upto 35 months
Risk free interest rates		8.10%
Volatility		26.67%

Details of options granted to Senior Managerial Personnel of the Company prior to the IPO of the Company.

All the options granted to the Senior Managerial Personnel of the Company have either been exercised or have been lapsed.

Details of options granted to Senior Managerial Personnel of the Company during the year ended June 30, 2009.

None

Details of options granted to employees amounting to 5% or more of the options granted during the year ended June 30, 2009.

None

Details of options granted to employees during the year ended June 30, 2009, 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
August 25, 2009

Shiv Nadar
Chairman and Chief Strategy Officer

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

Statement under Section 217 (2A) of the Companies Act, 1956 forming part of Directors' Report

A. EMPLOYED FOR FULL FINANCIAL YEAR - 2008-09

Sl. No	Name	Age (in yrs.)	Designation / Nature of duties	Educational Qualifications	Remuneration (Rs.)	Date of Joining	Experience in Years	Previous Employment	Designation held in previous employment	Previous employment held since
1	Amit Roy	50	Vice President - Taxation	B.Com, CA	7,390,675	16-Jul-07	25	Samsung Electronics Ltd.	Vice President - Taxation	Sep.06
2	Amitabha Sinha	51	Vice President	MBA	3,187,643	24-Mar-08	27	Keane Worldzen	Managing Consulting Partner	Sep.06
3	Amruta Mohanty	41	Deputy General Manager	MCA	2,623,856	10-Apr-08	18	Infosys Technologes Ltd.	Associate Project Manager	Jul.98
4	Anand Pillai	50	Senior Vice President - Quality & T2ID	PGD, FMS/CSMS	6,261,573	1-Jun-05	26	Clime	President & Chief Mentor	Sept.03
5	Anand Sundaresan	49	Associate Vice President	MBA	2,545,469	6-Nov-06	25	Nextgen Communications Ltd	Chief Executive Officer	Apr.05
6	Ananth Vaidyanathan	40	Vice President	B.Tech (Electronics)	4,262,375	21-May-07	17	Infosys . Technologies Ltd	Associate Vice President	Jan.92
7	Anantha Padmanabhan J	40	Deputy General Manager	Graduation	2,721,866	26-Apr-07	20	Polaris Software Lab	Vice President	Aug.01
8	Anil Chanana	51	Executive Vice President-Finance	CA	6,998,663	1-Jan-07	28	HCL Technologies America Inc.	Executive Vice President	Dec.85
9	Anil Gupta	54	Vice President	B.Tech, M.Tech	3,205,324	1-Jan-06	32	HCL Japan Ltd.	Vice President	Jan.03
10	Anil Sethi	40	Associate Vice President	MBA	2,776,296	11-Apr-08	17	Prudent It Services Pvt. Ltd.	Vice President & Member of the Board	Jun.07
11	Anil Verma	43	Associate Vice President	PGD - Marketing	2,920,940	17-Sep-07	20	Xansa India Ltd.	Vice President	Feb.00
12	Ankur Mithal	45	Associate Vice President	MBA	2,590,931	13-Dec-06	22	IBM Daksh	General Manager Operations	Nov.04
13	Anup Dutta	50	Vice President	BE (Electrical), M.Tech (Electrical)	3,966,936	1-Jul-96	28	HCL Hewlett Packard Ltd.	Senior Manager	Jul.81
14	Apparao V V	47	Vice President	B.Tech. M. Tech	2,757,200	10-Mar-03	25	Ascend Technologies	Director/ Center Head	Aug.96
15	Arjun Raghunathan	52	Technology Director - ERS	BE (Electronics & Commn.Engg.), ME (Computer Science)	3,076,927	1-Jul-96	28	HCL Hewlett Packard Ltd.	Senior Manager	Aug.81
16	Ashish Puri	43	General Manager - Comverse IDC	Post Graduation	2,825,379	10-May-07	19	IBM India Pvt. Ltd.	Deputy General Manager	May.06
17	Ashutosh Dhawan	41	Associate Vice President - Finance	MBA	3,147,756	7-Apr-08	17	Aricent Technologies Ltd.	Assistant Vice President - Finance	Dec.04
18	Ashutosh Kaushik	46	Administration Director-Procurement & GA	MBA	2,735,075	24-Mar-94	25	HCL Comnet Ltd.	Deputy General Manager	Mar.94
19	Badrinath Krishna	52	Client Director	MBA	4,009,543	19-Dec-05	30	Synergy Log-In Systems Ltd.	Whole-time Director	Apr.93
20	Balaji Prasad Nandagopal	50	Global Operations Director - Malsh	M.Sc.	2,411,864	25-Jul-03	28	HCL Infosystems Ltd.	General Manager	Jun.94
21	Balasubramanian Irulandy	38	Operations Director - Malsh	B. Sc., ME	2,603,240	17-Jan-08	14	EDS - Mphasis	Delivery Manager	Jun.05
22	Chandran Krishnan	51	Vice President	B Tech	2,444,202	9-Aug-06	28	Reliance Life Insurance Co Ltd.	Vice President	Sep.04
23	Chandrasekharan Kasinarayanan	48	Global Operations Director - ETS	MSc.	3,237,712	20-Dec-07	23	Aztecsoft Ltd.	General Manager	Dec.03
24	Charles Regis	45	Operations Director - BFSI	MS	2,512,566	1-Jun-07	19	J&B Software	Head Services	Aug.05
25	Dakshina Chunduri	40	Global Operations Director - ERS	BSc.	2,495,317	1-Jul-96	18	HCL Hewlett Packard Ltd.	Project Manager	Feb.93
26	Dakshina Murthy Chaganti	55	Associate Vice President	M.A., PGDM	3,489,629	1-May-03	31	HCL Infosystems Ltd.	Associate Vice President	Dec.78
27	Davidson Devavaram	50	Senior Vice President	M.Sc, MS	3,655,390	2-Apr-03	25	DSQ Software Ltd.	Chief Operating Officer	Aug.95
28	Deval Shah	42	Global Operations Director - BFSI	BE (Electronics), MS (Computer Science)	2,703,535	13-Mar-00	17	HPS	Project Director	Mar. 2000
29	Dilip Srivastava	50	Corporate Vice President	MSW (HR & IR)	5,564,244	7-Jun-05	26	Vanguard Solutions	Vice President - HR	Apr.05
30	Dinesha L G	51	Associate Vice President	M.Sc., PGD (Finance & Marketing)	2,956,643	6-Oct-03	29	I-Flex Solutions Ltd.	Principal Consultant	Apr.01
31	Durga Kancherla	40	Operations Director-EAS	MBA	2,706,832	7-May-08	16	Miracle Software Systems	Vice President	Mar.07
32	Gade Rao	51	Corporate Vice President	BE (Electronics)	4,524,311	1-Jul-96	28	HCL Hewlett Packard Ltd.	Senior Manager - R & D	Nov.80
33	Ganesh Nerur	55	Associate Vice President	B.Sc.	2,731,391	7-Feb-97	33	HCL Infosystems Ltd.	General Manager	Feb.97
34	Goutam Rungta	36	Associate Vice President - Finance	CA	2,744,798	1-Mar-07	12	General Mototors India Pvt. Ltd.	General Manager	Jul.03
35	Gunaseelan Narayanan	54	Senior Corporate Vice President	M.Tech (Computer Science)	4,737,119	1-Jul-96	29	HCL Hewlett Packard Ltd.	General Manager	Aug.79
36	Hariharan K V	52	Associate Vice President	CA	3,143,408	14-Aug-07	12	Alfaran Group	Vice President	May.06
37	Harsha Mutt	45	Vice President - Operations (CMS)	B.Tech (Mech.Engg.), CA	4,991,336	7-Aug-06	23	Infosys Technologies Ltd.	Vice President & Head of Delivery, Banking & Capital Markets	Aug.86

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

Statement under Section 217 (2A) of the Companies Act, 1956 forming part of Directors' Report

A. EMPLOYED FOR FULL FINANCIAL YEAR - 2008-09

Sl. No	Name	Age (in yrs.)	Designation / Nature of duties	Educational Qualifications	Remuneration (Rs.)	Date of Joining	Experience in Years	Previous Employment	Designation held in previous employment	Previous employment held since
38	J Kalyanaraman	49	Head - APAC	PGDBM-XLRI	2,827,614	1-Aug-07	27	HCL Comnet Systems & Services Ltd.	Senior Vice President	Oct.05
39	Jagdish Prasad	44	Associate Vice President	ME/MTech	3,130,803	17-Mar-08	23	Diebold Software	Director (India Offshore Head) Services Pvt. Ltd.	Aug.04
40	Jasmohan Mamak	47	Associate Vice President	CA	3,639,955	1-Oct-07	28	Saksoft Ltd.	Global Sales Director	Mar.06
41	Jyoti Das	50	Associate Vice President - BMG	MBA (Computer Science), MSc. (Finance)	3,336,225	1-May-06	21	Raffles Software Pvt. Ltd	Head- Business Development	Jun.04
42	Kaleeswaran Viswanathan	47	Deputy General Manager	M.Tech (Physical Engg.)	3,036,051	13-Nov-06	23	Future Software Ltd	Director (Engg.)	Apr.97
43	Kannan Veeraraghavan	51	Vice President	B.Com & Certificate Courses	5,193,810	1-Aug-05	27	KPMG Peat Marwick	Executive Director - Software Process	Jun.95
44	Krishnamurti Rao	52	Associate Vice President	MBA	3,214,164	8-Dec-97	28	Tata Consultancy Service Ltd.	Senior Consultant	May.81
45	Krishnan Chatterjee	37	Associate Vice President	MBA	2,740,716	1-Dec-04	14	ITC Ltd	Project Head	Jun.95
46	Madan Srinivasan	40	HR Director - B.Tech, Transitions Management	MBA (PM & IR)	3,916,037	2-May-07	16	Pepsico India Holding Pvt. Ltd.	Vice President	Aug.03
47	Mahalingam Sundararajan	40	Associate Vice President - Marketing	B.Tech (Chemical Engg.), PGDM	2,706,535	14-Nov-05	17	J. Walter Thompson	Associate Vice President - Strategic Planning	Feb.04
48	Malav Jekishan Kapadia	36	General Manager	MBA-Marketing	2,418,716	14-May-07	12	Datamatics	Senior MCR- Business Depu	Apr.04
49	Manjunatha Hebbar	42	Vice President	MBA	3,291,459	19-Jul-07	19	Igate Global Solutions Ltd.	Associate Vice President - IT Delivery	Apr.04
50	Manohar Lal Taneja	63	Vice President (HR)	MBA	2,507,830	5-Sep-06	40	HCL Infosystems Ltd.	Executive Vice President	Jan.86
51	Mohammed Salman	48	Vice President	MBA - Marketing	3,202,665	10-Nov-06	24	Perot Systems	General Manager	Jun.03
52	Mukund Garg	39	Associate Vice President	B.Tech	3,843,304	18-Feb-08	17	Satyam Computer Services Ltd.	Associate Vice President	Jun.04
53	Nalin Mittal	37	General Manager	CA	2,482,203	15-Nov-96	13	PWC	Articleship	Jul.93
54	Narinder Singh Sethi	42	General Manager	MBA	2,490,129	11-Aug-03	20	Microwave Communications Ltd.	Deputy General Manager	Sep.2000
55	Navin Kumar	51	Global Head - EHS	CA	2,424,696	25-Jun-07	24	Hewitt Associates	Associate	Aug.97
56	Nitin Pande	38	Associate Vice	MBA	2,819,808	20-Jun-05	13	Office Tiger Database	Associate Vice President - HR	Apr.04
57	Pawan Danwar	43	Vice President President	CA	2,548,553	30-Nov-01	20	HCL Infosystems Ltd.	Manager - Finance	May.96
58	Prabhakara Rao Arrabolu	52	Senior Vice President (HR)	B.Com, MBA	3,031,168	1-Sep-04	27	Birla Soft	Global Head -Human capital Management	Jun.02
59	Prabhuraman Sayanam	39	Associate Vice President	B.Tech (Computer Science)	2,706,714	1-Jul-96	21	HCL Hewlett Packard Ltd.	Asstt. Manager - R&D	Aug.88
60	Prahlad Bansal	52	Corporate Vice President-Finance	CA	3,627,573	1-Dec-94	29	HCL Ltd.	Deputy General Manager - Finance	Sep.89
61	Pramod Gupta	48	Vice President	MBA	3,712,779	8-Jun-01	25	Ariba Technologies India	Technical Director	Jul.2000
62	Premkumar Seshadri	50	Corporate Vice President	MBA	5,834,492	29-Aug-03	26	Fugen IT Ltd.	Founder & Chief Executive Officer	May.98
63	Pushpak Banerjee	39	General Manager	BE (Mechanical)	2,727,312	15-Nov-07	15	Infosys Technologes Ltd.	Group Project Manager	Dec.02
64	Raj Malik	49	Vice President	B.Tech	2,788,696	28-Jul-97	27	Commonwealth Bank	Project Manager	May.96
65	Raj Walia	43	Vice President	B.Com, CWA	2,832,979	5-Jun-95	22	Pitzer	Deputy General Manager	Jun.95
66	Rajbir Singh	45	Practice Director - CRM	B.Tech, MBA (Marketing)	2,820,945	14-Apr-04	21	Oracle India Pvt. Ltd.	Consulting Industry Manager	Oct.02
67	Rajiv Sodhi	50	Corporate Vice President - Operations	B.Tech, MBA	4,218,200	24-Jul-97	28	Tata Consultancy Service Ltd.	Manager Systems	Jul.81
68	Rajiv Swarup	57	Corporate Vice President	MBA	4,851,515	8-Mar-00	35	Modi Corp Ltd.	Director Business Development	Sep.99
69	Rajnesh Avtar	41	Associate Vice President	MBA	2,770,494	31-Jul-06	19	HP (USA)	Senior Software Engineer	May.95
70	Rakesh Singh	43	General Manager	MCA	2,455,813	1-May-06	19	FCS Software Solutions	Vice President- Delivery	Dec.05
71	Ramachandra Kerur	57	Program Director - ERS	BE (Electrical), M.Tech (Electronics)	3,426,871	17-Jun-02	32	Nuntius Systems Ltd.	Chief Executive Officer	Feb.02
72	Ramachandran Kalpathy	52	Practice Director - Servers and Storage	B.Tech (Electrical)	2,814,733	9-Apr-01	31	Dusk Valley Tech.	CIO	Oct.2000
73	Ramakrishna Venkatraman	57	Senior Corporae Vice President	M.Tech (Electrical Engg.)	5,207,996	23-Jul-03	34	Eximsoft Technolgies Pvt. Ltd.	Managing Director	Apr.97
74	Ramakrishnan Venkatraman	49	Associate Vice President	MSc. - Electronics	2,648,375	8-Aug-06	26	Accenture Tech.	Senior Manager	Jul.05
75	Ramamurthy Vaidyanathan	54	Executive Vice President	BE (Metallurgy)	5,203,208	1-Jul-96	28	HCL Hewlett Packard Ltd.	Deputy General Manager - R & D	Jul.81

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

Statement under Section 217 (2A) of the Companies Act, 1956 forming part of Directors' Report

A. EMPLOYED FOR FULL FINANCIAL YEAR - 2008-09

Sl. No	Name	Age (in yrs.)	Designation / Nature of duties	Educational Qualifications	Remuneration (Rs.)	Date of Joining	Experience in Years	Previous Employment	Designation held in previous employment	Previous employment held since
76	Raman Subrahmanyan	68	Advisor	B.Tech	5,952,000	14-Mar-08	31	HCL Technologies Ltd.	President	Apr.97
77	Ramesh Ganesh	43	Associate Vice President	ME (Elec.Engg.)	2,552,525	7-Apr-97	19	Tata Electric	Deputy Exe Enggniner	Sep.90
78	Ramesh Nathawani	46	Associate Vice President	BE (Computer Science)	2,946,297	1-Mar-02	23	Planetasia Ltd.	Head - ADG	Oct.2000
79	Rangarajan Raghavan	50	Senior Vice President- Operations (Retail Vertical)	Diploma in Electrical Engineering	2,814,711	1-Apr-03	30	HCL Infinet Ltd.	Business Head	Apr.02
80	Ranjit Narasimhan	55	Executive Vice President	MBA	8,587,395	15-Apr-99	31	Riviera Confectionery Pvt. Ltd.	Managing Director	Jul.87
81	Ravi Shankar B	49	Senior Vice President -TMG	MBA	4,803,522	5-Jul-04	27	Lister Tech.	President	Jul.2000
82	Ravi Yadanapudi	36	Deputy Genral Manager	BE	3,046,848	1-Jul-08	15	HCL Comnet Ltd.	Deputy General Manager	Dec.07
83	Ravindra Nuguri	44	Global Program Director - ERS	BE (Electronics & Commn.), PGD in Software Technologies	2,618,018	4-Feb-04	22	Tektronix Engg Ltd.	Program Manager	Jun.2000
84	Ravishankar Sethuraman	42	Vice President	BE (Electronics & Commn.)	2,581,165	8-Jul-99	20	DSQ Software Ltd.	Project Manager	Apr.97
85	Rita Gupta	47	Vice President	CA	2,636,153	1-Jul-96	22	HCL Hewlett Packard Ltd.	Manager - Finance	Nov.88
86	S Sivaguru	52	Associate Vice President	BE (Electronics)	3,495,488	8-Sep-04	29	Global Automatation India Pvt. Ltd.	Vice President	Jun.95
87	Sandeep Jain	44	Associate Vice President	B.Tech (Electronics)	3,694,691	24-Apr-08	22	Tata Consultancy Services Ltd.	Principal Consultant	Jul.87
88	Sandeep Raizada	43	Associate Vice President - SAP Practice	BE (Electrical Engg.)	3,070,024	19-Dec-05	21	Hewlett Packard Globalsoft Ltd.	Program Manager	Feb.03
89	Sandip Gupta	50	Corporate Vice President-FA&P	CA	3,991,669	1-Oct-05	27	HCL Coment Systems & Services Ltd.	Vice President	Oct.98
90	Sanjay Mendiratta	44	Associate Vice President	BA (Honours), PG - Master of Finance & Control	2,829,511	17-Jan-08	19	Attest Testing Services Ltd.	Deputy Vice President	Oct.03
91	Sanjeev Nikore	49	Corporate Vice President-Sales & Marketing	MBA	4,265,404	1-Oct-05	25	HCL Comnet Systems & Services Ltd.	COO	Jul.92
92	Santanu Mukherjee	54	Senior Vice President - Campus Infrastrure	B.Tech	6,234,148	2-Apr-08	31	Genpact India	Vice President	Jun.06
93	Sateesh Tiptur	50	Associate Vice President Operations	PhD	3,780,428	22-Jan-01	27	Mphasis BFI Ltd.	Assistant General Manager - Technical	Oct.99
94	Saurav Adhikari	51	Corporate Vice President	MBA	4,747,466	1-Nov-02	29	HCL Infinet Ltd.	President	Jan.2000
95	Seema Goves	42	General Manager - Finance & Accounts	CA	2,588,604	7-Feb-08	22	Mahindra & Mahindra Ltd.	Head- Financial & Commercial	Jun.04
96	Sheela Mohan	45	Associate Vice President	B.Tech, M.Tech (Computer Science)	2,997,074	6-Dec-99	22	Cadence Design System	Program Manager	May.98
97	Shushil Kumar Saxena	52	General Manager	MBA	2,537,872	28-Aug-97	22	Bharat Electronics	Manager	Apr.80
98	Sidhartha Chowdhury	54	Vice President	MBA	2,567,262	8-Aug-00	30	EI&T Computers	Manager- EDP	Jun.86
99	Soami Narang	48	Vice President	MBA	2,892,868	24-Apr-06	24	Satyam Computers Ltd.	Vice President	May.2000
100	Sridhara Rajan	46	Global Delivery Head- SAP Practice	M.Sc (Computer Science)	3,224,405	12-Dec-05	24	Tata Consultancy Services Ltd.	Senior Consultant	Jun.92
101	Srinath Sriram	49	Associate Vice President	B.Sc.	2,488,152	17-Nov-03	28	Bahwan Cybertek Tech	Chief Executive Officer	Apr.2000
102	Srinivasa Moorthy Satthenjeri Asthagiri	49	Global Operations Director - ERS	MSc.	2,856,210	17-Mar-03	24	Banyan Networks	Vice President-Special Projects	May.2000
103	Sriram Balasubramanian	50	Associate Vice President	BSc., PGD in Marketing	3,177,792	18-Feb-08	23	Dell International Services Ltd.	Senior Tech Support Area Manager	Dec.05
104	Sriram Vaitheeswarankovil	52	Corporate Vice President	MBA	5,759,325	1-Oct-01	31	Citi Corp Overseas Software Ltd.	Centre Head Chennai	Nov.88
105	Sumathi Gurumurthi	48	Vice President Operations	MA	2,611,928	1-Jul-06	28	Bharti Airtel Ltd.	Vice President Service Delivery	Oct.96
106	Sumit Bhattacharya	60	Executive Vice President-Marketing	BA, MBA	3,046,727	21-Jan-02	36	Insync-Technology	Chief Executive Officer	Jun.98
107	Sunil Kumar	50	Associate Vice President	M.Tech (Mgt. & Systems)	2,816,005	1-Aug-96	29	Tata Unisys	Group Manager	Jan.94
108	Sunita	47	Senior Vice President	M.Com	3,552,338	1-Oct-05	26	HCL Comnet Systems & Services Ltd.	Assistant Vice President	Aug.97
109	Suresh D Pillai	53	Practice Director-ERS	M.Tech	2,452,246	1-Dec-04	30	Sanmina - SCI Ltd.	Head- VLSI Division	Mar.04

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

Statement under Section 217 (2A) of the Companies Act, 1956 forming part of Directors' Report

A. EMPLOYED FOR FULL FINANCIAL YEAR - 2008-09

Sl. No	Name	Age (in yrs.)	Designation / Nature of duties	Educational Qualifications	Remuneration (Rs.)	Date of Joining	Experience in Years	Previous Employment	Designation held in previous employment	Previous employment held since
110	Suresh Sundaram	42	Vice President	B.Tech (Mechanical)	3,189,283	2-Jan-01	21	HCL Technologies America Inc.	Account Manager	Jul.88
111	Swaminathan Nagarajan	44	Operations Director - BFSI	MBA	2,842,895	27-Nov-03	10	India Software Group	Pricipal Consultant	Jul.02
112	Tanmoy Roy Choudhury	39	India Head - Captive Center Business	MBA	3,011,927	10-Dec-07	14	Microsoft Corporation India Pvt. Ltd.	Insider Sales Manage	Mar.06
113	Tirthankar Banerjee	47	General Manager	B.Tech	3,061,518	3-Sep-07	24	Sun Microsystems India	Head- Software Sales	Oct.2000
114	Tom Thomas	45	Vice President	MBA	5,110,314	1-Aug-05	18	Self Employed	Consultant	Apr.02
115	Udayakumar Nalinasekaren	49	Senior Vice President	BE, ME (Computer Science)	3,561,059	1-Jul-97	25	HCL Hewlett Packard Ltd.	Group Project Manager	Jul.84
116	Unni Krishnan	56	Associate Vice President	BE (Mech.), M.Tech (Indl.Engg.& Mgmt.)	2,584,628	14-Jul-04	32	Rave Technologies	Delivery Head	Apr.03
117	Uttama Mukherjee	41	Practice Director- Business Intelligence	BE (Electrical)	2,811,780	18-Jan-07	20	Patni Computers Ltd.	Senior Manager	Mar.05
118	Vaidyanathan Kumar	52	Associate Vice President	MBA	3,182,271	27-Sep-07	20	Paragon Asst Recovery	Vice President -New Technologies	Feb.04
119	Vasudevan Aravamudhan	50	Vice President	BE (Electronics)	3,339,956	1-Jul-96	26	HCL Hewlett Packard Ltd.	Manager - R & D	Dec.82
120	Vasudevan Ramanujam	55	Vice President - Campus Infrastructure	CA	2,665,862	5-Mar-07	28	TVS Electronics Ltd.	Vice President	Jun.2000
121	Veeraraghavan N R	50	Associate Vice President	Graduate	2,646,928	7-May-08	26	Infosys Technologies Ltd.	Senior consultant	Sep.03
122	Venkatesan Muthukumaraswami	51	Associate Vice President	BE, ME (Electronics)	2,597,730	30-Sep-98	26	Alstom	Area Manager	Jul.87
123	Vijay Guntur	40	Vice President	M.Sc (Computer Science), MBA	3,564,914	1-Jul-96	20	HCL Hewlett Packard Ltd.	Deputy Manager	Jun.89
124	Vijay Mallya	44	Associate Vice President	MBA	3,043,944	21-Sep-98	24	State Bank of India	Associate Manager	May.85
125	Vijay Reddy	54	Senior Vice President- Technology	B.Sc., M.Sc.	3,267,704	17-Feb-03	26	Standard Chartered Bank	Manager-IT services	Dec.98
126	Vikram Sarathy	47	Global Operations Director -BFSI	MS-Finance	2,420,632	3-Feb-03	26	Al Bank Alsaudi	Department Manager	Jan.97
127	Vikrant Dhawan	41	Associate Vice President - Legal	LLB	3,421,299	28-Apr-08	15	Glaxo Smith Kline Consumer Health Care Ltd.	General Manager- Legal	Jan.07
128	Vinay Gokhale	41	Vice President	MBA	4,380,748	1-Mar-07	22	ITC Ltd.	Associate General Mamager	July.05
129	Vineet Nayar	47	Chief Executive Officer	MBA	40,984,113	1-Sep-05	24	HCL Comnet Systems & Services Ltd.	Chief Executive Officer	Jan.95
130	Vineet Vij	42	General Manager - Legal	LLB	2,762,089	3-Sep-07	17	American Express India Pvt. Ltd.	Service Delivery Leader (Head Comp. & Ind')	Jan.07
131	Vinit Bahri	44	Associate Vice President	CA	2,630,218	25-May-98	20	Apollo Tyres Ltd.	Manager	May.91
132	Vinodh Chelambathodi	43	Associate Vice President - HR	MBA	4,663,400	2-May-07	19	Aricent Technologies Ltd.	Assistant Vice President - HR	Feb.07
133	Viswanathan Balakrishnan	54	Senior Vice President-Strategy	B.Tech, PGDM	3,731,222	3-Mar-03	29	Meru Consultants (P) Ltd.	Director	May.2000
134	Vittal Devarajan	40	General Manager - BMG	MBA	2,589,183	31-Mar-06	16	Ramco System Ltd.	Head- Corporate Marketing	Feb.01

B. EMPLOYED FOR PART OF THE FINANCIAL YEAR - 2008-09

Sl. No	Name	Age (in yrs.)	Designation / Nature of duties	Educational Qualifications	Remuneration (Rs.)	Date of Joining	Experience in Years	Previous Employment	Designation held in previous employment	Previous employment held since
1	Abhishek Verma	37	General Manager - BMG	MBA	1,973,974	20-Jan-06	14	Karvy Global Services	Vice President	Oct.04
2	Ajit Sarangi	43	Operations Director - BFSI	MBA	2,387,080	12-Sep-08	22	Infosys Technologies Limited	Delivery Manager	Feb.98
3	Anand Srinivasan	45	Associate Vice President	BE (Engineering)	3,064,498	4-Aug-08	21	Satyam Computer Services Ltd.	Principal Consultant	Jul.03
4	Anil Kumar Singh	37	Deputy General Manager	Diploma, Polytechnic	902,700	1-Mar-09	17	Colt Technologies Ltd.	Head-Managed Services	Jan.06
5	Anurag Sethi	35	Practice Manager	MBA	309,360	6-Feb-03	14	FSL Technologies Ltd.	Marketing Manager	Jan.03
6	Ashish Srivastava	40	Associate Vice President	MBA	2,210,768	1-Oct-08	16	Satyam Computer Services Ltd.	Associate Vice President	Oct.05
7	Balaji Shankhavaran	35	Group Project Manager	M.Tech.	415,059	1-Apr-97	11	IIT Mumbai	MTS	Apr.97
8	Bejoy Kumar Unnikrishnan	38	General Manager	BE (Chemical)	2,170,238	16-Jun-08	16	ACS Systech Integrators Consulting	Director, SAP	Feb.06

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

Statement under Section 217 (2A) of the Companies Act, 1956 forming part of Directors' Report

B. EMPLOYED FOR PART OF THE FINANCIAL YEAR - 2008-09

Sl. No	Name	Age (in yrs.)	Designation / Nature of duties	Educational Qualifications	Remuneration (Rs.)	Date of Joining	Experience in Years	Previous Employment	Designation held in previous employment	Previous employment held since
9	Binno Joseph	39	General Manager - Human Resources	PGD	1,691,777	4-Jul-07	13	HT Media	Associate Vice President	Aug.05
10	Boopathi Veerappan	38	Engineering Manager- RAID	MCA	2,398,395	23-Jul-08	13	Adaptec India Pvt. Limited	Engineering Manager	Feb.05
11	Debgiri Sanyal	39	Operation Director - BFSI	B.Sc., MSc	2,642,617	14-Jul-08	16	Wipro Technologies Ltd.	Principal Consultant	Aug.02
12	Devanathan Ranganathan	44	Engineering Manager	BE (Electronics)	3,493,616	23-Jul-08	22	Adaptec India Pvt. Ltd.	Sr. Engineering Manager	Aug.01
13	Harikumar Mahadeva Iyer	50	Associate Vice President	MBA	2,563,971	1-Oct-07	26	Al Rosta Mani Comm	Div. Manager	Jun.03
14	Ishteyaque Amjad	37	General Manager - Public Affairs	MBA	838,298	2-Jul-07	16	Essar Steel Ltd.	Joint General Manager	Feb.04
15	Jagathesan Arumugam	58	Associate Vice President	BE (Electronics), MBA (Finance)	2,643,585	24-Jan-00	35	Crompton Greaves Ltd	Deputy General Manager	Sep.96
16	Jayalekshmi A	49	Associate General Manager	Graduation	1,124,240	23-Nov-98	21	Alpha Systems	Programmer	Jan.86
17	Jeyavardhan Suram	41	Deputy General Manager	BE (Mechanical)	256,350	1-Aug-05	20	Reliance Infocomm	Senoir Manager-Key Accounts	Sep.02
18	Kabilan Adiypatham	54	Vice President Operations	M.Tech	1,798,387	4-Mar-97	28	New Concept	Consultant	Dec.89
19	Lalit Vohra	48	Operations Director - Malsh	MBA	1,468,996	24-Nov-06	23	Strides Inc.	Vice President	Dec.04
20	Madan Mulwani	55	Vice President - Projects	Polytechnic Diploma	2,449,007	1-Apr-88	34	HCL Infosystems Ltd.	Deputy General Manager - Projects	Apr.88
21	Madhan Muruganantham	36	Engineering Manager- BIOS	MCA	2,613,109	23-Jul-08	14	Adaptec India Pvt. Ltd	BIOS Manager	Feb.05
22	Mahesh Malshe	45	Associate General Manager	MCA	1,046,310	16-May-05	17	Keystones Solutions. Pvt. Ltd.	Project Manager	Oct.02
23	Manav Sehgal	35	General Manager	B. Tech	845,811	1-May-08	17	The 5th Medium Limited	Vice President	Nov.07
24	Manish Agarwal	35	Deputy General Manager	CA	1,398,210	20-Sep-07	11	Genpact India	Assistant Vice President Taxation	May.06
25	Manoj Sahai	47	Associate Vice President	BE (Electrical & Electronics), M.Sc	2,418,282	1-Oct-08	23	Tata Consultancy Services Ltd.	Principal Consultant	Aug.89
26	Matta Sridhar	38	Deputy General Manager	M.Sc.	321,421	14-May-09	16	IBM India Ltd.	Senior Project Manager	April.07
27	Mayuranathan Venkateswaran	45	Associate General Manager	Post Graduation	364,799	20-Aug-04	20	Netvision Cyber Tech.	Deputy General Manager	Aug.03
28	Meena Vaidyanathan	37	General Manager	PGD-Marketing	3,023,353	1-Dec-06	15	Honeywell	Director	Mar.04
29	Milind Padalkar	51	Senior Vice President	MBA	1,579,562	18-Feb-09	28	Patni Computer Systems Ltd.	Senior Vice President	Nov.88
30	Murali Jayaraman Srinivasa	50	Vice President - Operations	B.Tech (Chemical Engineering)	1,215,478	1-Apr-05	27	Tata Consultancy Services Ltd.	Principal Consultant	Sep.90
31	Murali Raghavan	44	Senior Vice President	CA, MBA (Marketing)	3,873,282	27-Sep-05	21	Hewlett-Packard	Practice Head - ERP Globalsoft Ltd	Jun.04
32	Nand Avantsa	49	Global Operations Director - Corp SSO	BA	2,719,297	14-Jul-08	25	Tech Mahindra Ltd.	Head Delivery	Jun.07
33	Nataraja Upadhya	46	Deputy General Manager	BE (Electrical)	993,061	5-Jul-07	22	Wipro Technologies Ltd.	Lead Consultant	Nov.02
34	Neeta Nagar	39	General Manager	BE (Mechanical)	271,387	9-Apr-07	18	IGate Global Solutions	Director IT	May.01
35	Pramila Hari	40	General Manager	Graduation	494,939	8-Jun-01	12	Meghasoft Limited	Project Manager	Nov.2000
36	Praveen Sinha	42	General Manager	B.Com.	1,614,749	7-Jul-08	16	Infosys Technologies Limited	Delivery Manager	Dec.02
37	Prem Asija	59	Senior Corporate Vice President	BE	1,372,583	1-Sep-97	40	APT Automation	Director	Jan.93
38	Rajaraman Subramanian	44	Deputy General Manager	MCA	3,432,280	23-Jul-08	20	Adaptec India Pvt. Ltd.	Managing Director	Jan.03
39	Rajgopal S Kishore	45	Vice President- Bi Services	B.Sc. (Mechanical Engg.), MSc. (Industrial Mgt.)	231,573	10-Jun-09	20	HCL America Inc.	Vice President-Bi Service	Mar.09
40	Rajiv Gupta	47	Senior Vice President- Operations	B.Sc.	3,239,101	17-Mar-03	24	Daksh E Services	Head Operation Support	Mar.01
41	Rangarajan Vijayaraghavan	44	Vice President	MA	496,025	22-May-09	22	Satyam Computer Services Ltd.	Vice President	May.99
42	Ravi Kumar	54	Vice President - Strategic Employee Comm.	PGD - Marketing	1,157,273	19-Mar-07	29	Start Indian Pvt. Ltd.	Vice President - Corporate Affairs	Mar.04
43	Ravindra Gajulapalli	47	Associate Vice President	MBA, PhD	2,762,712	18-Aug-08	19	IIM - Ahmedabad	Associate Professor	Aug.04

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

Statement under Section 217 (2A) of the Companies Act, 1956 forming part of Directors' Report

B. EMPLOYED FOR PART OF THE FINANCIAL YEAR - 2008-09

Sl. No	Name	Age (in yrs.)	Designation / Nature of duties	Educational Qualifications	Remuneration (Rs.)	Date of Joining	Experience in Years	Previous Employment	Designation held in previous employment	Previous employment held since
44	Ravishankar Visvanathan	53	Global Program Director-Semiconductor	MBA	1,513,215	6-Oct-03	32	SIP Technologies	Vice President Business Developement	Jun.02
45	Sandeep Mahapatra	36	Group Manager-BMG	BE (Mechanical)	293,144	3-Oct-05	10	HCL Comnet Ltd.	Sales & Marketing	May.01
46	Sanjeev Mehrotra	42	General Manager	MCA	1,193,229	12-Jan-09	15	Satyam Computers Ltd.	Band I	Jan.08
47	Sanjeev Sharma	49	Associate Vice President - SAP Delivery	Electronics Engineering	2,986,599	18-Jul-07	27	Xansa India	COO-EAS Executive Consultant	Jun.06
48	Sankar Venkatraman	39	Vice President	MBA	2,579,464	14-Jul-06	13	Xansa	Vice President	Jan.05
49	Satish Padathara	50	Program Head	Electronics Engineering	1,411,277	17-Apr-06	27	Nest	Vice President	Oct.99
50	Satvinder Singh	36	Deputy General Manager	BE (Computer Science)	1,746,388	2-Jan-07	13	IGate	Principal Consultant	May.06
51	Selvatharasu Sadagoparamanujam	62	Vice President	BE (Electrical & Electronics), MA	318,923	23-Mar-00	37	Matsushita	Genral Manager	Aug.93
52	Shriram Iyer	42	General Manager	B.Com., GNIIT	1,822,648	3-Apr-03	18	SG Software	Manager	Jan.01
53	Siddhartha Kataki	42	General Manager	BE (Electrical)	419,328	21-Apr-03	19	HCL Infosystems Ltd.	Project Manager	Dec.02
54	Siva Kumar Nuti	40	Vice President	M.Sc.	790,190	16-Apr-09	19	Satyam Computer Services Ltd.	Vice President	Jun.02
55	Sivaramakrishnan S	59	General Manager	M.Sc.	1,314,455	8-Apr-05	31	Siemens Shared Services Ltd.	Head - Bites Operations	Feb.04
56	Sreehari Krishnapuram	40	Operations Director - Malsh	B.Sc.	504,199	28-Dec-98	19	Ailtel Information Services Ltd.	Cell Lead	Dec.97
57	Sri Venkateswarlu B	44	Associate Vice President - SAP Practice	B.Tech (Mechanical), MBA (Marketing)	2,161,929	13-Dec-05	21	Hewlett Packard	Project Manager	Sep.03
58	Sridhar Chandrasekar	48	Associate Vice President	MS - IT. Computer Science	1,622,288	3-Nov-08	25	Patni Computer Systems	Vice President	May.08
59	STM Eswar	34	General Manager	B.Sc. Electronics	2,775,254	28-Jul-08	23	HCL Infosystems Ltd.	Associate Vice President	Oct.89
60	Subrat Chakravarty	41	General Manager	MBA	1,703,971	24-Jul-02	16	Kenya Airways	HR Director	Jul.01
61	Sudhir Brahma	47	Engineering Manager	BE (Chemical)	3,377,275	23-Jul-08	20	Adaptec India Pvt. Ltd.	Engineering Manager	Oct.02
62	Thiagarajan Rajamiyer	56	Deputy General Manager	Graduation	1,437,505	21-Aug-81	28	Hindustan Computer	Deputy General Manager	Aug.81
63	Tony Ponniah	46	Associate Vice President	Phd	376,068	15-Mar-07	22	Wipro Technologies Ltd.	General Manager	Oct.99
64	Uday Kapoor	35	Group Project Manager	BE (Computer Science)	1,112,836	1-Jul-97	13	Tata Unisys	Member- Technical Staff	Jul.95
65	Vaidyanathan Viswanathan	48	Vice President	B. Tech, MBA	730,446	5-Jul-06	23	Igate Global Solutions	Vice President	Mar.2000
66	Venkata Kota	49	Group Project Manager	Graduation	992,414	17-Apr-02	26	Oracle Corporation	Senior Principal Consultant	Mar.2000
67	Vidya Sagar Visvanathan	41	Deputy General Manager	Graduation	307,588	1-Sep-05	12	Baypack ETS	Head Finance Technologies Pvt. Ltd.	Nov.04
68	Vijay Ahooja	52	Associate Vice President	MBA	2,365,998	16-Jul-01	30	Price Waterhouse Associates	Principal Consultant	May.98
69	Vivek Narain Mathur	41	General Manager	BE	1,646,839	20-Nov-08	17	Genpact	Vice President	Mar.06
70	Wg.Cdr. Murugesan	62	Vice President President	ME (Elctrical), M. Tech	947,562	14-Jul-00	39	Ramco	Divisional Manager	Apr.95

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.

CORPORATE GOVERNANCE REPORT 2008-09

Corporate Governance 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. This includes its corporate and other structures, culture, policies and the manner in which it deals with the various stakeholders.

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. 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.

The Company is in compliance with the requirements of the revised guidelines on Corporate Governance stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges. In line with the Company's focus on Corporate Governance, the Company has during the year adopted Whistle Blower Policy and set up Nominations and Risk Management Committees. The Company has also set up three Councils viz. Employees' Council, Customers Advisory Council & Corporate Social Responsibility Council and formulated a mechanism to report under sexual harassment policy.

The Company believes that good Corporate Governance is critical to enhance and retain investors' trust. The Board of Directors exercises its fiduciary duties in the widest sense of the term. The Company always endeavors to enhance long term shareholder value and respect minority rights in all our business decisions.

Philosophy on Code of Governance

Our Corporate Governance philosophy is based on the following principals:

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

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 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 Directors ("Board") of the Company has an optimum combination of executive, non-executive and independent directors who have an in-depth knowledge of business, in addition to the expertise in their areas of specialization. The Board provides leadership, strategic guidance and an independent view to the Company's management. During the year, a majority of the Board comprised of independent directors. As on June 30, 2009, the Board consisted of eight members, of which, two are executive and the other six are independent non-executive directors. Out of two executive directors, one is the 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 the Chief Executive Officer ("CEO") of the Company who is designated as CEO 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.

The postions held by the directors and the directorships held by them in other company as on June 30, 2009 is given as under:-

Name of the Director	Position held in the Company	Directorships in other Indian public limited companies	Directorships in all other companies (including overseas companies)	Committee memberships in other companies*	Chairmanships in committees of other companies in which they are members#
Mr. Shiv Nadar	Chairman & Chief Strategy Officer	2	4	2	-
Mr. Vineet Nayar	Chief Executive Officer and Whole-time Director	-	-	-	-
Mr. T. S. R. Subramanian	Independent Non Executive Director	1	2	-	-
Mr. Subroto Bhattacharya	Independent Non Executive Director	6	6	6	3
Mr. Ajai Chowdhry	Independent Non Executive Director	4	8	1	-
Ms. Robin Abrams	Independent Non Executive Director	-	3	-	-
Mr. Amal Ganguli	Independent Non Executive Director	12	15	9	5
Mr. P. C. Sen	Independent Non Executive Director	-	-	-	-

Note: None of the Directors of the Company has any relationship with other Directors of the Company.
**represents memberships of Audit Committee and Shareholders' Grievance Committees of Indian public limited companies.*
#represents chairmanships of Audit Committee and Shareholders' Grievance Committees of Indian public limited companies.

The names of the other companies/ entities in which the current directors hold directorships as on June 30, 2009 are as under:

1. Mr. Shiv Nadar

S. No.	Name of the Company/ Entity in which interested	Nature of Interest (Directorships/ Committee Membership)
1.	HCL Corporation Limited	• Director • Member of Audit Committee • Member of Selection Committee • Member of Asset Liability Management Committee • Member of Risk Management Committee • Member of Nominations Committee • Chairman of Treasury Committee
2.	HCL Comnet Systems & Services Ltd.	• Chairman • Member of Audit Committee
3.	Indian School of Business	• Director
4.	HCL America Inc.	• Director

2. Mr. T. S. R. Subramanian

S. No.	Name of the Company/ Entity in which interested	Nature of Interest (Directorships/ Committee Membership)
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 Membership)
1.	HCL Corporation Limited	• Director • Chairman of Audit Committee • Member of Asset Liability Management Committee • Member of Treasury Committee
2.	HCL Infosystems Limited	• Director • Member of Accounts & Audit Committee • Member of Shareholders'/ Investors' Grievances Committee • Member of Employees' Compensation and Employees' Satisfaction Committee

S. No.	Name of the Company/ Entity in which interested	Nature of Interest (Directorships/ Committee Membership)
3.	NIIT Limited	• Director • Chairman of Audit Committee
4.	NIIT Technologies Limited	• Director • Chairman of Audit Committee • Member of Compensation/ Remuneration Committee
5.	HCL Infinet Limited (formerly known as Microcomp Ltd.)	• Director • Chairman of Accounts & Audit Committee
6.	HCL Peripherals Limited	• Director

4. Mr. Ajai Chowdhry

S. No.	Name of the Company/ Entity in which interested	Nature of Interest (Directorships/ Committee Membership)
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) • Chairman of Committee of Directors (Operations)
3.	Junior Achievement India Services	• Director
4.	HCL Infinet Limited (formerly known as Microcomp Ltd.)	• Director • Member of Accounts & Audit Committee
5.	HCL Security Limited	• Director
6.	Natural Technologies Private Limited	• Director
7.	HCL Infocom Limited	• Director
8.	BFL Investments and Financial Consultants Pvt. Ltd.	• Director

5. Ms. Robin Abrams

S. No.	Name of the Company/ Entity in which interested	Nature of Interest (Directorships/ Committee Membership)
1.	HCL Bermuda Limited	• Director
2.	Zilog Inc.	• Director • Chairman of Compensation Committee
3.	Openwave Systems	• Director • Member of Audit Committee

6. Mr. Amal Ganguli

S. No.	Name of the Company/ Entity in which interested	Nature of Interest (Directorships/ Committee Membership)
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.	Tube Investments of India Limited	• Director • Member Audit Committee • Member of Remuneration Committee
5.	New Delhi Television Limited	• Director • Chairman of Audit Committee • Member of Remuneration Committee

S. No.	Name of the Company/ Entity in which interested	Nature of Interest (Directorships/ Committee Membership)
6.	Tata Communications Limited	• Director • Chairman of Audit Committee
7.	Century Textiles and Industries Ltd.	• Director • Member of Audit Committee
8.	AVTEC Limited	• Director
9.	ICRA Limited	• Director • Member of Audit Committee
10.	Maruti Suzuki India Limited	• Director • Chairman of Audit Committee
11.	AIG Trustees Company (India) Pvt. Ltd.	• Director • Member of Audit Committee
12.	Ascendas Property Fund Trustees Ltd.	• Director • Member of Investment Committee
13.	Aptuit Laurus Private Limited	• Director
14.	Tata Teleservices (Maharashtra) Ltd.	• Director
15.	Triveni Engineering and Industries Ltd.	• Director • Member of Audit Committee

7. Mr. Vineet Nayar – As on June 30, 2009, Mr. Vineet Nayar does not hold directorship in any other Company.

8. Mr. P. C. Sen – As on June 30, 2009, Mr. P. C. Sen does not hold directorship in any other Company.

Independent Directors

As on June 30, 2009, out of eight directors on Board of the Company, six 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.

Your 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.

Retirement Policy

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

The Company has constituted a Nominations Committee on January 23, 2009 to do the 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.

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.

Directors' Responsibilties :

(a) The principal responsibilty of the Board 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 appropriatre 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, loyalty, the directors are expected to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its stakeholders.

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

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

Board functioning and procedure

The probable dates of the board meetings for the forthcoming year are decided in advance and published as a part of the Annual Report. 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. The Board meetings are generally held at the Technology HUB of the Company at Noida. Each director is expected to attend the Board meetings. The Company effectively uses teleconferencing facility to enable the participation of directors who could not attend the same due to some urgency.

The agenda for each board meeting is circulated in advance to the Board members. Every board member is free to suggest items for inclusion in the agenda. Audit and Compensation Committees of the Board usually meet on the day of the board meeting.

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.

There were six board meetings held during the year ended June 30, 2009. These were held on July 30-Aug 1, 2008, September 13, 2008, September 24, 2008, October 15, 2008, January 23, 2009 and April 21-22, 2009. 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	6	6	Yes
Mr. Vineet Nayar	6	6	Yes
Mr. T. S. R. Subramanian	6	5*	Yes
Ms. Robin Abrams	6	5**	No
Mr. Ajai Chowdhry	6	5	Yes
Mr. Subroto Bhattacharya	6	6	Yes
Mr. Amal Ganguli	6	4	Yes
Mr. P. C. Sen	6	4	Yes

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

Availability of information to the members of the Board

The Board has complete access to any information within the Company, and to any employee of the Company. The Board welcomes the presence of managers in the board meetings, who can provide additional insights into the items being discussed in the meeting.

The information regularly provided to the Board includes:

- 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 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.

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, 2009.

Statutory Compliance of Laws

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.

Re-appointment of Directors

The information or details pertaining to the Directors seeking re-appointment in the Annual General Meeting, to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchanges, are furnished below:

Mr. Shiv Nadar has been a director of your Company since January, 1993. Mr. Shiv Nadar shall retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Further, Mr. Shiv Nadar was appointed as Managing Director w.e.f September 13, 1999 for a period of 5 years and re-appointed as Managing Director effective September 13, 2004 for a further period of five years. The term of office of Mr. Shiv Nadar expires on September 12, 2009. The Board has re-appointed Mr. Shiv Nadar as Managing Director under the designation of Chairman and Chief Strategy Officer for a further period of five years w.e.f. September 13, 2009. The said re-appointment is subject to the approval by the shareholders in the ensuing Annual General Meeting of the Company.

A brief resume of Mr. Shiv Nadar is as under:

Mr. Shiv Nadar, aged 64 years, is an Electrical Engineer from Coimbatore in South India. Mr. Shiv Nadar established HCL as a startup in 1976. Acknowledged as a visionary by the IT industry and his peers, Mr. Shiv Nadar has often made daring forays based on his conviction of the future. Albeit a more recent entrant in the software services space, since its listing in 2000, HCL Technologies Limited is already among top Indian IT software majors and a force to reckon with for global technology giants.

In January, 2005 Mr. Shiv Nadar received the CNBC Business Excellence award from the Prime Minister of India. In February, 2005 he was listed by “India Today” in the Power List of India’s leaders from all walks of life, for building a global IT Enterprise from scratch in 3 decades, creating valuable JVs with marquee partners such as Deutsche Bank, and creating jobs in Belfast. More recently, Mr. Shiv Nadar received the Ernst & Young Entrepreneur of the Year Award 2007 in the ‘Services’ category for being “a doyen of the Indian IT industry and perhaps its chief architect”. The University of Madras awarded him an Honorary Doctorate Degree in Science in November, 2007, for his contribution to not just the IT industry in India, but also for his “transformation of technological culture globally”.

Mr. Shiv Nadar has been 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.

Mr. Shiv Nadar is a member of Shareholders’ Committee, Compensation Committee and Employees Stock Option Allotment Committee of the Company. He is also the Chairman of the Nominations Committee of the Company. As on June 30, 2009, he is holding 184 Equity Shares of Rs. 2/- each fully paid-up in his own name. Details of his directorships and committee memberships held in other companies are given elsewhere in this Report.

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.

Ms. Robin Abrams has been a director of your Company since September, 1999. Ms. Robin Abrams shall retire by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment.

Ms. Robin Abrams, aged 58 years holds both a Bachelor of Arts and a Juris Doctor degree from the University of Nebraska. She was most recently interim CEO at ZiLOG. She had been the President of Palm Computing and Senior Vice President at 3Com Corporation.

Ms. Robin Abrams was formerly the President and CEO at VeriFone. Before joining VeriFone in 1997, She held a variety of senior management positions with Apple Computer. 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. Robin 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. Robin Abrams has served on several U.S. public company boards including Openwave Systems, ZiLOG and BEA Systems (until it was acquired by Oracle). She also serves on the Anita Borg Institute Board and several academic advisory committees.

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, 2009, her shareholding in the Company was 1,71,200 Equity Shares of Rs. 2/- each fully paid-up. Details of her directorships and committee memberships held in other companies are given elsewhere in this Report.

Nature of expertise in specific functional area – Ms. Robin Abrams has nearly 35 years of experience in computing and computing services, strategic planning and management.

Mr. P. C. Sen has been a director of your Company since April 18, 2006. Mr. P. C. Sen shall retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Mr. P.C. Sen, aged 66 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.

Mr. P. C. Sen is the member of the Compensation Committee of the Board of Directors of the Company. As on June 30, 2009, he is not holding any share in the Company. Details of his directorships and committee memberships held in other companies are given elsewhere in this Report.

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

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 2008-09. A declaration to this effect signed by the Chairman & Chief Strategy Officer and Chief Executive Officer & Whole-time Director of the Company is provided elsewhere in this Annual Report.

Board Committees

Currently, the Board has six Committees viz. Audit Committee, Compensation Committee, Shareholders' Committee, Employees' Stock Options Allotment Committee, Nominations Committee and Risk Management 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 and the assignment of members to various Committees. The recommendations of the Committees are submitted to the entire Board for approval.

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 meet all the requirements of Section 292A of the Companies Act, 1956 as well as Clause 49 of the Listing Agreement.

The Board of Directors has approved the following terms of reference for the Audit Committee.

a) Statutory auditors

Recommend to the Board, the appointment and removal of the Statutory Auditors, fixation of audit fee and also approve payment for any other services.

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 and interim financial statements of the Company prior to submission to the Board or public release thereof, focusing primarily on:

i) Any changes in accounting policies and practices.

ii) Major accounting entries based on exercise of judgment by management.

iii) Qualifications in draft audit report.

iv) Significant adjustments arising out of audit.

v) The going concern assumption.

vi) Compliance with accounting standards.

vii) Compliance with stock exchange and legal requirements concerning financial statements.

viii) 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.

ix) Contingent liabilities.

x) Status of litigations by or against the Company.

xi) Claims against the Company and their effect on the accounts.

g) Review policies

Review the Company's financial and risk management policies.

h) 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.

i) 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.

j) 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.

k) 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.

l) 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.

m) 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.

n) Reporting to Board

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

o) 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 non payment of declared dividends) and creditors, if any.

p) 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.

q) To attend Annual General Meeting

The Chairman of the Audit Committee attends 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 are 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.

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

July 31, 2008
October 15, 2008
December 16, 2008
January 15, 2009
January 23, 2009
March 16, 2009
April 21, 2009
May 19, 2009

Attendance details of each member at the Audit Committee meetings held during the year ended June 30, 2009 are as follows:

Name of the Committee Member	Number of Meetings held	Number of Meetings attended
Mr. T. S. R. Subramanian	8	8
Ms. Robin Abrams	8	8 *
Mr. Subroto Bhattacharya	8	8
Mr. Amal Ganguli	8	7

** includes four meetings attended through conference call.*

Compensation Committee

The Compensation Committee of the Board consists of following members:

a) Ms. Robin Abrams (Chairperson)*
b) Mr. T. S. R. Subramanian**
c) Mr. Shiv Nadar*
d) Mr. P. C. Sen**

* Ms. Robin Abrams was *appointed as Chairperson in place of Mr. Shiv Nadar who holds the position of member of the Committee w.e.f. January 23, 2009.*

*** Mr. P. C. Sen was appointed as member and Mr. T. S. R. Subramanian ceased to be the member of the Committee w.e.f. January 23, 2009.*

Terms of Reference

The role of the Compensation Committee has been defined 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.

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

July 31, 2008
October 15, 2008
January 23, 2009
April 21, 2009

Attendance details of each member at the Compensation Committee meetings during the year ended June 30, 2009 are as follows:

Name of the Committee Member	Number of Meetings held	Number of Meetings attended
Ms. Robin Abrams	4	4 *
Mr. Shiv Nadar	4	4
Mr. T. S. R. Subramanian	3 **	3
Mr. P. C. Sen	1 ***	1

** includes one meeting attended through conference call.*

*** Number of meetings held till* Mr. T. S. R. Subramanian *was the member of the Committee.*

****Number of meetings held after the appointment of Mr. P. C. Sen as the member of the Committee.*

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

The remuneration policy of the Company is aimed at rewarding performance, based on review of achievements on a regular basis and is in consonance with the existing industry 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 Director viz. Mr. Shiv Nadar and Mr. Vineet Nayar. During the year under review no remuneration has been paid to Mr. Shiv Nadar from the Company.

Mr. Vineet Nayar was appointed as Chief Executive Officer and Whole-time Director of the Company w.e.f. August 1, 2008 for a period of five years pursuant to the shareholders' approval in the previous Annual General Meeting of the Company held on October 22, 2008.

The remuneration paid to Mr. Vineet Nayar from August 1, 2008 (being the date of his appointment as Whole-time Director) to June 30, 2009 is as under:

Particulars	Rs. / crores
Salary	1.10
Allowances and Perquisites	3.02
Contribution to Provident Fund	0.13
Total	**4.25**

Mr. Vineet Nayar was also granted Stock Options of the Company prior to the date of his appointment as a Whole-time Director. The details of the same as on June 30, 2009 are as under:

Grant Date	Number of Options Granted*	Grant Price Per Option (Rs.)	Vesting Details #		Options Exercised so far
			No. of Options Vested/ to be vested	Vesting Dates	
24-10-2005	7,50,000	8.00	2,50,000	01-Jul-08	2,50,000
			2,50,000	01-Jul-09	Nil
			2,50,000	01-Jul-10	Nil

** Each option entitles 4 equity shares of face vale of Rs. 2/- each.*

 # The options are exercisable within 5 years from the date of vesting.

As on June 30, 2009, Mr. Vineet Nayar held 10,00,000 equity shares of the Company in his name.

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 and Audit 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.

In addition to the above, the non-executive directors of the Company are eligible for grant of stock options under the Stock Option Plans of the Company.

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, 2009 (Rs. / lacs)	Commission for the year ended June 30, 2009 (Rs. / lacs)	Shareholding in the Company as on June 30, 2009
Mr. Ajai Chowdhry	1.00	Nil	19,420
Mr. Amal Ganguli	2.20	15	Nil
Mr. P. C. Sen	0.80	15	Nil
Ms. Robin Abrams	1.40	15	1,71,200
Mr. Subroto Bhattacharya	2.80	15	Nil
Mr. T. S. R Subramanian	2.40	55	10,600

There were no other pecuniary relationships or transactions of the non-executive directors vis-à-vis the Company.

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 11 times.

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. T. S. R. Subramanian, Director
c) Mr. Subroto Bhattacharya, Director
d) Mr. Vineet Nayar, CEO & Whole-time 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 12 times.

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

The Nominations Committee of the Board of Directors was formed on January 23, 2009.

Terms of Reference:

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.

During the year under review, the Committee met 1 time.

Risk Management Committee

The Committee consists of four Independent Directors. They are:

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

The Risk Management Committee was formed on January 23, 2009 and the meeting of the Committee is yet to be held.

Terms of Reference

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

g) 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.

Employees' Council, Customers' Advisory Council and Corporate Social Responsibility ("CSR") Council.

The following Councils were formed during the year:

(a) Employees' Council

The primary role of the Employees' Council is to provide another communication link between employees and the management and to provide a discussion forum for matters of general concern to employees. The said council will be headed by the Chief Executive Officer and supported by two corporate officers of the Company.

(b) Customers' Advisory Council

This council ensures that the Customers are able to reach out to the Chief Executive Officer (CEO), if required. The said council will be headed by the CEO and supported by two corporate officers of the Company.

(c) Corporate Social Responsibility ("CSR") Council

A Corporate Social Responsibility Council being led by the Chief Executive Officer and supported by two Corporate officers has been set up which will focus on providing leadership and resources to help take greater social and environmental responsibility within our communities while minimizing the global impact of our business. This Council will re instate HCL's commitment to CSR & Sustainability.

Sexual Harassment Policy of the Company:

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.

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				
2005-2006	December 14, 2006	FICCI Auditorium, Federation House, Tansen Marg, New Delhi.	11.00 A.M.	• Commencement of business set out in the "Other Objects" under the Object Clause of the Memorandum of Association of the Company.
2006-2007	December 13, 2007	FICCI Auditorium, Federation House, Tansen Marg, New Delhi.	11.00 A.M.	-
2007-2008	October 22, 2008	FICCI Auditorium, Federation House, Tansen Marg, New Delhi.	11.00 A.M.	• Approval under section 309 (4) (b) of the Companies Act, 1956 for payment of commission not exceeding one percent of the net profits 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 under section 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 Rs. 4,000 Crores (Rupees Four Thousand Crores) over and above the limits that are specified under section 372A of the Companies Act, 1956.

During the last year, no resolution was passed through Postal Ballot and presently, no resolution has been proposed to be passed through postal ballot.

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 with the Stock Exchanges was placed before the Board along with the financial statements for the year ended June 30, 2009 and the Board reviewed the same. The said Certificate is provided elsewhere in this 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) **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.

c) **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.

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 are generally published in Financial Express and Jansatta newspapers.

b) **Website:** The quarterly, half yearly and annual financial statements are posted on the Company's website www.hcltech.com.

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 other entitled thereto. The Annual Report of the Company is available on the Company's website in a user friendly and downloadable form.

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

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

g) **Corporate Filing and Dissemination System ('CFDS'):** Pursuant to clause 52 of the Listing Agreement with the Stock Exchanges, 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) **Designated Exclusive email-id:** The Company has designated an email-id investor@hcl.in 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 Company's code of conduct 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.

Shareholders' Information

a) **General Information**

Dates of book closure	December 4, 2009 to December 8, 2009 (both days inclusive)
Date, time and venue of the ensuing Annual General Meting	December 8, 2009; 11.00 A.M. FICCI Auditorium, Federation House, 1, Tansen Marg, New Delhi - 110 001
Dividend Payment Date (subject to the approval of the shareholders)	On or before January 7, 2010

Listing 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: +91-22-22722041/61
Listing fees	Paid to all the above stock exchanges for the Year 2009-2010.
Stock Code	National Stock Exchange – "HCLTECH" Bombay Stock Exchange – "532281"
Registered Office	806, Siddharth, 96, Nehru Place, New Delhi – 110 019, India Tel.: +91-11-26444812, Fax: +91-11-26436336
Homepage:	www.hcltech.com
Registrar & Shares Transfer Agent	Alankit Assignments Limited 205-208, Anarkali Market, Jhandewalan Extension, New Delhi – 110 055, India. Tel.: +91-11-42541234, 23541234 Fax: +91-11-42541967 E-mail: rta@alankit.com

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) Secretarial Audit

As required under Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996, the secretarial audit for reconciling 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, 2009 was carried out. The audit reports confirm that the total issued/ paid-up share capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

d) Dematerialization of Shares

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, 2009, about 99.92% of the equity shares issued by the Company are held in dematerialized form.

Company's ISIN in NSDL & CDSL: INE860A01027

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 to get their shares dematerialized.

e) Distribution of shareholding as on June 30, 2009

Number of Equity Shares held	No. of Shareholders	Shareholders (%)	No. of Shares	Shares (%)
1 – 100	66,233	74.09	2,481,968	0.37
101 – 200	11,144	12.47	1,975,522	0.29
201 – 500	5,548	6.21	1,939,356	0.29
501 – 1000	1,965	2.20	1,500,104	0.22
1001 – 5000	3,072	3.44	7,534,372	1.12
5001 – 10000	673	0.75	4,743,046	0.71
10001 and above	758	0.85	650,082,232	96.99
Total	**89,393**	**100.00**	**670,256,600**	**100.00**

f) Categories of shareholders as on June 30, 2009

Category	Number of Equity shares held	Voting Strength (%)
Promoters	456,807,907	68.15
Director & their Relatives	2,094,836	0.31
Mutual Funds/ UTI	14,496,445	2.16
Financial Institutions/ Banks	420,087	0.06
Insurance Companies	17,509,204	2.61
Foreign Institutional Investors	120,065,588	17.91
Foreign Banks	1,244	0.00
Bodies Corporate	16,930,922	2.53
Individuals	28,180,153	4.20
NRIs / OCBs	12,746,980	1.90
Foreign Nationals	122,588	0.02
Trusts	4,672	0.00
HUF	275,649	0.04
Clearing Members	600,325	0.09
Grand Total	**670,256,600**	**100.00**

g) Stock market data

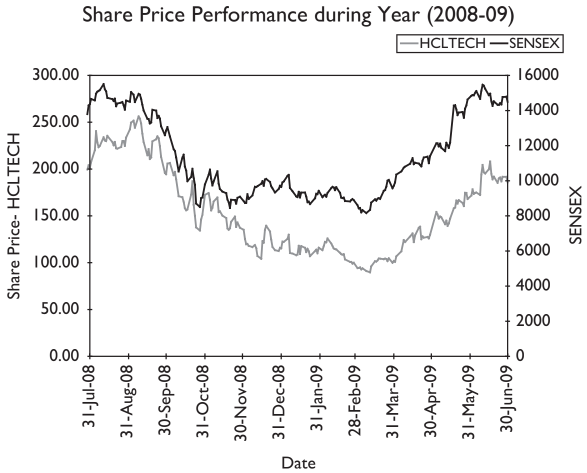
Monthly high and low quotations, as well as the volume of shares traded at the National Stock Exchange of India Limited (“NSE”) and the Bombay Stock Exchange Limited (“BSE”), for fiscal year are as follows:

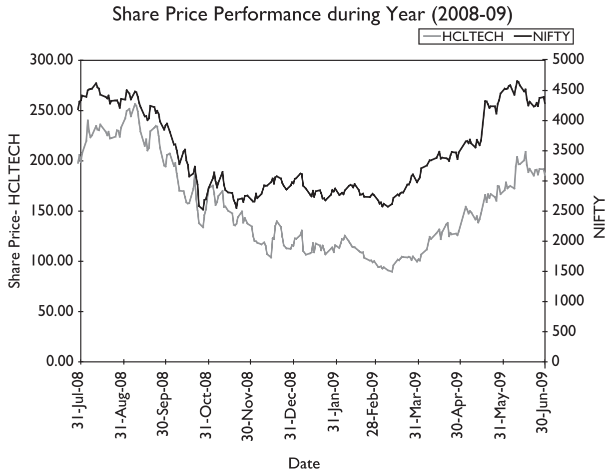
Month	NSE			BSE		
	High (Rs.)	Low (Rs.)	Volume (Number)	High (Rs.)	Low (Rs.)	Volume (Number)
July 2008	263.85	190.05	18,516,141	262.00	195.10	4,667,309
August 2008	249.70	193.15	11,960,519	247.00	193.00	1,917,053
September 2008	263.00	185.00	15,980,053	261.00	178.00	2,848,740
October 2008	212.90	115.00	21,526,784	212.85	115.10	2,276,018
November 2008	184.70	121.65	12,908,899	185.00	126.20	1,168,823
December 2008	144.40	102.00	42,502,324	142.00	102.50	8,002,624
January 2009	136.00	101.70	25,296,796	136.00	102.00	4,203,940
February 2009	129.40	96.80	19,662,976	129.95	96.55	3,275,479
March 2009	105.95	86.65	23,330,784	106.00	89.10	3,866,917
April 2009	143.50	99.50	40,663,775	143.30	99.65	7,390,684
May 2009	190.80	130.55	33,564,365	179.85	132.10	6,464,981
June 2009	212.95	165.05	30,367,207	213.45	166.00	5,616,009

h) 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 (f) titled 'Stock Market Data'.

i) Share price performance in comparison to broad based Indices





j) Shareholders Services

(a) Complaints received during the year 2008-2009

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	76	76
Through SEBI, Stock Exchanges, etc.	11	11
Total	**87**	**87**

(b) Share Transfers – As on June 30, 2009, 15 cases comprising of 15 equity shares were pending for transfer which were processed subsequently.

(c) Electronic Clearing Services (ECS)/ National Electronic Clearing Services (NECS) facility

The divided remittances to the 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 yet registered your ECS/NECS details, you are advised to get the same done with your depository participant if the shares are held in demat form, or with the Registrar & Share Transfer Agent, if the shares are held in physical form.

k) 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.

l) Financial Calendar (tentative and subject to change)

Financial reporting for the first quarter ending September 30, 2009	October 27-28, 2009
Financial reporting for the second quarter ending December 31, 2009	January 19-20, 2010
Financial reporting for the third quarter ending March 31, 2010	April 20-21, 2010
Financial reporting for the year ending June 30, 2010	July 30, 2010
Annual General Meeting for the year ending June 30, 2010	October / November, 2010

m) 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: investor@hcl.in

n) Compliance Certificate on the Corporate Governance from the Auditors

The certificate dated August 25, 2009 obtained from Statutory Auditors of the Company, M/s. Price Waterhouse, confirming compliance with the Corporate Governance requirements as stipulated under clause 49 of the Listing Agreement, is annexed hereto.

o) Centers' Locations:-

Chennai Centers

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

Raheja Towers facility
Module 812, 8th Floor
Mount Road,
Chennai – 600 002, India
Tel. : +91-44 2860 3091
Fax : +91-44 2860 3087

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

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

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

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

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

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

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

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

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

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

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

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

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

Sapna Trade Centre
109/110 P H Road
Chennai – 600 084, India
Tel. : +91-44 2822 1129
Fax : +91-44 2821 4278

No. 51, J.N. Road,
Guindy (GUINDY-1)
Chennai – 600 097, India
Tel. : +91-44 2231960/65
Fax : +91-44 2234 4256

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

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

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

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

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

Chennai SEZ

HCL Technologies Ltd.
SEZ Unit, ETA Techno Park,
Special Economic Zone,
Block-4 No.33, OMR,
Navallur Village and Panchayat,
Thiruporur Panchayat Union,
Chengelpet Taluk,
Kancheepuram Dist.,
Chennai – 603 103, Tamil Nadu, India.
Phone : +91-44 4746 1000
Fax : +91-44 6741 2222

Chennai SEZ

HCL Technologies Limited
SEZ Unit, ELCOT, SEZ,
No. 602/3, Sholinganallur Village,
Medavakkam High Road,
Chennai – 600 119, India
Ph : +91-44 6642 9000
Fax: +91-44 4332 5443

Mumbai Center

Unit No.181 B,
SDF 6, First Floor
SEEPZ, Andheri (East)
Mumbai – 400 096, India
Tel. : +91-22 2829 1999
Tel. : +91-22 5693 9295
Fax : +91-22 2929 2373

Gurgaon Centers

3, Udyog Vihar Phase 1
Gurgaon, 122 016
Haryana, India
Tel. : +91-124 4346400
Fax : +91-124 2439910

Plot No. 244, Udyog Vihar, Phase 1
Gurgaon – 122 016
Haryana, India
Tel. : +91-124 4346200
Fax : +91-124 2349020

Plot No C-1, Sector-34
Gurgaon – 122 016
Haryana, India
Tel. : +91-124 6616565, 4656565
Fax : +91-124 2212381

Plot No. 5,6,7 Udyog Vihar, Phase 4
Gurgaon – 122 016
Haryana, India
Tel. : +91-124 4346000
Fax : +91-124 4019851

Kolkata Centers

SDF Building, 1st floor
Module No 2. 212-214
228-230, Block – GP
Sector – V, Salt Lake City,
Kolkata – 700 091, India
Tel. : +91-33 2357 3024-5
Fax : +91-33 2537 3027

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

INFINITY Building, Tower – II
14th Floor
Plot No. 3A, Block GP, Sector-V
Salt Lake City
Kolkata – 700 091, India
Tel. : +91-33 2357 2487- 90
Fax : +91-33 2357 2491

Noida Centers

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

A 91, Sector 2,
Noida – 201 301
U.P., India
Tel. : +91-120 4502700
Fax : +91-120 4202910

A-104, Sector 58,
Noida – 201307
U.P., India
Tel. : +91-120 2589690
Fax : +91-120 2589688

A11, Sector 16,
Noida – 201 301
U.P., India
Tel. : +91-120 2510701
Fax : +91-120 2510713

C – 22 A, Sector 57
Noida – 201 301
U.P., India,
Tel. : +91-120 4385000
Fax : +91-120 2586420

C-23, Sector 58,
Noida 201 307
U.P., India
Tel. : +91-120 4364400
Fax : +91-120 2589690

A – 5, Sector 24
Noida – 201 301
U.P., India
Tel. : +91-120 2411502
Fax : +91-120 2411005

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

A - 22, Sector 60,
Noida – 201 307
U.P., India
Tel. : +91-120 2589690
Fax : +91-120 2589688

Plot No. 1 & 2
Noida Express Highway
Sector-125, Noida – 201301,
U.P., India
Tel. : +91-120 6614300
Fax : +91-120 6614331

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

B-34 / 3, Sector 59,
Noida – 201 307
U.P., India
Tel. : +91-120 4364488
Fax : +91-120 2588972

Noida SEZ

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

Hyderabad Centers

Ground & First Floor,
Jayabheri Silicon Towers,
Madhapur Road, Kondapur,
Hyderabad – 500 032, India
Tel. : +91-40 6643 1999
Fax : +91-40 6643 1900

The V, First Floor, Auriga Block,
Plot No.17, Software Units Layout,
Madhapur,
Hyderabad – 500 081, India
Tel. : +91-40 6644 0333

Tower: H08,
L & T Phoenix Info Park Pvt. Ltd
Hitec City 2 - Survey No. 30, 34, 35 & 38
Hyderabad – 500 081, India
Tel. : +91-40 4454 1000
Fax : +91-40 4027 3333

Bangalore Centers

Vertex Tech Park
#564, Pattandur Agrahara Road
Off Whitefield Road, Next to ITPL
Bangalore – 560066, India
Tel. : +91-80 4187 3000
Fax : +91-80 4125 9126

Surya Sappihre
Plot No. 3
1st Phase Electronic city
Hosur Road
Bangalore – 560 100, India
Ph.: +91-80 6450 2301

#690, 5th & 6th Floor,
Gold Hill Square (GHS)
Bommanahalli,
Hosur Main Road,
Bangalore – 560 068, India
Ph. : +91-80 4141 5000/5527 5000
Fax : +91-80 2572 7989

The Leela Galleria
Commercial Block,
23, Airport Road,
Bangalore – 560 008, India
Tel. : +91-80 2505 4000
Fax : +91-80 2521 7108

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

HCL EAI Services Ltd.
#6, A.S. Chambers
80 Feet Road
6th Block, Koramangala
Bangalore – 560095, India
Phone: +91-80 6644 1000

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

10, 100 Feet Ring Road,
BTM Layout 1st Phase,
Bangalore – 560 068, India
Tel. : +91-80 4103 5000
Fax : +91-80 2668 0312

Bangalore SEZ

HCL Technologies Limited (SEZ)
No. 129, Jigani Bomasandra,
Link Road, Jigani Industrial Area,
Bangalore – 562 106, India

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

Clause 49 of the Listing Agreement states that the non-mandatory requirements may be implemented as per the discretion of the Company. The extent of compliances of the non-mandatory requirements by the Company is as under:-

1. **The tenure 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 the existence from September 13, 1999. With effect from January 23, 2009, Ms. Robin Abrams, an independent non-executive director of the Company has been appointed as the Chairperson of the Compensation Committee in place of Mr. Shiv Nadar who continues to hold the position of member of the Committee. The details of the Compensation Committee are provided elsewhere in this Report.

3. **Shareholders' Rights**

   We communicate with our investors regularly. The interaction with the investors is done in investors' conferences, Company visits and on road shows.

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

4. **Audit Qualifications**

   The Auditors have not qualified the financial statements of the Company.

5. **Training of 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 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.

6. **Whistle Blower Mechanism**

   A mechanism for the employees to have direct one on one access to the Chief Executive Officer (CEO) of the Company 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 similar issues.

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 June 30, 2009, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

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

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

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

Kaushik Dutta
Partner
Membership No: 88540
For and on behalf of
Price Waterhouse
Chartered Accountants

Place: Gurgaon
Date: August 25, 2009

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, 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, 2009, 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 : August 25, 2009

Vineet Nayar
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, Chief Executive Officer & Whole-time Director, Ranjit Narasimhan, President & Chief Executive Officer-BPO Division, Anil Chanana, Chief Financial Officer, Prahlad Rai Bansal, Corporate Vice President-Finance and Sandip Gupta, Corporate Vice President- Finance 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, 2009 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
CEO & Whole-time Director

Shiv Nadar
Chairman and Chief Strategy Officer

Anil Chanana
Chief Financial Officer

Ranjit Narasimhan
President & CEO-BPO Division

Place : Noida (U.P.), India
Date : August 25, 2009

Prahlad Rai Bansal
Corporate Vice President - Finance

Sandip Gupta
Corporate Vice President - Finance

Financial Statements

AUDITORS' REPORT

To the Members of HCL Technologies Limited

1. We have audited the attached Balance Sheet of HCL Technologies Limited, as at June 30, 2009, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

   (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;

   (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

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

   (e) On the basis of written representations received from the directors, as on June 30, 2009 and taken on record by the Board of Directors, none of the directors is disqualified as on June 30, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

   (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:

   (i) in the case of the Balance Sheet, of the state of affairs of the company as at June 30, 2009;

   (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and

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

Kaushik Dutta
Partner
Membership Number F-88540
For and on behalf of
Price Waterhouse
Chartered Accountants

Place: Gurgaon, India
Date: 25 August 2009

ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of HCL Technologies Limited on the financial statements for the year ended June 30, 2009].

1. **(a)** The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.

   (b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed.

   (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the company during the year.

2. **(a)** The company did not have any inventory during the year. Inventory at the year end is lying with the third party which is pending confirmation. Consequently clauses (ii) (a) and (ii) (b) of paragraph 4 of the Order are not applicable.

   (b) The company has maintained proper records of the inventory lying with the third party at the year end and has proof of delivery of the material delivered to them.

3. **(a)** The company has granted unsecured loan to a company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loan aggregates to Rs. 801.14 crores and Rs. 644.05 crores respectively.

(b) In our opinion, the rate of interest and other terms and conditions of such loan are not prima facie prejudicial to the interest of the company.

(c) In respect of the aforesaid loan, the principal amount and interest is not due for payment.

(d) In respect of the aforesaid loan, there is no overdue amount more than Rupees One Lakh.

(e) 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. Consequently, clauses (iii) (f) and (iii) (g) of paragraph 4 of the Order are not applicable.

4. In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of services. The activities of the Company do not involve sale of goods. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered into the register in pursuance of section 301 of the Act and exceeding the value of Rupees Five Lakhs in respect of any party during the year, are in respect of items of special nature and in respect of which alternate quotations are not considered necessary by the Company.

6. The company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.

7. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.

8. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the company.

9. (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the company is generally regular in depositing the 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 as applicable with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of sales-tax, wealth tax, service tax and cess as at June 30, 2009 which have not been deposited on account of dispute other than income tax and custom duty, which are as follows -

Name of statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	69,392,577	2005-2006	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	8,763,785	2005-2006	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	3,831,654	2001-2002	Delhi High Court
Income Tax Act, 1961	Income Tax	7,965,404	2001-2002	Karnataka High Court
Income Tax Act, 1961	Income Tax	52,088,934	2002-2003	Karnataka High Court
Income Tax Act, 1961	Income Tax	22,993,650	2003-2004	Delhi High Court
Income Tax Act, 1961	Income Tax	44,302,383	2003-2004	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	15,912,795	2004-2005	Delhi High Court
Income Tax Act, 1961	Income Tax	90,437,006	2005-2006	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	2,679,976	1997-1998	Delhi High Court
Income Tax Act, 1961	Income Tax	3,535,987	1998-1999	Delhi High Court
Income Tax Act, 1961	Income Tax	4,798,616	2002-2003	Delhi High Court
Income Tax Act, 1961	Income Tax	280,170,018	2004-2005	Delhi High Court
Income Tax Act, 1961	Income Tax	986,260,001	2005-2006	Commissioner of Income Tax (Appeals)
Central Excise and Customs Act, 1962	Custom Duty and Penalty and Interest	3,108,175	2003-2004	Custom, excise and service tax appellant tribunal, Bangalore

10. The company has no accumulated losses as at June 30, 2009 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

11. According to the records of the company examined by us and the information and explanation given to us, the company has not defaulted in repayment of dues to financial institutions as at the balance sheet date. The company has not issued any debentures. Further the Company does not have any dues payable to banks as at the balance sheet date.

12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The provisions of any special statute applicable to chit fund/ nidhi / mutual benefit fund/societies are not applicable to the company.

14. In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments.

15. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantee given by the company, for loan taken by its subsidiary from bank during the year, are not prejudicial to the interest of the company.

16. The company has not obtained any term loans.

17. On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.

18. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.

19. The company has not raised any money by public issues during the year.

20. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

21. The other clause, (xix) of paragraph 4 of the Companies (Auditor's Report) Order 2003 , as amended by the Companies (Auditor's Report) (Amendment) Order, 2004,are not applicable in the case of the company for the current year, since in our opinion there is no matter which arises to be reported in the aforesaid order.

Kaushik Dutta
Partner
Membership Number: F-88540
For and on behalf of
Price Waterhouse
Chartered Accountants

Place: Gurgaon, India
Date: 25 August 2009

Balance Sheet as at 30 June 2009

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

	Schedule	As at 30 June 2009	As at 30 June 2008
Sources of Funds			
Shareholders' funds			
Share capital	1	134.05	133.27
Share application money pending allotment		0.47	1.71
Reserves and surplus	2	3,353.72	3,079.85
		3,488.24	3,214.83
Loan funds			
Secured loans	3	123.81	25.24
Unsecured loans	4	389.92	0.09
		513.73	25.33
		4,001.97	**3,240.16**
Application of Funds			
Fixed assets	5		
Gross block		1,957.86	1,599.61
Less: Accumulated depreciation		(1100.88)	(874.32)
Net block		856.98	725.29
Capital work-in-progress (including capital advances)		417.56	419.03
		1,274.54	1,144.32
Investments	6	562.75	1,797.34
Deferred tax assets (net)	17(7)	226.00	140.60
Current assets, loans and advances			
Inventories	7	87.01	-
Sundry debtors	8	1,489.26	980.02
Cash and bank balances	9	1,365.83	686.88
Other current assets	10	323.24	230.81
Loans and advances	11	1,267.28	522.19
		4,532.62	2,419.90
Less: Current liabilities and provisions	12	(2,593.94)	(2,262.00)
Net current assets		1,938.68	157.90
		4,001.97	**3,240.16**

Significant accounting policies and notes to the accounts 17

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

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

For **HCL Technologies Limited**

Kaushik Dutta
Partner
Membership No.: F-88540
For and on behalf of
Price Waterhouse
Chartered Accountants

Shiv Nadar
Chairman and Chief Strategy Officer

T S R Subramanian
Director

Vineet Nayar
CEO & Whole-time Director

Ranjit Narasimhan
President & CEO-BPO Division

Anil Chanana
Chief Financial Officer

Prahlad Rai Bansal
Corporate Vice President - Finance

Sandip Gupta
Corporate Vice President - Finance

Manish Anand
Deputy Company Secretary

Place: Gurgaon, India
Date : 25 August 2009

Place: Noida (UP), India
Date : 25 August 2009

Profit and Loss Account for the year ended 30 June 2009

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

	Schedule	Year ended 30 June 2009	Year ended 30 June 2008
Income			
Revenues		4,675.09	4,615.39
Other income	13	265.81	170.40
		4,940.90	**4,785.79**
Expenditure			
Cost of revenues	14	2,392.28	2,448.18
Administration and other expenses	15	1,074.72	1,225.42
Finance charges	16	28.09	19.07
Depreciation	5	251.89	217.87
		3,746.98	**3,910.54**
Profit before tax		**1,193.92**	**875.25**
Tax Expense - current		(208.40)	(107.68)
- deferred		31.88	31.98
- fringe benefit		(17.87)	(18.90)
- wealth tax		(2.22)	0.00
Profit after tax		**997.31**	**780.65**
Balance in Profit and Loss Account brought forward		1,572.73	1,570.44
Profit available for appropriation		**2,570.04**	**2,351.09**
Appropriations			
Proposed final dividend [including Rs.0.87 crores (previous year Rs. 0.03 crores) paid for previous year]		67.90	199.94
Corporate dividend tax on proposed final dividend [including Rs. 0.15 crores (previous year Rs. 0.01 crores) paid for previous year]		11.54	33.97
Interim Dividend		401.71	398.64
Corporate dividend tax on interim dividend		68.19	67.75
Transfer to general reserve		99.73	78.06
Balance carried forward to the balance sheet		1,920.97	1,572.73
		2,570.04	**2,351.09**
Earnings per equity share in rupees	17(22)		
Basic		14.91	11.75
Diluted		14.73	11.40
Weighted average number of shares used in computing earnings per equity share			
Basic		669,016,035	664,424,330
Diluted		677,115,015	684,952,820

Significant accounting policies and notes to the accounts 17

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

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

For **HCL Technologies Limited**

Kaushik Dutta
Partner
Membership No.: F-88540
For and on behalf of
Price Waterhouse
Chartered Accountants

Shiv Nadar
Chairman and Chief Strategy Officer

T S R Subramanian
Director

Vineet Nayar
CEO & Whole-time Director

Ranjit Narasimhan
President & CEO-BPO Division

Anil Chanana
Chief Financial Officer

Prahlad Rai Bansal
Corporate Vice President - Finance

Sandip Gupta
Corporate Vice President - Finance

Manish Anand
Deputy Company Secretary

Place: Gurgaon, India
Date : 25 August 2009

Place: Noida (UP), India
Date : 25 August 2009

Cash flow statement for the year ended 30 June 2009
(All amounts in crores of rupees except share data and unless otherwise stated)

	Year ended 30 June 2009	Year ended 30 June 2008
Cash Flows from Operating Activities		
Profit before tax	1,193.92	875.25
Adjusted for:		
Income from investments, interest and rent	(157.22)	(60.87)
Gain on sale of investments	(107.04)	(107.21)
Depreciation	251.89	217.87
Loss/ (gain) on sale of fixed assets	(0.10)	1.48
Provision for doubtful debts written back	-	(0.34)
Other Non Cash Charges	27.21	0.41
Interest charges	16.93	13.36
Employee stock compensation cost	56.12	105.04
	1,281.71	**1,044.99**
Decrease/ (increase) in sundry debtors	(536.24)	(268.01)
Decrease/ (increase) in inventories	(87.01)	-
Decrease/ (increase) in loans and advances	(16.91)	(53.56)
Decrease/ (increase) in other current assets	(92.41)	155.05
Increase/ (decrease) in current liabilities and provisions	133.60	335.47
Taxes paid	(94.80)	(157.10)
Net cash from (used for) operating activities	**587.94**	**1,056.84**
Cash flows from Investing activities		
Proceeds from/ (Investment in) mutual funds (net)	1,307.16	301.50
Proceeds from/ (investment in) bonds (net)	(8.00)	-
Proceeds from/ (investment in) Preference Shares	45.00	-
Investment in subsidiaries	(2.55)	(2.77)
Loans to subsidiaries (net of repayment)	(675.70)	(0.65)
Refund of advance from HCL Technologies Limited Employees Trust	-	0.02
Purchase of fixed assets (including capital advances)	(365.62)	(463.32)
Principal payment on finance lease obligations	(12.05)	(16.97)
Proceeds from sale of fixed assets	1.79	6.87
Income from investments, interest and rent	77.88	44.73
Taxes paid	(61.08)	(17.94)
Net cash from (used for) investing activities	**306.83**	**(148.53)**
Cash flows from Financing activities		
Issue of share capital (including securities premium and share application		
money pending allotment)	20.11	31.40
Increase/ (decrease) in secured loans	96.94	-
Increase/ (decrease) in unsecured loans	389.83	(0.03)
Dividends paid (including corporate dividend tax)	(704.41)	(621.33)
Interest charges on loans from banks	(9.45)	(6.88)
Interest charges on other loans	(8.84)	(5.42)
Net cash from (used for) financing activities	**(215.82)**	**(602.26)**
Exchange differences on translation of foreign currency cash and cash equivalents	-	(0.11)
Net increase/ (decrease) in cash and cash equivalents	678.95	306.05
Cash and cash equivalents at the beginning of the year	686.88	380.94
Cash and cash equivalents at the end of the year	**1,365.83**	**686.88**

For components of cash and cash equivalents refer Schedule - 9 of the Balance Sheet.

Notes:

1. The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard 3 as notified under section 211 (3C) of the Companies Act, 1956.

Cash flow statement for the year ended 30 June 2009 (Contd.)
(All amounts in crores of rupees except share data and unless otherwise stated)

2. The Schedules from 1-17 form an integral part of the Cash Flow Statement.
3. Cash and cash equivalents includes the following, which are not available for use by the Company:

Investor education and Protection fund - Unclaimed dividend	2.32
Bank Guarantees margin	0.01
Fixed deposits pledged with banks	586.95

4. Figures in brackets indicate cash outflow.
5. Previous year figures have been regrouped and recast wherever necessary to conform to the current year classification.

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

For **HCL Technologies Limited**

Kaushik Dutta
Partner
Membership No.: F-88540
For and on behalf of
Price Waterhouse
Chartered Accountants

Shiv Nadar
Chairman and Chief Strategy Officer

T S R Subramanian
Director

Vineet Nayar
CEO & Whole-time Director

Ranjit Narasimhan
President & CEO-BPO Division

Anil Chanana
Chief Financial Officer

Prahlad Rai Bansal
Corporate Vice President - Finance

Sandip Gupta
Corporate Vice President - Finance

Manish Anand
Deputy Company Secretary

Place: Gurgaon, India
Date : 25 August 2009

Place: Noida (UP), India
Date : 25 August 2009

Schedules forming part of the accounts

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

Schedule 1: Share Capital	As at 30 June 2009	As at 30 June 2008
Authorised		
750,000,000 (previous year 750,000,000 equity shares of Rs. 2 each)	**150.00**	**150.00**
Issued, Subscribed and Paid up		
670,256,600 (previous year 666,340,272) equity shares of Rs. 2 each, fully paid up (refer note 2 of schedule 17)	134.05	133.27
	134.05	**133.27**

Notes:

1. Paid up share capital includes:
   - 84,899,958 (previous year 84,899,958) equity shares of Rs. 2 each allotted as fully paid up, pursuant to contracts for consideration other than cash. Includes 42,449,979 shares (previous year 42,449,979) issued as bonus shares.
   - 82,986,872 (previous year 82,986,872) equity shares of Rs. 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 Rs. 2 each issued as bonus shares in ratio of one share for every share held by capitalisation of securities premium account.
   - 40,295,502 (previous year 39,866,246) equity shares of Rs. 2 each allotted to employees of the Company and its subsidiaries on exercising of vested stock options issued under Employee Stock Option Plan 1999 of the Company. Includes 17,354,373 shares (previous year 17,354,373) issued as bonus shares.
   - 17,237,244 (previous year 16,310,380) equity shares of Rs. 2 each allotted to employees of the Company and its subsidiaries on exercising of vested stock options issued under Employee Stock Option Plan 2000 of the Company. Includes 4,158,940 shares (previous year 4,158,940) issued as bonus shares.
   - 5,100,756 (previous year 2,540,548) equity shares of Rs. 2 each allotted to employees of the Company and its subsidiaries on exercising of vested stock options issued under Employee Stock Option Plan 2004 of the Company. Includes 130,000 shares (previous year 130,000) issued as bonus shares.
2. HCL Corporation Limited, which subsequently became holding company w.e.f. 30 July 2009, held 332,775,342 (previous year 326,003,539) equity shares on the date of Balance Sheet and HCL Peripherals Limited, which subsequently became a fellow subsidiary from the same date held 1,767,952 (previous year 1,767,952) equity shares on the same date.

Schedule 2: Reserves and Surplus	As at 1 July 2008	Additions	Deductions	As at 30 June 2009
Securities Premium Account	1,209.94	83.00	19.86	1,273.08
	(1,169.43)	(53.19)	(12.68)	(1,209.94)
Foreign Currency Translation Reserve	-	0.01	-	0.01
	-	-	-	-
General Reserve	488.94	99.73	-	588.67
	(413.33)	(78.06)	(2.45)	(488.94)
Hedging Reserve Account (net of deferred tax) (refer note 11 of Schedule 17)	(411.85)	(488.79)	(257.85)	(642.79)
	-	(-411.85)	-	(-411.85)
Employee stock options outstanding [net of deferred employee compensation cost of Rs. 45.63 crores (previous year Rs. 115.77 crores)]	220.09	56.12	62.43	213.78
	(139.08)	(105.04)	(24.03)	(220.09)
Profit and Loss Account	1,572.73	447.97	99.73	1,920.97
	(1,570.44)	(80.35)	(78.06)	(1,572.73)
	3,079.85	**198.04**	**(75.83)**	**3,353.72**
Previous year	(3,292.28)	(-95.21)	(117.22)	(3,079.85)

Notes:

1. Addition to/ Deduction from the Securities Premium Account represent:
   a) Addition of Rs. 20.57 crores (previous year Rs. 29.16 crores) in respect of allotment of equity shares of Rs. 2 each to employees of the Company and its subsidiaries under the Employee Stock Option Plan 1999, Employee Stock Option Plan 2000 and Employee Stock Option Plan 2004.
   b) Addition of Rs. 62.43 crores (previous year Rs. 24.03 crores) being amount transferred from Employee stock options outstanding on exercise of stock options.
   c) Deduction of Rs 19.86 crores (previous year Rs. 12.68 crores) being Fringe Benefit Tax on exercise of Employee Stock Options.
2. Deduction from General Reserve Rs. Nil (previous year Rs. 2.45 crores) is on account of transitional provision on adoption of AS 15 (revised).
3. Previous year figures are in brackets.

Schedules forming part of the accounts

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

Schedule 3: Secured Loans	As at 30 June 2009	As at 30 June 2008
From Banks (refer note 1)	96.94	-
From Others		
-Obligation under finance lease		
(refer note 2 below and notes 3 (i) of schedule 17)	26.87	25.24
	123.81	**25.24**

Notes:

1. Loan from banks are secured against fixed deposits with banks of Rs. 586.95 crores. Amount payable within one year Rs. 96.94 crores (previous year Nil) .
2. Obligation under finance lease are secured against fixed assets obtained under finance lease obligations.

Schedule 4: Unsecured Loans	As at 30 June 2009	As at 30 June 2008
Short term loans		
- From Banks	239.90	-
- Commercial Paper	150.00	-
Other loan		
- From financial institution (Amount payable within one year Rs. 0.02 crores (previous year Rs. 0.07 crores).	0.02	0.09
	389.92	**0.09**

Schedule 5: Fixed Assets

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 1 July 2008	Additions	Disposals/ Adjustents	As at 30 June 2009	As at 1 July 2008	Additions	Disposals/ Adjustments	As at 30 June 2009	As at 30 June 2009	As at 30 June 2008
Goodwill	1.98	-	-	1.98	1.96	-	-	1.96	0.02	0.02
Freehold land	63.64	-	-	63.64	-	-	-	-	63.64	63.64
Leasehold land	111.71	-	-	111.71	5.09	1.26	-	6.35	105.36	106.62
Building	154.44	135.68	-	290.12	30.14	11.02	-	41.16	248.96	124.30
Plant and machinery	288.12	79.32	0.79	366.65	176.88	57.04	0.79	233.13	133.52	111.24
Computers	447.25	66.44	8.23	505.46	325.91	80.75	6.56	400.10	105.36	121.34
Software	187.39	65.81	7.06	246.14	116.03	38.86	7.06	147.83	98.31	71.36
Furniture and fixtures	292.15	24.24	2.56	313.83	199.94	50.73	2.55	248.12	65.71	92.21
Vehicles - owned	6.29	0.19	1.07	5.41	3.36	0.76	0.61	3.51	1.90	2.93
- leased (refer note 3 (i) of schedule 17)	46.64	18.54	12.26	52.92	15.01	11.47	7.76	18.72	34.20	31.63
	1,599.61	**390.22**	**31.97**	**1,957.86**	**874.32**	**251.89**	**25.33**	**1,100.88**	**856.98**	**725.29**
Previous year	1,332.67	281.42	14.48	1,599.61	662.58	217.87	6.13	874.32	725.29	670.09
Capital work-in-progress (including capital advances)									**417.56**	**419.03**

Schedules forming part of the accounts

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

Schedule 6: Investments	As at 30 June 2009	As at 30 June 2008
(A) LONG TERM INVESTMENTS		
Equity shares in subsidiaries - Trade and unquoted		
12,796,404 (previous year 12,793,904) equity shares of Rs. 10 each, fully paid up in HCL Comnet Systems and Services Limited	23.71	23.65
113,170,582 (previous year 113,170,582) equity shares of USD 1 each, fully paid in HCL Bermuda Limited, Bermuda	476.41	476.41
939,440 (previous year 854,036) equity shares of SGD 1 each, fully paid up in HCL Singapore Pte. Limited	5.25	5.25
4,900 (previous year 4,900) equity shares of SGD 1 each, fully paid up in DSI Financial Solutions Pte Limited, Singapore (refer note 1)	0.23	0.23
1 (previous year 1) equity shares of Euro 100 each, fully paid up in HCL GmbH (Refer Note 2)	0.11	0.11
1,000,000 (previous year 1,000,000) equity shares of Rs. 10 each, fully paid up in HCL Technoparks Limited	1.00	1.00
HCL Technologies (Shanghai) Limited	5.26	2.77
	511.97	**509.42**
Preference shares in subsidiaries - Trade and unquoted		
Nil (previous year 450,000,000) 1% cumulative redeemable preference shares of Rs. 1 each, fully paid up in HCL Comnet Systems and Services Limited	-	45.00
	511.97	**554.42**
Investment in Joint ventures – Trade and unquoted		
10,780,000 (previous year 10,780,000) shares of Rs. 10 each, fully paid up in NEC HCL System Technologies Limited	10.78	10.78
Investments in bonds - Other than trade and unquoted	20.00	12.00
(refer note 12 (i) of Schedule 17)		
Investments in mutual funds- Other than trade and unquoted	20.00	1,086.37
(refer note 3 below & 12 (ii) of Schedule 17)		
Total long term investments (A)	**562.75**	**1,663.57**
(B) CURRENT INVESTMENTS		
Investments in mutual funds- Other than trade and unquoted	-	133.77
(refer note 4 below & 12 (iii) of Schedule 17)		
Total current investments (B)	**-**	**133.77**
Grand Total (A) + (B)	**562.75**	**1,797.34**

Notes:

1. Balance stake is held by HCL Bermuda Limited, a wholly owned subsidiary of the Company.
2. Balance stake is held by HCL Great Britain Limited, a wholly owned subsidiary of the Company.
3. Net asset value of long term investment in mutual funds as on 30 June 2009 Rs. 21.99 crores (previous year Rs. 1,157.23 crores).
4. Net asset value of current investment in mutual funds as on 30 June 2009 Nil (previous year Rs. 140.06 crores).

Schedule 7: Inventories	As at 30 June 2009	As at 30 June 2008
[Refer note 19 of Schedule 17]		
Finished goods	87.01	-
	87.01	**-**

Schedules forming part of the accounts

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

Schedule 8: Sundry Debtors	As at 30 June 2009	As at 30 June 2008
Unsecured - considered good (refer note below)		
- Debts outstanding for more than six months	131.24	44.50
- Other debts	1,358.02	935.52
	1,489.26	980.02
Unsecured - considered doubtful		
- Debts outstanding for more than six months	25.22	6.01
- Other debts	8.19	–
	1,522.67	986.03
Less: Provision for doubtful debts	(33.41)	(6.01)
	1,489.26	**980.02**

Note: Sundry debtors include Rs. 984.51 crores (previous year Rs. 489.36 crores) recoverable from subsidiaries of the Company.

Schedule 9: Cash and Bank Balances	As at 30 June 2009	As at 30 June 2008
Cash in hand	0.01	0.07
Cheques in hand	12.51	-
Remittances in transit	120.51	146.07
Balances with scheduled banks		
- On current accounts in Indian rupees (refer note 1)	5.02	11.87
- On current accounts in foreign currency	5.57	1.20
- On fixed deposit accounts in Indian rupees (refer note 2)	1,221.83	524.01
	1,365.45	**683.22**
Balance in current accounts with non-scheduled banks	0.38	3.66
(refer note 9 of schedule 17)		
	1,365.83	**686.88**

Notes:

1. Includes Rs. 2.32 crores (previous year Rs. 1.92 crores) in unclaimed dividend account.
2. Pledged with banks as security for loan Rs. 586.95 crores (previous year Nil) and for guarantees Rs. 0.01 crores (previous year Rs. 0.01 crores).

Schedule 10: Other Current Assets	As at 30 June 2009	As at 30 June 2008
Unbilled revenue (refer note below)	179.72	167.31
Deferred Costs	143.10	63.05
Dividend receivable from subsidiary	0.42	0.45
	323.24	**230.81**

Note: Includes Rs. 105.15 crores (previous year Rs. 91.42 crores) in respect of subsidiaries of the Company.

Schedules forming part of the accounts

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

Schedule 11: Loans and Advances	As at 30 June 2009	As at 30 June 2008
(Unsecured and considered good, unless otherwise stated)		
Loans and advances recoverable in cash or in kind or for		
value to be received		
- Considered good (refer note 1)	418.71	401.79
- Considered doubtful	1.34	1.16
Loans to subsidiaries	692.05	16.35
MAT credit entitlement (refer note 1(l) of schedule 17)	53.35	80.25
Interest receivable (refer note 2)	103.17	23.80
	1,268.62	**523.35**
Less: Provision for doubtful advances	(1.34)	(1.16)
	1,267.28	**522.19**

Notes:

1. Includes Rs. 136.39 crores (previous year Rs. 152.67 crores) recoverable from the subsidiaries of the Company.
2. Includes Rs. 38.23 crores (previous year Rs. 0.01) recoverable from the subsidiaries of the Company.

Schedule 12: Current Liabilities and Provisions	As at 30 June 2009	As at 30 June 2008
Current liabilities		
Sundry Creditors (refer note 1 & 2)	1,361.16	1,050.06
Unrealised loss on derivative financial instruments (net)	614.85	648.21
Unearned revenue (refer note 3)	200.86	57.39
Advance from customers (refer note 4)	4.98	44.48
Investor Education and Protection Fund- Unclaimed dividend	2.32	1.92
Other liabilities	31.82	26.79
	2,215.99	**1,828.85**
Provisions		
Provision for staff benefits	129.32	94.62
Provision for income tax (refer note 5)	165.07	96.98
Provision for fringe benefit tax (refer note 6)	3.64	7.68
Provision for wealth tax (refer note 7)	1.50	-
Provision for dividend	67.03	199.91
Provision for corporate dividend tax	11.39	33.96
	377.95	**433.15**
	2,593.94	**2,262.00**

Notes:

1. Sundry creditors include Rs. 556.41 crores (previous year Rs. 569.42 crores) due to subsidiaries of the Company.
2 Sundry creditors includes Rs. Nil (previous year Nil) payable to Micro & Small Enterprise (refer note 24 of schedule 17)
3. Unearned revenue includes Rs. 69.94 crores (previous year Rs. 6.15 crores) pertaining to the subsidiaries of the Company.
4. Advance from customer includes Rs. 4.98 crores (previous year Rs. 13.32 crores) pertaining to the subsidiaries of the Company.
5. Net of advance income tax of Rs. 366.58 crores (previous year Rs. 243.88 crores).
6. Net of fringe benefit advance tax of Rs. 88.28 crores (previous year Rs. 46.51 crores).
7 Net of advance wealth tax of Rs. 0.72 crores (previous year Nil).

Schedules forming part of the accounts

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

Schedule 13: Other Income	Year ended 30 June 2009	Year ended 30 June 2008
Interest income-gross		
[Tax deducted at source Rs. 15.38 crores (previous year Rs. 7.67 crores)]		
- On fixed deposits	108.88	50.54
- On investments (other than trade)	2.54	0.67
- On loans	38.25	0.05
Dividend Income		
- On trade investments	0.42	0.45
- On investments (other than trade)	4.94	6.79
Rent income	2.19	2.37
Profit on sale of investments (other than trade)	107.04	107.21
Profit on sale of fixed assets [net of loss on sale of fixed assets of Rs. 0.69 crores (previous year Nil)]	0.10	-
Provision for doubtful debts written back	-	0.34
Miscellaneous income	1.45	1.98
	265.81	**170.40**

Schedule 14: Cost of Revenues		Year ended 30 June 2009	Year ended 30 June 2008
Cost of goods sold			
Opening Stock	-		
Add : Purchases made during the year	87.01		
Less: Closing Stock	(87.01)	-	-
Personnel expenses			
Salaries, wages and bonus		1,789.38	1,532.14
Contribution to provident and other funds		62.20	56.04
Staff welfare expenses		22.52	33.17
Employee stock compensation expense		56.12	105.04
		1,930.22	**1,726.39**
Others			
Software development expenses - external		462.06	721.79
		2,392.28	**2,448.18**

Schedules forming part of the accounts
(All amounts in crores of rupees except share data and unless otherwise stated)

Schedule 15: Administration and Other Expenses	Year ended 30 June 2009	Year ended 30 June 2008
Rent	148.53	160.16
Power and fuel	100.28	83.49
Insurance	7.29	6.95
Repairs and maintenance		
- Plant and machinery	30.33	25.13
- Building	35.30	32.10
- Others	29.03	22.38
Communication costs	56.62	65.41
Travel and conveyance	290.01	305.57
Business promotion	11.00	21.26
Legal and professional charges	26.07	40.84
Lease rent	7.26	5.86
Software licence fee	60.82	54.41
Printing and stationery	7.25	10.53
Rates and taxes	9.23	9.56
Advertising and publicity	3.83	8.42
Books and periodicals	3.22	4.28
Recruitment, training and development	23.14	49.86
Provision for doubtful debts	27.40	0.28
Bad debts/ advances written off	-	0.12
Provision for doubtful advances	0.18	0.01
Donations	-	0.09
Loss on sale of fixed assets [net of profit on sale of fixed assets Nil (previous year Rs. 0.45 crores)]	-	1.48
Loss on sale of investment	0.03	-
Exchange differences	174.29	277.49
Miscellaneous expenses	23.61	39.74
	1,074.72	**1,225.42**

Schedule 16: Finance Charges	Year ended 30 June 2009	Year ended 30 June 2008
Interest		
- on assets under finance lease	4.77	3.91
- on loan from bank	9.45	6.88
- others	11.13	6.48
Bank charges	2.74	1.80
	28.09	**19.07**

Schedules forming part of the accounts

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

Schedule 17: Significant accounting policies and 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 and focuses on technology and R&D outsourcing, working with clients in areas at the core of their business. 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, Hitech, 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 are prepared and presented under the historical cost convention, in accordance with the Indian Generally Accepted Accounting Principles ("GAAP"), the applicable accounting standards notified u/s 211(3C) of the Companies Act, 1956, the relevant provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India. The financial statements are presented in crores of Indian rupees.

b) Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the results of operations during the reporting period. Examples of such estimates include estimates of expected contract costs to be incurred to complete software development, income taxes, employee benefit plans, provision for doubtful debts and advances and estimated useful life of fixed assets and intangible assets. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

c) Revenue recognition

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 customer.

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.

Schedules forming part of the accounts

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

Schedule 17: Significant accounting policies and notes to the accounts (Contd.)

The Company accounts for 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 ratable 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. Dividend income, brokerage, commission and rent are recognised when the right to receive the same is established.

d) Expenditure

Expenses are accounted for on the accrual basis and provisions are made for all known losses and liabilities.

e) Fixed assets

Fixed assets are stated at the cost of acquisition including incidental costs related to acquisition and installation less accumulated depreciation. 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.

f) Depreciation

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. Estimated useful life of goodwill is five years and the carrying value of goodwill at the end of each accounting period is reviewed for impairment. Depreciation is charged on a pro-rata basis for assets purchased/sold during the year. Assets costing less than Rs. 5,000 are fully depreciated in the year of purchase. The management's estimate of the useful life of the various fixed assets is as follows:

	Life (in years)
Buildings	20
Plant and machinery (including office equipment, air conditioners and electrical installations)	4
Computers	2- 4
Software	3
Furniture and fixtures	4
Vehicles-Owned	5
Vehicle-Leased	Over the period of lease or 5 years, whichever is lower

g) Leases

Finance leases

The assets taken on finance lease are capitalised at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and interest cost, so as to obtain a constant periodic rate of interest on outstanding liability for each period.

Operating leases

Lease payments under an operating lease are recognised 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 are either classified as long term or current investments, based on management's intention at the time of purchase. Long-term investments are stated at cost and provision is made to recognise any decline, other than temporary, determined separately for each

Schedules forming part of the accounts

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

Schedule 17: Significant accounting policies and notes to the accounts (Contd.)

investment. Current investments are stated at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments.

i) **Foreign exchange transactions**

Foreign exchange transactions are recorded at the exchange rates prevailing at the date of the transaction. Realised gains and losses on foreign exchange transactions during the year are recognised in the Profit and Loss Account. Foreign currency monetary assets and liabilities are translated at year-end rates and resultant gains/losses on foreign exchange translations are recognised in the Profit and Loss Account.

Foreign operations of the Company through its branches are classified into integral and non-integral. The financial statements of an integral foreign operation are translated as follows:

Revenue items are translated at a monthly weighted average rate. Monetary assets and liabilities are translated using the closing rate. Non-monetary assets and liabilities, other than investments and fixed assets are translated using the exchange rate at the date of the transaction i.e. the date when they were acquired.

In respect of foreign operations identified as non-integral to the operations of the Company, the translation of functional currency into reporting currency is performed for balance sheet accounts using the exchange rates in effect at the balance sheet date and for revenue and expense accounts using an appropriate monthly weighted average exchange rate for the respective periods. The gain or loss resulting from such translations is accumulated in a foreign currency translation reserve.

Contingent liabilities are translated at the closing rate.

j) **Derivative Instruments and Hedge Accounting**

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

Foreign currency forward contract 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.

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.

k) **Employee stock option based compensation**

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**

Income tax expenses comprise current tax and deferred tax charge or credit (reflecting the tax effects of the timing differences between the accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in the future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed for the appropriateness of their carrying values at each balance sheet date.

The tax filings are subject to review by the tax authorities in the jurisdictions where the Company conducts business. These reviews may result in assessments of additional taxes that are resolved with the authorities or potentially through the

Schedules forming part of the accounts

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

Schedule 17: Significant accounting policies and notes to the accounts (Contd.)

courts. Resolution of these matters involves some degree of uncertainty; accordingly, the Company provides income taxes for the liabilities it believes will ultimately result from the proceedings.

Minimum Alternate Tax (MAT) paid in accordance with tax laws, which give rise to future economic benefits in the form of adjustment of future tax liability, is considered as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the company and the asset can be measured reliably.

Provision for wealth tax is made based on tax liability computed after considering tax allowances and exemptions available in accordance with the provisions of the Wealth tax Act, 1957.

m) **Employee benefits**

Provident Fund:

Contributions to provident fund, a defined benefit plan are deposited with a recognised provident fund trust, set up by the Company. 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.

Superannuation:

The Company makes contributions to a scheme administered by an insurance company in respect of superannuation for applicable employees. The Company has no further obligations to the superannuation plan beyond its monthly contributions.

Compensated absences:

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of unutilized accrued compensated absence and utilize it in future periods or receive cash compensation at retirement or termination of employment for the unutilized accrued compensated absence. The Company records an obligation for compensated absences in the period in which the employee renders the service that increase this entitlement. The Company measures the expected cost of compensated absence as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date.

Gratuity:

The Company provides for gratuity, a defined benefit retirement plan. The plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the Company.

Liability with regard to compensated absences and gratuity is accrued based on actuarial valuations at the balance sheet date, carried out by an independent actuary. Gains and losses arising out of actuarial evaluations are recognised immediately in the Profit and Loss account as income or expense.

State Plans:

The Company's contribution to State Plans namely Employee State Insurance Fund and Employees Pension Scheme are charged to Revenue every year.

n) **Research and Development**

Revenue expenditure on research and development is expensed as incurred. Capital expenditure incurred on equipment and facilities acquired or constructed for research and development activities and having alternative future uses, are capitalised and included in fixed assets.

o) **Earnings per share**

In determining earnings per share, the Company considers the net profit after tax and includes the post tax effect of any extra ordinary /exceptional item. Basic earning per share is computed using the weighted average number of equity shares outstanding during the year. Diluted earning per share is computed using the weighted average number of equity shares outstanding during the year and dilutive equity equivalent shares outstanding at the year end, except where the results would be anti dilutive.

p) **Impairment of assets**

Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount.

Recoverable amount is the higher of an asset's net selling price, and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

q) **Provisions and Contingent liabilities**

A provision is recognised when there is a present obligation as a result of a past event, it is probable that an outflow of

Schedules forming part of the accounts

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

Schedule 17: Significant accounting policies and notes to the accounts (Contd.)

resources will be required to settle the obligation and in respect of which reliable estimate can be made. A disclosure of a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

r) Inventories

Inventories are carried at the lower of cost or net realisable value. The net realisable value is determined with reference to selling price of related goods less the estimated cost necessary to make the sale. Cost of goods that are procured for specific projects is assigned by specific identification of their individual costs.

2. Employee stock option plan (ESOP)

The Company has established ESOP 1999, ESOP 2000 and ESOP 2004, for a total grant of 20,000,000, 15,000,000 and 20,000,000 options respectively to employees of the Company and its subsidiaries. These options are vested over a maximum period of 110 months, 104 months and 84 months respectively from the date of grant and are to be exercised within a maximum period of five years from the date of vesting.

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.

As at 30 June 2009 2,399,885 (previous year 2,822,430) options were outstanding with the employees of the Company and its subsidiaries under the ESOP 1999 Plan

Movement in Stock options	Year ended 30 June 2009	Year ended 30 June 2008
Outstanding at the beginning of the year	2,822,430	3,442,289
Add : Granted during the year	-	-
Less: Forfeited during the year	(79,280)	(245,688)
Exercised during the year	(107,314)	(183,871)
Expired during the year	(235,951)	(190,300)
Options outstanding at the end of the year	**2,399,885**	**2,822,430**

As at 30 June 2009 3,473,285 (previous year 4,091,441) options were outstanding with the employees of the Company and its subsidiaries under the ESOP 2000 Plan

Movement in Stock options	Year ended 30 June 2009	Year ended 30 June 2008
Outstanding at the beginning of the year	4,091,441	5,041,132
Add : Granted during the year	-	-
Less: Forfeited during the year	(156,680)	(358,796)
Exercised during the year	(231,716)	(267,275)
Expired during the year	(229,760)	(323,620)
Options outstanding at the end of the year	**3,473,285**	**4,091,441**

As at 30 June 2009 2,545,431 (previous year 3,325,543) options were outstanding with the employees of the Company and its subsidiaries under the ESOP 2004 Plan

Movement in Stock options	Year ended 30 June 2009	Year ended 30 June 2008
Outstanding at the beginning of the year	3,325,543	3,752,886
Add : Granted during the year	-	-
Less: Forfeited during the year	(124,520)	(210,780)
Exercised during the year	(640,052)	(213,143)
Expired during the year	(15,540)	(3,420)
Options outstanding at the end of the year	**2,545,431**	**3,325,543**

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 given to employees under the employee stock option schemes of the Company is recognised as deferred stock compensation cost and is amortised on a

Schedules forming part of the accounts

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

Schedule 17: Significant accounting policies and notes to the accounts (Contd.)

graded vesting basis over the vesting period of the options. Had the Company applied the fair value method for determining compensation cost, the impact on net income and earnings per share is provided below:

	Year ended 30 June 2009	Year ended 30 June 2008
Net income – As reported	**997.31**	**780.65**
Net income – Proforma	**989.95**	**775.68**
Earnings per share (refer note 22)		
Basic - As reported	14.91	11.75
- Proforma	14.80	11.67
Diluted - As reported	14.73	11.40
- Proforma	14.62	11.32

Assumptions

The fair value of each share is estimated on the date of grant using the Black-Scholes model with the following assumptions:

Dividend yield %	3.65%
Expected term	Up to 35 months
Risk free interest rates	8.10%
Volatility	26.67%

The volatility of the share has been determined on the basis of the Company's historical share price for the period of 3 years 6 months. There has been no grant during the year.

3. **i)** The Company has acquired vehicles on finance leases. The 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 2009 are as follows:

	Total minimum lease payments outstanding	Interest included in minimum lease payments	Present value of minimum lease payments
Not later than one year	13.36	3.78	9.58
	(12.41)	(3.18)	(9.23)
Later than one year and not later than five years	20.97	3.68	17.29
	(20.01)	(4.00)	(16.01)
	34.33	**7.46**	**26.87**
	(32.42)	(7.18)	(25.24)

Previous year figures are in brackets.

ii) 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 Rs. 149.58 crores (previous year Rs. 163.15 crores). Future minimum lease payments and payment profile of non-cancellable operating leases are as follows:

	Year ended 30 June 2009	Year ended 30 June 2008
Not later than one year	126.92	129.16
Later than one year but not later than five years	350.29	319.64
Later than five years	328.84	410.11
	806.05	**858.91**

Schedules forming part of the accounts

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

Schedule 17: Significant accounting policies and notes to the accounts (Contd.)

4. Segment reporting

(i) Business Segments

The operations of the Company predominately relate to providing software services, delivered to customers located globally. The Company is also engaged in the business of rendering business processing outsourcing services, which are in the nature of customer contact centers and technical help desks. From current year, the Company has started providing infrastructure services. The Chairman of the Company, who is the Chief Strategy Officer, evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by types of service provided by the Company and geographic segmentation of customers.

Accordingly, revenue from service segments comprises the primary basis of segmental information set out in these financial statements. Secondary segmental reporting is performed on the basis of the geographical location of customers.

Revenue in relation to service segments is categorized based on items that are individually identifiable to that segment, while expenditure is categorized in relation to the associated turnover of the segment. Assets and liabilities are also identified to service segments.

(ii) Geographic Segments

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, permanent diminution in case 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 rupees except share data and unless otherwise stated)

Schedule 17: Significant accounting policies and notes to the accounts (Contd.)

Financial information about the business segments for the year ended 30 June, 2009 is as follows:

	Software services	Business process outsourcing services	Infrastructure services	Total
Segment Revenues	3,991.80	531.26	152.03	**4,675.09**
Segment results	1,092.98	114.33	28.78	**1,236.09**
Unallocated corporate expenses				(307.98)
Other Income				265.81
Net profit before taxes				**1,193.92**
Tax Expense				196.61
Net profit after taxes				**997.31**
Assets				
Segment assets	2,538.98	441.20	285.47	3,265.65
Unallocated assets				3,330.26
Total assets				6,595.91
Liabilities				
Segment liabilities	1,573.65	95.32	145.48	1,814.45
Unallocated liabilities				1,293.22
Total liabilities				**3,107.67**
Others				
Capital expenditure (including capital work in progress)	87.11	22.74	23.90	133.75
Unallocated corporate capital expenditure				255.00
Total				**388.75**
Significant non-cash adjustments				
Depreciation	181.81	35.13	18.16	235.10
Unallocated corporate depreciation				16.79
Total				**251.89**
Provision for doubtful debts/ advances and bad debts/ advances written off				27.58

Schedules forming part of the accounts

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

Schedule 17: Significant accounting policies and notes to the accounts (Contd.)

Financial information about the business segments for the year ended 30 June, 2008 is as follows:

	Software services	Business process outsourcing services	Total
Segment Revenues	4,012.01	603.38	**4,615.39**
Segment results	1,006.88	162.38	**1,169.26**
Unallocated corporate expenses			(464.41)
Other Income			170.40
Net profit before taxes			**875.25**
Tax Expense			94.60
Net profit after taxes			**780.65**
Assets			
Segment assets	2,376.04	337.37	2,713.41
Unallocated assets			2,788.75
Total assets			**5,502.16**
Liabilities			
Segment liabilities	1,213.49	83.62	1,297.11
Unallocated liabilities			990.22
Total liabilities			**2,287.33**
Others			
Capital expenditure (including capital work in progress)	237.85	13.87	251.72
Unallocated corporate capital expenditure			235.87
Total			**487.59**
Significant non-cash adjustments			
Depreciation	157.44	38.83	196.27
Unallocated corporate depreciation			21.60
Total			**217.87**
Provision for doubtful debts/ advances and bad debts/ advances written off			0.28

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

	Year ended 30 June 2009	Year ended 30 June 2008
America	3,072.20	2,780.67
Europe	1,230.26	1,423.62
Others	372.63	411.10
	4,675.09	**4,615.39**

Substantial portion of the total assets of the Company are in the India geography. Assets used in the Company's business have not been identified to any of the geographic segments, as the assets are used interchangeably between the segments.

5. Related party transactions

a) Related parties where control exists

Subsidiaries

HCL America Inc., United States of America
HCL Great Britain Ltd., United Kingdom
HCL (Netherlands) BV, Netherlands
HCL GmbH, Germany
HCL Belgium NV, Belgium
HCL Sweden AB, Sweden
HCL Italy SLR, Italy
HCL Australia Services Pty. Ltd., Australia
HCL (New Zealand) Limited, New Zealand
HCL Hong Kong SAR Ltd., Hong Kong
HCL Japan Limited, Japan
HCL Comnet Systems and Services Limited, India

Schedules forming part of the accounts

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

Schedule 17: Significant accounting policies and notes to the accounts (Contd.)

HCL Comnet Limited, India
HCL Bermuda Ltd., Bermuda
HCL Technologies (Shanghai) Limited, China
HCL Holdings GmbH, Austria
Intelicent India Limited, India
DSI Financial Solutions Pte. Limited, Singapore
HCL BPO Services (NI) Ltd., Northern Ireland
HCL Jones Technologies LLC, United States of America
HCL Jones Technologies (Bermuda) Limited, Bermuda *
HCL Singapore Pte. Ltd., Singapore
HCL (Malaysia) Sdn. Bhd., Malaysia
Aalayance UK Limited, U K. π
HCL EAI Services Limited, India
HCL EAI Services Inc., United States of America γ
HCL Technopark Limited, India
HCL Poland Sp.z.o.o., Poland
Capital Stream Inc., United States of America
HCL Expense Management Services Inc. (formerly Control Point Solutions Inc.), United States of America β
Axon Group Ltd. (formerly Axon Group Plc.), U K µ
Axon Solutions Inc., United States of America µ
Bywater Limited, U K µ
Axon Solutions Limited, U K µ
Axon Solutions Sdn. Bhd., Malaysia µ
Axon Solutions (Shanghai) Co. Ltd., China µ
Axon Solutions Singapore Pte. Ltd., Singapore µ
JSPC- I Solutions Sdn. Bhd., Malaysia µ
JSP Consulting Sdn. Bhd., Malaysia µ
Aspire Solutions Sdn. Bhd., Malaysia µ
Axon International Limited, U K µ
Axon Solutions (Canada) Inc., Canada µ
Axon Solutions Pty. Limited, Australia µ
Axon Solutions Schweiz GmbH, Switzerland µ
Axon Acquisition Company, Inc., United States of America µ
Axon EBT Trustee Ltd., U K µ
HCL Insurance BPO Services Limited (formerly Liberata Financial Services Ltd.), U K α
HCL Enterprise Solutions Limited, Mauritius #
HCL (Brazil) Technologia da informacao Ltd., Brazil
HCL Technologies Canada Inc., Canada
HCL Technologies Romania s.r.l., Romania
HCL EAS Limited, U K
HCL Hungary Limited, Hungary
HCL Latin America Holdings LLC, United States of America
HCL Axon (Proprietary) Ltd. (formerly Twin Cities Trading 353 (Proprietary.) Ltd., South Africa
HCL Technologies (Noida) Limited, India
HCL Technologies (Bangalore) Limited, India
HCL Technologies (Hyderabad) Limited, India
HCL Technologies (Nagpur) Limited, India
HCL Technologies (Chennai) Limited, India
HCL Technologies (Kolkata) Limited, India

Others

HCL Technologies Limited Employees Trust
Axon Group Plc Employee Benefit Trust No. 3 µ
Axon Group Plc Employee Benefit Trust No. 4 µ

* Deregistered w.e.f June 10, 2009.
π Deregistered w.e.f June 9, 2009.
γ Merged with HCL America Inc, United States of America w.e.f July 1, 2008.
β w.e.f September 15, 2008.

Schedules forming part of the accounts

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

Schedule 17: Significant accounting policies and notes to the accounts (Contd.)

μ w.e.f December 15, 2008.
α w.e.f September 1, 2008.
Deregistered w.e.f September 26, 2008.

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
DSI Financial Solutions Pte. Limited, Singapore
HCL BPO Services (NI) Limited, Northern Ireland
HCL Singapore Pte. Limited, Singapore
HCL (Malaysia) Sdn. Bhd., Malaysia
HCL EAI Services Limited, India
HCL Technoparks Limited, India
HCL Poland Sp.z.o.o., Poland
Capital Stream Inc., United States of America
HCL Expense Management Services Inc. (formerly Control Point Solutions Inc.), United States of America
Axon Solutions Inc., United States of America
Axon Solutions Limited, U K
Axon Solutions Sdn. Bhd., Malaysia
HCL Insurance BPO Services Limited (formerly Liberata Financial Services Ltd.), UK
Axon Solutions (Canada) Inc., Canada
HCL EAS Limited, U K

Jointly controlled entities

NEC HCL System Technologies Limited, India

Others (Significant influence)

HCL Corporation Limited*
HCL Infosystems Limited
HCL Peripherals Limited
HCL Security Limited
HCL Infinet Limited.

* Holding Company subsequently w.e.f July 30, 2009

c) Key Management Personnel

Shiv Nadar, Chairman and Chief Strategy Officer
Vineet Nayar, Chief Executive Officer and Whole-time Director*
*Appointed as a director w.e.f. August 1, 2008.

Schedules forming part of the accounts

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

Schedule 17: Significant accounting policies and notes to the accounts (Contd.)

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

Particulars	Revenues Year ended 30 June 2009	Revenues Year ended 30 June 2008	Cost of Revenues Year ended 30 June 2009	Cost of Revenues Year ended 30 June 2008	Interest Paid Year ended 30 June 2009	Interest Paid Year ended 30 June 2008	Interest Received Year ended 30 June 2009	Interest Received Year ended 30 June 2008	Other Receipts Year ended 30 June 2009	Other Receipts Year ended 30 June 2008
Subsidiaries										
-HCL America Inc.	1,904.39	1,263.11	379.47	363.95	7.48	6.48	-	-	0.47	-
-HCL Great Britain Ltd.	460.18	730.21	20.39	153.52	-	-	-	-	3.44	-
-HCL Bermuda Limited	-	-	-	-	-	-	36.51	-	-	-
-HCL Insurance BPO Services Limited	-	-	-	-	-	-	-	-	8.87	-
-HCL Comnet Limited	-	-	20.76	19.58	-	-	-	-	5.11	9.42
-Others	267.78	300.74	38.39	182.86	-	-	1.25	0.05	4.64	0.27
Total (A)	**2,632.35**	**2,294.06**	**459.01**	**719.91**	**7.48**	**6.48**	**37.76**	**0.05**	**22.53**	**9.69**
Jointly controlled entities										
-NEC HCL System Technologies Ltd.	3.54	1.63	-	0.02	-	-	-	-	-	1.62
Total (B)	**3.54**	**1.63**	**-**	**0.02**	**-**	**-**	**-**	**-**	**-**	**1.62**
Others (Significant influence)										
-HCL Infosystems Limited	4.89	6.28	35.54	22.32	-	-	-	-	-	-
-Others	-	0.07	1.24	1.43	-	-	-	-	-	-
Total (C)	**4.89**	**6.35**	**36.78**	**23.75**	**-**	**-**	**-**	**-**	**-**	**-**
Total (A+B+C)	**2,640.78**	**2,302.04**	**495.79**	**743.68**	**7.48**	**6.48**	**37.76**	**0.05**	**22.53**	**11.31**

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

Particulars	Dividend Income Year ended 30 June 2009	Dividend Income Year ended 30 June 2008	Purchase of Capital equipments Year ended 30 June 2009	Purchase of Capital equipments Year ended 30 June 2008	Redemption of Preference Shares Year ended 30 June 2009	Redemption of Preference Shares Year ended 30 June 2008	Investments Year ended 30 June 2009	Investments Year ended 30 June 2008
Subsidiaries								
-HCL Comnet Systems and Services Limited	0.42	0.45	-	-	45.00	-	0.06	-
-HCL Technologies (Shanghai) Limited	-	-	-	-	-	-	2.49	2.77
-HCL Comnet Limited	-	-	2.96	3.01	-	-	-	-
-HCL Singapore Pte. Limited	-	-	10.43	-	-	-	-	-
Total (A)	**0.42**	**0.45**	**13.39**	**3.01**	**45.00**	**-**	**2.55**	**2.77**
Jointly controlled entities								
-NEC HCL System Technologies Ltd.	-	-	-	-	-	-	-	-
Total (B)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Others (Significant influence)								
-HCL Infosystems Limited	-	-	21.13	32.79	-	-	-	-
-Others	-	-	2.19	1.48	-	-	-	-
Total (C)	**-**	**-**	**23.32**	**34.27**	**-**	**-**	**-**	**-**
Total (A+B+C)	**0.42**	**0.45**	**36.71**	**37.28**	**45.00**	**-**	**2.55**	**2.77**

Schedules forming part of the accounts

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

Schedule 17: Significant accounting policies and notes to the accounts (Contd.)

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

Particulars	Loans (Net of Repayments) Year ended 30 June		Payment for use of Facilities Year ended 30 June		Receipt for use of Facilities Year ended 30 June		Guarantees Year ended 30 June	
	2009	2008	2009	2008	2009	2008	2009	2008
Subsidiaries								
-HCL America Inc.	-	-	-	-	-	-	19.16	(21.52)
-HCL Great Britain Limited	-	-	-	1.88	-	-	-	(25.70)
-HCL Comnet Limited	-	-	0.26	0.63	2.19	2.37	-	-
HCL Comnet Systems and Services Limited	-	-	-	-	-	-	-	(6.94)
-HCL Bermuda Limited	644.05	-	-	-	-	-	79.48	-
-HCL Technoparks Ltd.	31.65	0.65	-	-	-	-	-	-
-HCL EAS Limited	-	-	-	-	-	-	2,754.25	-
-HCL Japan Limited	-	-	-	-	-	-	71.85	-
Total (A)	**675.70**	**0.65**	**0.26**	**2.51**	**2.19**	**2.37**	**2,924.74**	**(54.16)**
Jointly controlled entities								
-NEC HCL System Technologies Ltd.	-	-	-	0.18	-	-	-	-
Total (B)	**-**	**-**	**-**	**0.18**	**-**	**-**	**-**	**-**
Others (Significant influence)								
-HCL Infosystems Limited	-	-	1.83	1.62	-	-	-	-
Total (C)	**-**	**-**	**1.83**	**1.62**	**-**	**-**	**-**	**-**
Total (A+B+C)	**675.70**	**0.65**	**2.09**	**4.31**	**2.19**	**2.37**	**2,924.74**	**(54.16)**

Particulars	Remuneration Year ended 30 June	
	2009	2008
Chief Executive Officer and Whole-time Director*	4.25	-
Total	**4.25**	**-**

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

Schedules forming part of the accounts

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

Schedule 17: Significant accounting policies and notes to the accounts (Contd.)

e) Outstanding balances with related parties

Particulars	Debtors As at 30 June 2009	Debtors As at 30 June 2008	Creditors As at 30 June 2009	Creditors As at 30 June 2008	Unearned revenue As at 30 June 2009	Unearned revenue As at 30 June 2008
Subsidiaries						
-HCL America Inc.	701.55	196.34	262.97	178.94	65.27	5.35
-HCL Great Britain Ltd.	201.89	246.90	144.78	194.56	3.19	1.61
-HCL GmbH	5.28	-	60.71	99.63	0.40	-
-Others	75.79	46.12	87.95	96.29	1.08	(0.81)
Total (A)	**984.51**	**489.36**	**556.41**	**569.42**	**69.94**	**6.15**
Jointly controlled entities						
-NEC HCL System Technologies Ltd.	0.75	0.25	-	-	-	-
Total (B)	**0.75**	**0.25**	**-**	**-**	**-**	**-**
Others (Significant influence)						
-HCL Infosystems Limited	2.36	2.47	7.48	5.05	1.46	0.60
-Others	0.15	0.18	0.10	0.08	-	-
Total (C)	**2.51**	**2.65**	**7.58**	**5.13**	**1.46**	**0.60**
Total (A+B+C)	**987.77**	**492.26**	**563.99**	**574.55**	**71.40**	**6.75**

Particulars	Loans outstanding As at 30 June 2009	Loans outstanding As at 30 June 2008	Advance received As at 30 June 2009	Advance received As at 30 June 2008	Other receivables As at 30 June 2009	Other receivables As at 30 June 2008
Subsidiaries						
-HCL America Inc.	-	-	-	7.34	135.18	92.92
-HCL Great Britain Ltd.	-	-	-	0.01	29.74	87.31
-HCL Bermuda Limited	644.05	-	-	-	36.51	-
-HCL Technoparks Limited	48.00	15.80	-	-	1.25	-
-HCL Comnet Limited	-	-	0.10	0.10	30.16	18.40
-HCL GmbH	-	-	-	5.82	1.40	10.72
-HCL (New Zealand) Limited	-	-	3.38	-	-	3.23
-HCL EAI Services Limited	-	0.55	1.50	-	-	1.47
-Others	-	-	-	0.05	45.95	30.49
Total (A)	**692.05**	**16.35**	**4.98**	**13.32**	**280.19**	**244.54**
Jointly controlled entities						
-NEC HCL System Technologies Ltd.	-	-	-	-	0.35	0.15
Total (B)	**-**	**-**	**-**	**-**	**0.35**	**0.15**
Others (Significant influence)						
-HCL Infosystems Limited	-	-	-	-	3.21	4.68
-Others	-	0.03	-	-	0.13	-
Total (C)	**-**	**0.03**	**-**	**-**	**3.34**	**4.68**
Total (A+B+C)	**692.05**	**16.38**	**4.98**	**13.32**	**283.88**	**249.37**

Schedules forming part of the accounts

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

Schedule 17: Significant accounting policies and 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 Technologies Limited Employees Trust	-	-	-
	(0.02)	(-)	(0.02)
HCL EAI Services Limited	-	-	0.55
	(0.55)	(9%)	(0.55)
HCL Technoparks Limited	48.00	11%	50.20
	(15.80)	(-)	(15.80)
HCL Bermuda Limited	644.05	5%-9.50%	801.14
	(-)	(-)	(-)

Previous year figures are given in brackets.

7. Components of Net Deferred Tax Assets

	As at 30 June 2009	As at 30 June 2008
Deferred Tax Assets		
Depreciation	56.56	42.14
Accrued employee costs	29.25	19.68
Unrealised loss on derivative instruments	132.30	78.78
Others	9.34	-
Total (A)	**227.45**	**140.60**
Deferred Tax Liability		
Leased vehicles	1.45	-
Total (B)	**1.45**	-
Net Deferred Tax Assets / (Liabilities) Total (A-B)	**226.00**	**140.60**

8. Research and Development Expenditure

	Year ended 30 June 2009	Year ended 30 June 2008
Revenue	40.86	19.44
Capital	-	-
	40.86	**19.44**

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

	Closing Balance		Maximum Balance	
	As at 30 June 2009	As at 30 June 2008	Year ended 30 June 2009	Year ended 30 June 2008
Non-scheduled banks - On Current account				
Citi Bank N.A. Singapore-SGD	-	0.23	0.24	0.23
Citi Bank N.A. Singapore-USD	-	0.22	0.24	0.22
Deutsche Bank, France –Euro	-	0.03	0.03	0.04
Deutsche Bank, Singapore -SGD	-	0.76	0.79	1.71
Bank of America, New York -USD	-	0.06	0.19	0.22
Deutsche Bank, London -GBP	-	0.03	0.03	1.35
Banker Trust, New York -USD	-	2.33	2.59	4.25
Deutsche Bank, New York, USA	-	-	-	1.98
Deutsche Bank, London -GBP	0.03	-	0.03	-
Citi Bank, New York - USD	0.34	-	0.34	-
Citi Bank Europe plc, Czech Republic - CZK	0.01	-	0.56	-
Total	**0.38**	**3.66**		

Schedules forming part of the accounts

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

Schedule 17: Significant accounting policies and notes to the accounts (Contd.)

10. Commitments and Contingent liabilities

	As at 30 June 2009	As at 30 June 2008
i) Capital and other commitments		
a) Capital commitments		
Estimated amount of unexecuted capital contracts (net of advances)	244.09	299.80
b) Outstanding letter of credit	21.20	8.50
	265.29	**308.30**

ii) Contingent Liabilities

a) 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 Rs.3,063.38 crores (previous year Rs. 138.52 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.

Guarantees include guarantee of USD 575 million equivalent to Rs. 2,754.25 crores (previous year Nil) given by the Company on behalf of a subsidiary for credit facilities taken to fund the purchase consideration of GBP 438.47 million relating to acquisition of Axon Group Limited, UK.

b) Bank guarantees of Rs. 11.34 crores (previous year Rs. 20.21 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.

c) Income Tax demands (excluding interest) of Rs.9.99 crores (previous year Rs. 31.04 crores)

The amounts shown in the item (c) 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.

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.

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

	As at 30 June 2009	As at 30 June 2008
Foreign Currency	**Rupee Equivalent**	
U.S. Dollar / INR	3,703.90	7,484.73
Sterling Pound / US Dollar	66.98	353.26
Euro / US Dollar	76.29	282.54
Australian Dollar / US Dollar	-	26.49
	3,847.17	**8,147.02**

The following table summarizes activity in the Hedging Reserve related to all derivatives classified as cash flow hedges during the years ended 30 June 2009 and 30 June 2008:

Schedules forming part of the accounts

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

Schedule 17: Significant accounting policies and notes to the accounts (Contd.)

Particulars	Year ended 30 June 2009	Year ended 30 June 2008
Balance as at the beginning of the year	(490.63)	-
Unrealized gain/ (losses) on cash flow hedging derivatives during the year	(591.68)	(418.01)
Net gains / (losses) reclassified into net income on occurence of hedged transactions	(244.52)	72.62
Net gains / (losses) reclassified into net income as hedged transactions are not likely to occur	(62.70)	-
Balance as at the end of the year (refer note 1 and 2 below)	(775.09)	(490.63)

Notes:

1. Balance as at year end is gross of deferred tax assets of Rs.132.30 crores (previous year Rs.78.78 crores).
2. At 30 June 2009, the estimated net amount of existing gains/ (loss) that is expected to be reclassified into the income statement within the next twelve months is Rs. (609.34) crores [previous year Rs. (78.72) crores].

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 2009 Units	Balance as at 30 June 2009 Amount	Balance as at 30 June 2008 Units	Balance as at 30 June 2008 Amount
National Housing Bonds 5.5%	10,000	-	-	3,000	3.00
Rural Electrification Corporation Limited 5.5%	10,000	-	-	3,000	3.00
National Highway Authority of India 5.65%	10,000	-	-	3,000	3.00
SIDBI Capital Gains bond 5.5%	10,000	-	-	3,000	3.00
10.75% Exim Bank Bonds 2008-09 (Series L-01)	1,000,000	100	10.00	-	-
11.10% Exim Bank Bonds 2008-09 (Series L-01)	1,000,000	100	10.00	-	-
Total			**20.00**		**12.00**

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

Particulars	Face Value	Balance as at 30 June 2009 Units	Balance as at 30 June 2009 Amount	Balance as at 30 June 2008 Units	Balance as at 30 June 2008 Amount
ICICI Prudential Institutional Liquid Plan - Super Institutional Growth	10	-	-	51,061,355	55.98
ABN Amro Money Plus Institutional Growth	10	-	-	59,209,425	70.43
Fidelity Cash Fund -Super Institutional-Growth	10	-	-	80,631,702	84.78
G44 IDFC Floating Rate Fund Institutional Plan B LTP Growth	10	-	-	58,941,412	69.41
HDFC Liquid -Premium Plus - Growth	10	-	-	23,518,959	35.00
ING Vysya Liquid Plus Fund- Institutional Growth	10	-	-	24,540,515	25.00
Kotak Flexi Debt Scheme - Growth	10	-	-	4,191,459	4.95
Kotak Liquid Institutional Premium - Growth	10	-	-	41,851,400	63.77
Principal FRF Flexible Maturity Fund Institutional. Plan Growth	10	-	-	16,816,185	19.02
Pru ICICI Institutional Short Term Plan - Cumulative Option	10	-	-	4,109,145	5.62
Reliance Floating rate Fund Growth	10	-	-	19,323,334	22.50
Reliance liquid plus fund -Institutional option - growth plan	1,000	-	-	1,169,627	121.29
Reliance liquidity fund -Growth option	10	-	-	828,657	0.92

Schedules forming part of the accounts

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

Schedule 17: Significant accounting policies and notes to the accounts (Contd.)

Particulars	Face Value	Balance as at 30 June 2009 Units	Balance as at 30 June 2009 Amount	Balance as at 30 June 2008 Units	Balance as at 30 June 2008 Amount
Tata Floater Fund - Growth	10	-	-	73,229,812	85.01
Templeton India TMA -super Institutional plan - growth	1,000	-	-	80,726	8.64
G69 IDFC Liquidity Manager plus Growth	1,000	-	-	862,454	95.00
Sundaram BNP Paribas Money Fund Super Institutional Growth Plan	10	-	-	34,632,564	60.00
TATA Floating Rate Short Term Institutional. Plan Growth	10	-	-	16,621,512	18.95
Tata Liquid Super High Investment Fund - Appreciation	1,000	-	-	329,987	49.70
ICICI Prudential Flexible Income Plan Growth	10	-	-	65,139,833	95.40
Birla Cash Plus Institutional Prem.- Growth	10	-	-	57,596,916	75.00
UTI Fixed Maturity Plan - (YFMP 06/08)- INSTITUTIONAL DIVIDEND PLAN -Re investment	10	-	-	10,000,000	10.00
DSPML FMP- 12 M -Series 1 Growth	10	10,000,000	10.00	10,000,000	10.00
DSPML FMP- 12 M -Series 3 Growth	10	10,000,000	10.00	-	-
Total			**20.00**	**-**	**1,086.37**

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

Particulars	Face Value	Balance as at 30 June 2009 Units	Balance as at 30 June 2009 Amount	Balance as at 30 June 2008 Units	Balance as at 30 June 2008 Amount
ING Vysya Liquid Fund Super Institutional Plan Growth Option	10	-	-	21,245,416	22.38
Principal FRF Flexible Maturity Fund Institutional. Plan Growth	10	-	-	11,039,567	12.48
UTI Spread Fund -Dividend Plan Reinvestment	10	-	-	5,373,800	5.40
Birla Cash Plus - Institutional premium Plan Daily Dividend	10	-	-	1,497,380	1.50
Tata Liquid Super High Investment Fund - daily dividend	1,000	-	-	18,035	2.01
IDFC Fixed Maturity Plan -Quarterly Series 36 - Dividend	10	-	-	10,000,000	10.00
ABN Amro Interval Fund Series 2 Quarterly Plan M Interval Dividend	10	-	-	10,000,000	10.00
DSPML FMP - 3M Series10 - Div	10	-	-	10,000,000	10.00
DWS QUARTERLY INTERVAL FUND - SERIES 1 - Dividend Plan	10	-	-	10,000,000	10.00
JM Interval Fund - Quarterly Plan 1 - Inst Dividend Plan	10	-	-	10,000,000	10.00
Kotak Quarterly Interval Plan Series 2 - Dividend	10	-	-	9,996,801	10.00
Reliance Fixed Horizon Fund VIII Series 7 - INSTITUTIONAL DIVIDEND PAYOUT PLAN	10	-	-	10,000,000	10.00
UTI Fixed Income Interval Fund - Monthly Interval Plan Series - 1 - Institutional Dividend Plan -Payout	10	-	-	20,000,000	20.00
Total		**-**	**-**	**-**	**133.77**

Schedules forming part of the accounts
(All amounts in crores of rupees except share data and unless otherwise stated)
Schedule 17: Significant accounting policies and notes to the accounts (Contd.)

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

Particulars	Face Value	Purchased During the Year		Sale/ Redemption Proceeds During the Year	
		Units	Amount	Units	Amount
ICICI Prudential Flexible Income Plan Growth	10	-	-	65,139,833	102.35
ABN Amro Money Plus Institutional Growth	10	735,180	0.90	59,944,605	75.49
ABN Amro Money Plus Institutional Plan Daily dividend	10	30,026,872	30.03	30,026,872	30.02
Birla Cash Plus - Institutional premium Plan Daily Dividend	10	44,146,617	44.23	45,643,997	45.73
Birla Cash Plus Institutional Prem.- Growth	10	-	-	57,596,916	78.41
Fidelity Cash Fund -super inst-growth	10	-	-	80,631,702	92.10
G44 IDFC Floating Rate Fund-LT-Inst Plan B-Growth	10	-	-	58,941,412	77.50
ING Vysya Liquid Plus Fund- Institutional Growth	10	-	-	24,540,515	27.63
Kotak Flexi Debt Scheme - Growth	10	-	-	4,191,459	5.49
Kotak Liquid inst premium - Growth	10	-	-	41,851,400	71.88
Reliance liquid plus fund -inst option -growth plan	10	-	-	1,169,627	134.27
Standard Chartered Liquidity Manager plus Growth	10	-	-	862,454	103.78
Sundaram BNP Paribas Money Fund Super Inst Growth	10	-	-	34,632,564	61.79
Tata Floater Fund - Growth	10	-	-	73,229,812	92.29
TATA Floating Rate Short Term Inst.Plan Growth	10	-	-	16,621,512	22.15
Tata Liquid Super High Investment Fund -Appreciation	10	-	-	329,987	51.98
Tata Liquid Super High Investment Fund -daily dividend	1,000	2,409,390	268.53	2,427,425	270.54
UTI spread fund -dividend plan reinvestment	10	-	-	5,373,800	6.10
ICICI Prudential Institutional Liquid Plan -super inst. Growth	10	-	-	51,061,355	63.87
ING Vysya Liquid Fund Super Institutional - Growth Option	10	-	-	21,245,416	26.57
Templeton India Treasury management account Super Institutional Plan-Growth	10	-	-	80,726	10.16
Reliance liquidity fund -Growth option	10	-	-	828,657	1.06
IDFC Fixed Maturity Plan -Quarterly Series 36 - Dividend	10	-	-	10,000,000	10.00
ABN Amro Interval Fund Series 2 Quarterly Plan M Interval Dividend	10	-	-	10,000,000	10.00
DSPML FMP- 3M Series10 -Div	10	179,798	0.18	10,179,798	10.18
DWS QUARTERLY INTERVAL FUND -SERIES 1- Dividend Plan	10	188,012	0.19	10,188,012	10.19
JM Interval Fund -Quarterly Plan 1-Inst Dividend Plan	10	-	-	10,000,000	10.00
Kotak Quarterly Interval Plan Series 2-Dividend	10	-	-	9,996,801	10.00
Reliance Fixed Horizon Fund VIII Series 7 - Institutional Dividend Payout Plan	10	-	-	10,000,000	10.00
UTI Fixed Income Interval Fund -Monthly Interval Plan Series -1-Institutional Dividend Plan - Payout	10	-	-	20,000,000	20.00
UTI Fixed Maturity Plan - (YFMP 06/08)-Institutional Dividend Plan -Re investment	10	184,086	0.18	10,184,086	10.19
DSPML FMP- 12 M -Series 3 Growth	10	10,000,000	10.00	-	-
DWS Fixed Term Fund -Series 57-Institutional Dividend	10	10,000,000	10.00	10,000,000	10.00
Fidelity Liquid Plus Fund (Super Institutional)-Daily Div	10	80,223,993	80.24	80,223,993	80.23

Schedules forming part of the accounts

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

Schedule 17: Significant accounting policies and notes to the accounts (Contd.)

Particulars	Face Value	Purchased During the Year		Sale/ Redemption Proceeds During the Year	
		Units	Amount	Units	Amount
HDFC FMP 90 D August 2008 (IX) (1) Wholesale Plan Dividend	10	10,000,000	10.00	10,000,000	10.00
HSBC cash fund -institutional plus daily dividend	10	40,053,482	40.08	40,053,482	40.08
JM Fixed Maturity Fund Series X Quarterly Plan 4-Institutional Dividend Plan	10	10,000,000	10.00	10,000,000	10.00
JPMORGAN India Liquid Plus Fund -Dividend Plan-Reinvest	10	40,274,393	40.31	40,274,393	40.31
Kotak Quarterly Interval Plan Series 5-Dividend	10	10,000,000	10.00	10,000,000	10.00
Principal Cash Management Fund Liquid Option Institutional prem. Plan - Daily Dividend Reinvest	10	50,081,768	50.09	50,081,768	50.09
Principal PNB Fixed Maturity Plan 91 Days Series XV1 Div Payout	10	10,000,000	10.00	10,000,000	10.00
SBI MF -SDFS-90 Days -Div Payout	10	10,000,000	10.00	10,000,000	10.00
TATA Fixed Horizon Fund Series 19-Scheme E	10	10,000,000	10.00	10,000,000	10.00
Templeton Quarterly Interval Plan -Plan C -Inst Div Payout	10	9,988,114	10.00	9,988,114	10.00
HDFC Liquid Fund Premium Plus Plan -Growth	10	-	-	23,518,959	40.05
ICICI Prudential Institutional Short Term Plan - Cumulative Option	10	-	-	4,109,145	6.71
Principal Floating Rate Fund FMP - Insti. Option-Growth Plan	10	-	-	27,855,752	37.25
Reliance Floating Rate Fund -Growth plan - growth option	10	-	-	19,323,334	25.68
Total (A)			**644.96**		**1,952.12**

Investments in bonds

Particulars	Face Value	Purchased During the Year		Sale/ Redemption Proceeds During the Year	
		Units	Amount	Units	Amount
10.75% Exim Bank Bonds 2008-09 (Series L-01)	1,000,000	100	10.00	-	-
11.10% Exim Bank Bonds 2008-09 (Series L-01)	1,000,000	100	10.00	-	-
Total (B)			**20.00**	**-**	**-**
Total (A+B)			**664.96**		**1,952.12**

Schedules forming part of the accounts

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

Schedule 17: Significant accounting policies and notes to the accounts (Contd.)

13. Auditors' remuneration *

	Year ended 30 June 2009	Year ended 30 June 2008
Statutory audit	1.42	1.42
Tax audit fees	0.26	0.26
	1.68	**1.68**

* excluding service tax

14. CIF value of imports

	Year ended 30 June 2009	Year ended 30 June 2008
Capital goods	108.03	67.78
	108.03	**67.78**

15. Expenditure in foreign currency

	Year ended 30 June 2009	Year ended 30 June 2008
Software development expenses	421.36	707.63
Interest	7.48	13.72
Travel (on cash basis)	187.74	251.62
Rates and taxes	8.06	8.22
Software License Fee	11.79	12.07
Communication costs	3.36	7.68
Professional fees	23.95	12.99
Personnel Expenses	22.90	6.31
Others	15.65	23.75
	702.29	**1,043.99**

16. Earnings in foreign currency

	Year ended 30 June 2009	Year ended 30 June 2008
Income from Services	4,572.53	4,545.86
Interest Income	-	0.03
	4,572.53	**4,545.89**

Expenditure reimbursed by the customers in foreign currency has been netted off against the related expenses in the Profit and Loss Account and amounts to Rs. 80.94 crores (previous year Rs. 74.16 crores).

17. 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 Employee's Pension Scheme.

Schedules forming part of the accounts

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

Schedule 17: Significant accounting policies and notes to the accounts (Contd.)

During the year the Company has recognized the following amounts in the Profit and Loss account:-

	Year ended 30 June 2009	Year ended 30 June 2008
Superannuation Fund	2.20	0.93
Employer's contribution to Employees State Insurance	0.32	0.38
Employer's contribution to Employee's Pension Scheme.	22.39	20.81

B. Defined Benefit Plans

a) Gratuity
b) Employers Contribution to Provident Fund

Gratuity

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

Particulars	Year ended 30 June 2009	Year ended 30 June 2008
Defined Benefit obligations at period beginning	53.90	38.42
Service Cost	13.33	9.50
Interest cost	4.80	3.53
Actuarial (gain)/loss	2.63	5.43
Benefits paid	(3.47)	(2.98)
Present value of plan assets	-	-
Defined Benefit obligations at period end	**71.19**	**53.90**
Liability recognised in the balance sheet	**71.19**	**53.90**
Expense recognized in Profit and Loss account		
Service cost	13.33	9.50
Interest cost	4.80	3.53
Expected return on plan assets	-	-
Actuarial (gain)/loss	2.63	5.43
Net gratuity cost	**20.76**	**18.46**
Experience Adjustments		
Plan Liabilities	7.58	4.65
Assumptions		
Interest rate	6.4%	8%
Estimated Rate of salary increases	6%-10%	6%-12%

Employers Contribution to Provident Fund

The Guidance on implementing AS 15, Employee Benefits (revised 2005) issued by Accounting Standard Board (ASB) states benefits involving employer established provident funds, which requires 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 an inability to reliable measure provident fund liabilities. Accordingly the company is unable to exhibit the related information.

During the year ended 30 June 2009, the Company has contributed Rs. 35.78 crores (Previous year Rs. 33.92 crores) towards Employers' contribution to the Provident Fund.

Schedules forming part of the accounts

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

Schedule 17: Significant accounting policies and notes to the accounts (Contd.)

18. Joint Venture

The Company has an interest in the following jointly controlled entity:

Name of the Company	Shareholding	Incorporated in
NEC HCL System Technologies Limited	49%	India

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

	Year ended 30 June 2009	Year ended 30 June 2008
Revenue from software services	20.93	21.11
Other income	0.60	0.59
Total	**21.53**	**21.70**
Personnel expenses	6.12	4.09
Other expenses	10.43	16.56
Depreciation and amortization	0.47	0.43
Total	**17.02**	**21.08**
Profit/(loss) before Tax	**4.51**	**0.62**
Provision for tax	1.94	0.09
Net profit/(loss) after tax	**2.57**	**0.53**

	As at 30 June 2009	As at 30 June 2008
Assets		
Fixed assets	0.53	0.69
Investments	0.03	4.62
Sundry debtors	6.33	6.00
Cash and bank balances	7.04	1.12
Other Current assets	2.43	0.81
Liabilities		
Current liabilities and provisions	3.80	3.27

Note: NEC HCL System Technologies Limited financial statements are for the year ending 31 March, 2009 and 2008 respectively.

19. Particulars of purchases, sales and closing stock of trading goods:

ITEMS	Opening Stock		Purchases		Sales		Closing Stock	
	Qty (Nos.)	Value (Rs.)	Qty (Nos.)	Value (Rs.)	Qty (Nos.)	Value (Rs.)	Qty (Nos.)	Value (Rs.)
Software Licenses (Unlimited Users)	-	-	-	32.24	-	-	-	32.24
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Servers	-	-	225	22.15	-	-	225	22.15
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Storage devices	-	-	107	20.06	-	-	107	20.06
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Others*	-	-	51	12.56	-	-	51	12.56
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Total	**(-)**	**(-)**	**383**	**87.01**	**(-)**	**(-)**	**383**	**87.01**
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)

* 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.

Schedules forming part of the accounts

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

Schedule 17: Significant accounting policies and notes to the accounts (Contd.)

20. Dividend remitted in foreign currency

	Year ended 30 June 2009	Year ended 30 June 2008
Final dividend		
Number of non-resident shareholders	89	95
Number of shares held	122,925,158	122,962,691
Amount remitted (net of tax)	36.88	24.59
Year to which it relates	2007-08	2006-07
1st Interim dividend		
Number of non-resident shareholders	89	95
Number of shares held	122,925,158	122,964,710
Amount remitted (net of tax)	36.88	24.59
Year to which it relates	2008-09	2007-08
2nd Interim dividend		
Number of non-resident shareholders	90	89
Number of shares held	122,910,522	122,925,270
Amount remitted (net of tax)	24.58	24.59
Year to which it relates	2008-09	2007-08
3rd Interim dividend		
Number of non-resident shareholders	90	92
Number of shares held	123,074,122	122,936,792
Amount remitted (net of tax)	12.31	24.59
Year to which it relates	2008-09	2007-08

21. 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 2009
Profit before Tax as per Profit and Loss Account		**1,193.92**
Add:		
Depreciation as per books of accounts	251.89	
Provision for doubtful debts/ advances	27.58	
		279.47
Less:		
Depreciation under section 350 of the Companies Act, 1956	251.89	
Book profit on sale of fixed assets credited to profit and loss account (net)	0.10	
Profit on sale of Investments (net)	107.04	
		359.03
Profit as per section 349		**1,114.36**
Add:		
Director's remuneration		5.51
Profit as per section 198		**1,119.87**
Commission payable to non whole-time directors:		
Maximum commission under Section 309 of the Companies Act, 1956 @ 1%		11.20
Commission approved by the board		**1.15**

Schedules forming part of the accounts

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

Schedule 17: Significant accounting policies and notes to the accounts (Contd.)

b) Managerial remuneration comprises:

	Year ended 30 June 2009	Year ended 30 June 2008
Salaries and allowances	4.12	-
Contribution to provident fund	0.13	-
Sitting fees	0.11	0.10
Commission to non-executive directors	1.15	0.75
	5.51	**0.85**

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 2009	Year ended 30 June 2008
Remuneration paid to whole-time director	4.87	3.41
	4.87	**3.41**

22. Earnings per equity share (EPS)

	Year ended 30 June 2009	Year ended 30 June 2008
Net profit as per Profit and Loss Account for computation of EPS	997.31	780.65
Weighted average number of shares outstanding in computation of basic EPS	669,016,035	664,424,330
Dilutive effect of stock options outstanding	8,098,980	20,528,490
Weighted average number of equity shares and equity equivalent shares outstanding in computing diluted EPS	677,115,015	684,952,820
Nominal value of equity shares (in Rs.)	2	2
Earnings per equity share (in Rs.)		
- Basic	14.91	11.75
- Diluted	14.73	11.40

23. 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.

Schedules forming part of the accounts

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

Schedule 17: Significant accounting policies and notes to the accounts (Contd.)

24. Micro, Small and Medium Enterprises

As per information available with the management, the dues payable to enterprises covered under "The Micro, Small and Medium Enterprises Development Act, 2006" are as follows:

Particulars	For the year ended 30 June 2009		For the year ended 30 June 2008	
	Principal	Interest	Principal	Interest
Amount due to Vendor	-	-	-	-
Principal amount paid beyond the appointed date	-	-	0.01	-
Interest under normal credit terms -	-	-	-	-
Accrued during the year	-	-	-	-
Unpaid	-	-	-	-
Total Interest payable -	-	-	-	-
Accrued during the year	-	-	-	-
Unpaid	-	-	-	-

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

25. The previous year's figures have been re-classified/re-grouped to conform to current year's classification.

For **HCL Technologies Limited**

Shiv Nadar
Chairman and Chief Strategy Officer

T S R Subramanian
Director

Vineet Nayar
CEO & Whole-time Director

Ranjit Narasimhan
President & CEO-BPO Division

Anil Chanana
Chief Financial Officer

Prahlad Rai Bansal
Corporate Vice President - Finance

Sandip Gupta
Corporate Vice President - Finance

Manish Anand
Deputy Company Secretary

Place: Noida (UP), India
Date : 25 August 2009

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

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

I. Registration details

Registration No. 55-46369 State Code 55
Balance Sheet Date 30 June 2009

II. Capital raised during the year

Public issue	Rights issue
Nil	Nil
Bonus issue	Private placement
Nil	644,005

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

III. Position of mobilisation and deployment of funds

Total liabilities	Total assets
40,019,747	40,019,747

Sources of funds

Paid-up capital	Reserves and surplus
1,345,256*	33,537,157
Secured loans	Unsecured loans
1,238,140	3,899,244

*Includes Rs. 4,743 in respect of share application money.

Application of funds

Net fixed assets	Investments
12,745,378**	5,627,470
Net current assets	Misc. expenditure
19,386,789	Nil
Accumulated losses	Deferred tax
Nil	2,259,976

** Includes Rs. 4,175,587 thousands in respect of capital work-in-progress.

IV. Performance of Company

Turnover	Total expenditure
49,409,304	37,469,771
Profit before tax	Profit after tax
11,939,263	9,973,100
Earnings per share (in Rs.)	Dividend rate
14.91 (Basic)	350%
14.73 (Diluted)	

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
CEO & Whole-time Director

Ranjit Narasimhan
President & CEO-BPO Division

Anil Chanana
Chief Financial Officer

Prahlad Rai Bansal
Corporate Vice President - Finance

Sandip Gupta
Corporate Vice President - Finance

Manish Anand
Deputy Company Secretary

Place: Noida (UP), India
Date : 25 August 2009

Consolidated Statements

REPORT OF THE AUDITORS TO THE BOARD OF DIRECTORS OF HCL TECHNOLOGIES LIMITED

1. We have audited the attached consolidated Balance Sheet of HCL Technologies Limited ("the Company"), as at 30th June 2009, the consolidated Profit and Loss Account for the year ended on that date annexed thereto, and the consolidated cash flow statement for the year ended on that date, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated 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 prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of certain consolidated entities whose financial statements reflect total assets of Rs. 327.41 crores, as at 30th June 2009 and total revenues of Rs. 494.85 crores for the year ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these consolidated entities, is based solely on the report of the other auditors.

4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements and AS 27, Financial Reporting of Interests in Joint Ventures, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its consolidated entities included in the consolidated financial statements.

5. On the basis of the information and explanations given to us and on consideration of the separate audit reports on individual audited financial statements of the Company and its consolidated entities, in our opinion, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (i) in the case of the consolidated Balance Sheet, of the consolidated state of affairs of the Company and its consolidated entities as at 30th June 2009;

   (ii) in the case of the consolidated Profit and Loss Account, of the consolidated results of operations of the Company and its consolidated entities for the year ended on that date; and

   (iii) in the case of the consolidated Cash Flow Statement, of the consolidated cash flows of the Company and its consolidated entities for the year ended on that date.

Kaushik Dutta
Partner
Membership Number: F – 88540
For and on behalf of
Price Waterhouse
Chartered Accountants

Place: Gurgaon
Date : 25 August 2009

Consolidated Balance Sheet as at 30 June 2009

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

	Schedule	As at 30 June 2009	As at 30 June 2008
Sources of Funds			
Shareholders' funds			
Share capital	1	134.05	133.27
Share application money pending allotment		0.47	1.71
Reserves and surplus	2	4,808.28	4,046.04
		4,942.80	4,181.02
Minority interest		2.97	6.59
Loan funds			
Secured loans	3	2,595.37	47.04
Unsecured loans	4	420.85	7.97
		3,016.22	55.01
		7,961.99	**4,242.62**
Application of funds			
Fixed assets	5		
Gross block		6,779.64	2,538.54
Less : Accumulated depreciation		(1,863.87)	(1,410.12)
Net block		4,915.77	1,128.42
Capital work-in-progress (including capital advances)		489.13	430.25
		5,404.90	1,558.67
Investments	6	40.34	1,376.94
Deferred tax assets (net)	19(4)	456.52	268.51
Current assets, loans and advances			
Inventories	7	169.56	70.69
Sundry debtors	8	2,175.05	1,586.36
Cash and bank balances	9	1,898.70	1,011.24
Other current assets	10	940.54	456.73
Loans and advances	11	677.86	474.86
		5,861.71	3,599.88
Less: Current liabilities and provisions	12	(3,801.48)	(2,561.38)
Net current assets		2,060.23	1,038.50
		7,961.99	**4,242.62**

Significant accounting policies and notes to the accounts 19

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

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

For **HCL Technologies Limited**

Kaushik Dutta
Partner
Membership No.: F-88540
For and on behalf of
Price Waterhouse
Chartered Accountants

Shiv Nadar
Chairman and Chief Strategy Officer

T S R Subramanian
Director

Vineet Nayar
CEO & Whole-time Director

Ranjit Narasimhan
President & CEO - BPO Division

Anil Chanana
Chief Financial Officer

Prahlad Rai Bansal
Corporate Vice President - Finance

Sandip Gupta
Corporate Vice President - Finance

Manish Anand
Deputy Company Secretary

Place : Gurgaon, India
Date : 25 August 2009

Place : Noida (UP), India
Date : 25 August 2009

Consolidated Profit and Loss Account for the year ended 30 June 2009

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

	Schedule	Year ended 30 June 2009	Year ended 30 June 2008
Income			
Sales	13	10,229.41	7,562.78
Other income	14	262.20	192.72
		10,491.61	**7,755.50**
Expenditure			
Cost of goods sold	15	205.47	194.41
Cost of services	16	5,706.28	3,996.13
Administration and other expenses	17	2,485.94	2,065.56
Finance costs	18	112.44	17.70
Depreciation and amortisation	5	375.47	298.84
		8,885.60	**6,572.64**
Profit before tax and minority interest		**1,606.01**	**1,182.86**
Tax Expense - current		(319.20)	(170.91)
- deferred (net)		56.72	66.16
- fringe benefit		(21.86)	(24.28)
- wealth tax		(2.22)	-
Profit after tax and before minority interest		**1,319.45**	**1,053.83**
Share of minority shareholders		0.18	(2.42)
Net Profit after tax and minority interest		1,319.63	1,051.41
Balance in profit and loss account brought forward		2,366.99	2,093.94
Profit available for appropriation		**3,686.62**	**3,145.35**
Appropriations			
Proposed final dividend [including Rs.0.87 crores (previous year Rs. 0.03 crores) paid for previous year]		67.90	199.94
Corporate dividend tax on proposed final dividend [including Rs. 0.15 crores (previous year Rs. 0.01 crores) paid for previous year]		11.54	33.97
Interim dividend		401.71	398.64
Corporate dividend tax on interim dividend		68.19	67.75
Transfer to general reserve		99.73	78.06
Transfer to Capital Redemption Reserve (refer note 3 of schedule 19)		45.00	-
Balance carried forward to the Balance Sheet		2,992.55	2,366.99
		3,686.62	**3,145.35**
Earnings per equity share (in Rupees)			
Basic		19.72	15.82
Diluted		19.49	15.35
Weighted average number of equity shares used in computing earnings per equity share	19(10)		
Basic		669,016,035	664,424,330
Diluted		677,115,015	684,952,820

Significant accounting policies and notes to the accounts 19

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

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

For **HCL Technologies Limited**

Kaushik Dutta
Partner
Membership No.: F-88540
For and on behalf of
Price Waterhouse
Chartered Accountants

Shiv Nadar
Chairman and Chief Strategy Officer

T S R Subramanian
Director

Vineet Nayar
CEO & Whole-time Director

Ranjit Narasimhan
President & CEO - BPO Division

Anil Chanana
Chief Financial Officer

Prahlad Rai Bansal
Corporate Vice President - Finance

Sandip Gupta
Corporate Vice President - Finance

Manish Anand
Deputy Company Secretary

Place : Gurgaon, India
Date : 25 August 2009

Place : Noida (UP), India
Date : 25 August 2009

Consolidated Cash flow statement for the year ended 30 June 2009

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

	Year ended 30 June 2009	Year ended 30 June 2008
Cash Flows from Operating Activities		
Profit before tax	1,606.01	1,182.86
Adjusted for:		
Income from investments and interest	(136.11)	(69.40)
(Profit) / loss on sale of investments (net)	(117.73)	(114.33)
Depreciation and amortization	375.47	298.84
Finance charge	42.07	9.52
(Profit) / loss on sale of fixed assets	-	1.59
Amortisation of Stock Compensation	56.12	105.04
Other Non Cash Charges	35.36	19.45
Taxes paid	(160.44)	(209.72)
Decrease / (increase) in sundry debtors	(248.75)	(439.26)
Decrease / (increase) in inventories	(102.39)	(33.38)
Decrease / (increase) in loans & advances	(134.04)	(55.81)
Decrease / (increase) in other assets	(208.03)	(158.47)
Increase / (decrease) in current liabilities and provisions	110.21	812.31
Net cash from (used for) operating activities	**1,117.75**	**1,349.24**
Cash flows from Investing activities		
Investment in mutual funds & others (net)	1,464.98	291.99
Proceeds from sale of bonds (net)	(8.00)	-
Refund of advance from HCL Technologies Limited Employees Trust	-	0.02
Stake Acquired from Minority	(0.06)	(14.68)
Purchase of fixed assets (including capital advances)	(638.77)	(554.25)
Proceeds from sale of fixed assets	7.78	7.47
Payment for business acquisition (net of cash acquired)	(3,368.30)	(153.61)
Income from investments and interest	85.23	53.42
Taxes paid	(61.08)	(18.67)
Principal payment for capital lease obligations	(13.35)	(17.87)
Net cash from (used for) investing activities	**(2,531.57)**	**(406.18)**
Cash flows from Financing activities		
Proceeds / (repayment) of short-term loans	2,935.73	(8.81)
Interest on loans	(40.14)	(8.82)
Repayment of long-term loans	(8.74)	(7.23)
Proceeds from long-term loans	65.18	7.89
Issue of share capital (including share premium and share application money pending allotment)	20.11	31.40
Dividend paid to minority shareholders of consolidated subsidiaries	(4.48)	(11.00)
Dividends paid (including corporate dividend tax)	(704.42)	(621.33)
Cash flows from (used for) financing activities	**2,263.24**	**(617.90)**
Effect of exchange rates on cash and cash equivalents held in foreign currency	38.04	25.41
Net increase / (decrease) in cash and cash equivalents	849.42	325.16
Cash and cash equivalents at the beginning of the year	1,011.24	660.67
Cash and cash equivalents at the end of the year	**1,898.70**	**1,011.24**

For components of cash and cash equivalents refer schedule - 9 of the Balance Sheet

Notes:

1. The above Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard - 3 as notified under section 211(3C) of the Companies Act 1956.
2. The Schedules from 1-19 form an integral part of the Cash Flow Statement.
3. Cash and cash equivalents includes the following, which are not available for use by the Company:

Investor Education and Protection Fund-Unclaimed dividend	2.32
Bank Guarantees margin	12.54
Fixed deposits pledged with banks	586.95

Consolidated Cash flow statement for the year ended 30 June 2009 (Contd.)

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

4. Figures in brackets indicate cash outflow
5. Previous year figures have been regrouped and recast wherever necessary to conform to the current period classification.

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

For **HCL Technologies Limited**

Kaushik Dutta Partner Membership No.: F-88540 For and on behalf of Price Waterhouse Chartered Accountants	**Shiv Nadar** Chairman and Chief Strategy Officer	**T S R Subramanian** Director	**Vineet Nayar** CEO & Whole-time Director
	Ranjit Narasimhan President & CEO - BPO Division	**Anil Chanana** Chief Financial Officer	**Prahlad Rai Bansal** Corporate Vice President - Finance
	Sandip Gupta Corporate Vice President - Finance	**Manish Anand** Deputy Company Secretary	
Place : Gurgaon, India Date : 25 August 2009	Place : Noida (UP), India Date : 25 August 2009		

Schedules to the consolidated financial statements

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

Schedule 1: Share Capital	As at 30 June 2009	As at 30 June 2008
Authorised		
750,000,000 (previous year 750,000,000) equity shares of Rs. 2 each	150.00	150.00
Issued, subscribed and paid up		
670,256,600 (previous year 666,340,272) equity shares of Rs. 2 each, fully paid up (refer note 5 of schedule 19)	134.05	133.27
	134.05	**133.27**

Notes:

1. Paid up share capital includes:
   - 84,899,958 (previous year 84,899,958) equity shares of Rs. 2 each allotted as fully paid up, pursuant to contracts for consideration other than cash. Includes 42,449,979 shares (previous year 42,449,979) issued as bonus shares.
   - 82,986,872 (previous year 82,986,872) equity shares of Rs. 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 Rs. 2 each issued as bonus shares in ratio of one share for every share held by capitalisation of securities premium account.
   - 40,295,502 (previous year 39,866,246) equity shares of Rs. 2 each allotted to employees of the Company and its subsidiaries on exercising of vested stock options issued under Employee Stock Option Plan 1999 of the Company. Includes 17,354,373 shares (previous year 17,354,373) issued as bonus shares.
   - 17,237,244 (previous year 16,310,380) equity shares of Rs. 2 each allotted to employees of the Company and its subsidiaries on exercising of vested stock options issued under Employee Stock Option Plan 2000 of the Company. Includes 4,158,940 shares (previous year 4,158,940) issued as bonus shares.
   - 5,100,756 (previous year 2,540,548) equity shares of Rs. 2 each allotted to employees of the Company and its subsidiaries on exercising of vested stock options issued under Employee Stock Option Plan 2004 of the Company. Includes 130,000 shares (previous year 130,000) issued as bonus shares.
2. HCL Corporation Limited, which subsequently became holding company w.e.f. 30 July 2009, held 332,775,342 (previous year 326,003,539) equity shares on the date of Balance Sheet and HCL Peripherals Limited, which subsequently became a fellow subsidiary from the same date held 1,767,952 (previous year 1,767,952) equity shares on the same date.

Schedule 2: Reserves and Surplus	As at 30 June 2008	Additions	Deductions	As at 30 June 2009
Securities premium account	1,209.94	83.00	19.86	1,273.08
	(1,169.43)	(53.19)	(12.68)	(1,209.94)
Foreign currency translation reserve (refer note 1(e)(ii)	(48.02)	166.06	-	118.04
& note 13(b) of schedule 19)	(-102.00)	(53.98)	-	(-48.02)
General Reserve	708.89	99.73	-	808.62
	(634.04)	(78.06)	(3.21)	(708.89)
Capital Redemption Reserve (refer note 3 of schedule 19)	-	45.00	-	45.00
	-	-	-	-
Hedging Reserve account (net of deferred tax)	(411.85)	(488.79)	(257.85)	(642.79)
(refer note 13 (a) of schedule 19)	-	(-411.85)	-	(-411.85)
Employee Stock Options Outstanding	220.09	56.12	62.43	213.78
[net of deferred employee compensation cost of Rs. 45.63 crores (previous year Rs.115.77 crores)]	(139.08)	(105.04)	(24.03)	(220.09)
Profit and Loss Account (refer note 3 of schedule 19)	2,366.99	770.29	144.73	2,992.55
	(2,093.94)	(351.11)	(78.06)	(2,366.99)
	4,046.04	**731.41**	**(30.83)**	**4,808.28**
Previous year	(3,934.49)	(229.53)	(117.98)	(4,046.04)

Notes:

1. Addition to / Deduction from the Securities Premium Account represent:
   a) Addition of Rs. 20.57 crores (previous year Rs. 29.16 crores) in respect of allotment of equity shares of Rs. 2 each to employees of the Company and its subsidiaries under the Employee Stock Option Plan 1999, Employee Stock Option Plan 2000 and Employee Stock Option Plan 2004.
   b) Addition of Rs.62.43 crores (previous year Rs. 24.03 crores) being amount transferred from Employee stock options outstanding on exercise of stock options.

Schedules to the consolidated financial statements

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

c) Deduction of Rs. 19.86 crores (previous year Rs. 12.68 crores), being fringe benefit tax paid on exercise of employee stock options.

2. Deduction from General Reserves NIL (previous year Rs. 3.21 crores) is on account of transitional provision on adoption of AS 15 (revised).
3. The Profit and Loss account includes profit / (loss) of Rs. 4.27 crores (previous year Rs. 0.53 crores) being the Company's share of profit / (loss) of jointly controlled entities.
4. Previous year figures are in brackets.

Schedule 3: Secured Loans	As at 30 June 2009	As at 30 June 2008
From Banks		
Short Term Loans (refer note 1, 2 & 3 below)	2,491.94	19.36
From Others		
Finance Lease Obligations (refer note 4 below and note 8 (i) of schedule 19)	39.10	27.68
Others (refer note 5 below)	64.33	-
	2,595.37	**47.04**

Notes:

1. Rs. 96.94 crores (previous year Nil) secured against fixed deposits pledged with banks of Rs. 586.95 crores.
2. Rs. 2,395 crores (previous year Nil) secured against pledge of equity shares of a subsidiary and corporate guarantee.
3. Rs. Nil (previous year Rs. 19.36 crores) secured by hypothecation / other form of charge on investments, current assets, stocks, book debts and other receivables, moveable properties and plant and machinery of a subsidiary.
4. Obligations under finance lease are secured against fixed assets obtained under finance lease obligations.
5. Rs. 64.33 crores (previous year Nil) secured against hypothecation of gross block of fixed assets of Rs. 65.41 crores of a subsidiary. Amount payable within one year is Rs.13.87 crores (previous year NIL)

Schedule 4: Unsecured Loans	As at 30 June 2009	As at 30 June 2008
Short term Loans and Advances		
- From Banks	264.65	-
- Commercial Paper	150.00	-
Other Loans and Advances		
- From financial institution [Amount payable within one year is Rs. 0.02 crores (previous year Rs. 0.07 crores)]	0.02	0.08
- From Others [Amount payable within one year is Rs. 1.66 crores (previous year Rs. 1.51 crores)]	6.18	7.89
	420.85	**7.97**

Schedules to the consolidated financial statements

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

Schedule 5: Fixed Assets

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION/ AMORTISATION				NET BLOCK	
	As at 1 July 2008	Additions/ Adjust-ments	Deletions	As at 30 June 2009	As at 1 July 2008	Additions/ Adjust-ments	Deletions	As at 30 June 2009	As at 30 June 2009	As at 30 June 2008
Goodwill	341.29	3,520.83	-	3,862.12	125.23	7.00	-	132.23	3,729.89	216.06
Freehold land	80.21	5.03	-	85.24	-	-	-	-	85.24	80.21
Leasehold land	117.14	-	-	117.14	5.41	1.34	-	6.75	110.39	111.73
Buildings	199.71	146.58	-	346.29	39.72	13.36	-	53.08	293.21	159.99
Plant and machinery	418.99	194.25	4.71	608.53	275.73	96.46	3.97	368.22	240.31	143.26
Computers - Owned	638.03	212.33	8.96	841.40	477.23	191.67	7.40	661.50	179.90	160.80
- Leased	1.00	-	0.99	0.01	0.75	-	0.74	0.01	-	0.25
Software	308.34	110.12	9.12	409.34	203.45	66.97	8.74	261.68	147.66	104.89
Furniture and fixtures - Owned	378.53	73.16	3.32	448.37	263.01	96.59	3.02	356.58	91.79	115.52
- Leased	0.17	0.02	0.12	0.07	0.17	0.02	0.12	0.07	-	-
Vehicles - Owned	6.49	0.42	0.68	6.23	3.84	0.95	0.64	4.15	2.08	2.65
- Leased (refer note 8 (i) of schedule 19)	48.64	18.71	12.45	54.90	15.58	11.96	7.94	19.60	35.30	33.06
	2,538.54	**4,281.45**	**40.35**	**6,779.64**	**1,410.12**	**486.32**	**32.57**	**1,863.87**	**4,915.77**	**1,128.42**
Previous Year	1,984.80	572.03	18.29	2,538.54	1,084.12	335.23	9.23	1,410.12	1,128.42	900.68
Capital Work-in-progress (including capital advances)									**489.13**	**430.25**

Notes:

1. Gross block of plant and machinery includes Rs. 1.48 crores (previous year Rs. 1.48 crores) in respect of assets given on operating leases. The accumulated depreciation on these assets upto 30 June 2009 and the depreciation for the year ended on that date amounted to Rs. 1.46 crores (previous year Rs. 1.36 crores) and Rs. 0.10 crores (previous year Rs. 0.13 crores) respectively.
2. Additions to fixed assets and accumulated depreciation include Rs. 0.31 crores (previous year Rs. 0.28 crores) and Rs. 0.47 crores (previous year Rs. 0.43 crores) respectively in respect of the Company's share of fixed assets on account of proportionate consolidation of joint ventures.
3. Additions/adjustments to fixed assets and current year depreciation and amortization include Rs. 36.16 crores (previous year Rs. 31.30 crores) and Rs. 12.81 crores (Previous year Rs. 36.39 crores) respectively on account of translation of functional currency into reporting currency.
4. Addition to fixed assets and accumulated depreciation includes Rs. 3,637.05 crores (previous year Rs. 166.41 crores) and Rs. 98.04 crores (previous year Rs. 23.18 crores) acquired on acquisition (refer note 2(d),2(e) & 2(f) of Schedule 19)

Schedules to the consolidated financial statements

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

Schedule 6: Investments	As at 30 June 2009	As at 30 June 2008
Long Term Investments		
Other than trade and unquoted		
Investments in mutual funds (refer note 1 below)	20.03	1,217.29
Investments in bonds	20.00	12.00
Total Long term investments (A)	**40.03**	**1,229.29**
Current Investments		
Other than trade and unquoted		
Investments in mutual funds (refer note 2 below)	0.01	147.29
Other than trade and quoted		
Investment in 5,478 equity shares of Technology Solution Company Inc., United States of America (previous year 5,478 shares) (refer note 3 below)	0.10	0.17
Less: Diminution in value of Investment written off	(0.10)	(0.07)
	-	0.10
Investment in 7,790 equity shares of American Commercial Lines Inc., United States of America (previous year 7,790) (refer note 4 below)	0.30	0.26
Total Current Investments (B)	**0.31**	**147.65**
Grand Total (A) + (B)	**40.34**	**1,376.94**

Notes:

1. Net asset value of long term investments in mutual funds as on 30 June, 2009 Rs. 22.01 crores. (previous year Rs.1,294.75 crores).
2. Net asset value of current investments in mutual funds as on 30 June, 2009 Rs. 0.01 crores. (previous year Rs. 153.59 crores).
3. The market value of the investment in shares of Technology Solution Company Inc, as on 30 June 2009 is Rs. Nil (previous year Rs. 0.10 crores).
4. The market value of the investment in shares of American Commercial Lines Inc. as on 30 June 2009 is Rs. 0.58 crores (previous year Rs. 0.37 crores).

Schedule 7: Inventories	As at 30 June 2009	As at 30 June 2008
Finished goods	161.61	53.09
Goods in transit	7.95	17.60
	169.56	**70.69**

Schedules to the consolidated financial statements

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

Schedule 8: Sundry Debtors	As at 30 June 2009	As at 30 June 2008
Unsecured - Considered good		
- Debts outstanding for more than six months	96.20	84.95
- Other debts	2,078.85	1,501.41
	2,175.05	1,586.36
Unsecured - Considered doubtful		
- Debts outstanding for more than six months	126.32	44.40
- Other debts	32.89	4.23
	159.21	48.63
Less: Provision for doubtful debts	(159.21)	(48.63)
	2,175.05	**1,586.36**

Schedule 9: Cash and Bank Balances	As at 30 June 2009	As at 30 June 2008
Cash in hand	0.12	0.18
Cheques in hand	77.51	2.12
Remittances in transit	185.33	152.47
Balances with scheduled banks		
- On current accounts in Indian rupees (refer note 1 below)	42.57	43.24
- On current accounts in foreign currency	7.33	12.70
- On fixed deposit accounts in Indian rupees (refer note 2 below)	1,494.62	540.24
Balance with non-scheduled banks (refer note 17 of schedule 19)		
- On Current accounts	78.86	177.91
- On Deposit accounts	12.36	82.38
	1,898.70	**1,011.24**

Notes:

1. Includes Rs. 2.32 crores (previous year Rs. 1.92 crores) in unclaimed dividend account.
2. Pledged with banks as security for loan Rs. 586.95 crores (previous year Nil) and for guarantees and letters of credit- Rs. 12.54 crores (previous year Rs. 2.13 crores).

Schedule 10: Other Current Assets	As at 30 June 2009	As at 30 June 2008
Unbilled revenue	546.27	323.49
Deferred Cost	394.27	133.24
	940.54	**456.73**

Schedules to the consolidated financial statements

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

Schedule 11: Loans and Advances	As at 30 June 2009	As at 30 June 2008
(Unsecured and considered good, unless otherwise stated)		
Loans and advances recoverable in cash or in kind or for value to be received		
- Considered good	483.93	359.13
- Considered doubtful	12.67	4.95
Interest receivable	75.47	24.59
MAT credit entitlement (refer note 1(o) of schedule 19)	77.90	91.14
Finance Lease Receivables	40.56	-
	690.53	**479.81**
Less: Provision for doubtful advances	(12.67)	(4.95)
	677.86	**474.86**

Schedule 12: Current Liabilities and Provisions	As at 30 June 2009	As at 30 June 2008
Current liabilities		
Sundry creditors (refer note 1)	2,013.78	969.46
Unrealised loss on derivative financial instrumets (net)	617.90	685.08
Advance from customers	84.44	61.26
Unearned revenue	445.04	219.34
Investor Education and Protection Fund-Unclaimed dividend	2.32	1.92
Interest accrued but not due on borrowings	3.76	1.95
Other liabilities	110.76	90.75
	3,278.00	**2,029.76**
Provisions		
Provision for income tax (refer note 2)	182.80	117.01
Provision for fringe benefit tax (refer note 3)	4.11	9.29
Provision for wealth tax (refer note 4)	1.50	-
Provision for dividend	67.03	199.91
Provision for corporate dividend tax	11.39	33.96
Provision for warranty (refer note 16 of schedule 19)	2.99	1.39
Provision for staff benefits	253.66	170.06
	523.48	**531.62**
	3,801.48	**2,561.38**

Notes:

1. Sundry creditors includes Rs. Nil (previous year Rs. Nil) payable to Micro & Small Enterprise (refer note 18 of schedule 19)
2. Net of advance income tax of Rs. 546.48 crores (previous year Rs. 358.38 crores)
3. Net of fringe benefit advance tax of Rs. 104.73 crores (previous year Rs. 57.97 crores).
4. Net of Wealth Tax advance tax of Rs. 0.72 crores (previous year Rs. NIL crores).

Schedule 13: Sales	Year ended 30 June 2009	Year ended 30 June 2008
Goods	222.81	233.44
Services	10,006.60	7,329.34
	10,229.41	**7,562.78**

Schedules to the consolidated financial statements

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

Schedule 14: Other Income	Year ended 30 June 2009	Year ended 30 June 2008
Interest income - gross		
[Tax deducted at source Rs 16.01 crores (previous year Rs 7.82 crores)]		
- On fixed deposits	122.38	52.56
- On investment (other than trade)	2.62	0.90
- Others	5.86	5.74
Profit on sale of investments-other than trade	117.76	114.69
Dividend from investments-other than trade	5.25	10.20
Provision for liabilities no longer required written back	4.05	0.87
Miscellaneous income	4.28	7.76
	262.20	**192.72**

Schedule 15: Cost of Goods Sold	Year ended 30 June 2009	Year ended 30 June 2008
Opening stock	53.09	31.83
Purchases	313.99	215.67
Closing stock	(161.61)	(53.09)
	205.47	**194.41**

Schedule 16: Cost of Services	Year ended 30 June 2009	Year ended 30 June 2008
Personnel expenses		
Salaries, wages and bonus	4,604.98	3,165.41
Contribution to provident fund and other employee benefits	496.79	344.59
Staff welfare expenses	36.49	47.38
Employee stock compensation expense	56.12	105.04
	5,194.38	**3,662.42**
Others		
Software development expenses - external	488.94	312.69
License and transponder fee	22.96	21.02
	5,706.28	**3,996.13**

Schedules to the consolidated financial statements

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

Schedule 17: Administration and Other Expenses	Year ended 30 June 2009	Year ended 30 June 2008
Rent	236.70	211.50
Power and fuel	123.93	100.54
Insurance	27.49	17.50
Repairs and maintenance		
- Plant and machinery	39.03	30.75
- Buildings	51.79	36.72
- Others	45.92	33.27
Communication costs	118.45	103.17
Travel and conveyance	844.92	653.47
Business promotion	18.20	27.04
Legal and professional charges	106.40	75.38
Software license fee	87.63	87.16
Software tools	8.03	23.06
Printing and stationery	20.28	16.12
Rates and taxes	21.92	15.28
Advertising and publicity	7.64	11.09
Postage and courier	15.77	4.59
Provision for doubtful advances / advances written off	7.53	0.55
Donations	0.30	0.18
Dues and subscription	11.15	3.82
Recruitment, training and development	52.92	73.13
Provision for doubtful debts/ bad debts written off	82.68	18.90
Diminution in value of investments written off	0.10	0.07
Loss on sale of investments-other than trade	0.03	0.37
Loss on sale of fixed assets [net of profit on sale of fixed assets of Rs.0.74 crores (previous year Rs. 0.77 crores)]	-	1.59
Exchange differences	239.10	287.97
Miscellaneous expenses	318.03	232.34
	2,485.94	**2,065.56**

Schedule 18: Finance Costs	Year ended 30 June 2009	Year ended 30 June 2008
Interest		
-on assets under finance lease	5.09	3.96
-on loans from banks	42.07	9.16
-others	7.07	0.36
Bank charges (refer note below)	58.21	4.22
	112.44	**17.70**

Note:
Includes Rs 48.68 crores (previous year Nil) on account of fees paid to bank for short term loan taken by a subsidiary

Schedules to the consolidated financial statements

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

Schedule 19: Significant Accounting Policies and 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 and focuses on technology and R&D outsourcing, working with clients in areas at the core of their business. 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 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 are prepared and presented under the historical cost convention, in accordance with the Indian Generally Accepted Accounting Principles (GAAP), the applicable accounting standards notified u/s 211 (3C) of the Companies Act, 1956, the relevant provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India. The financials statements are prepared in crores of Indian rupees.

b) *Principles of consolidation*

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

	Name of the company	Location	Holding percentage
Subsidiaries			
1.	HCL America Inc.	United States of America	100%
2.	HCL Great Britain Limited	United Kingdom	100%
3.	HCL (Netherlands) BV	Netherlands	100%
4.	HCL GmbH, Germany	Germany	100%
5.	HCL Belgium NV, Belgium	Belgium	100%
6.	HCL Sweden AB, Sweden	Sweden	100%
7.	HCL Italy SLR, Italy	Italy	100%
8.	HCL Australia Services Pty. Limited	Australia	100%
9.	HCL (New Zealand) Limited	New Zealand	100%
10.	HCL Hong Kong SAR Limited	Hong Kong	100%
11.	HCL Japan Limited, Japan	Japan	100%
12.	HCL Comnet Systems & Services Limited	India	99.90%
13.	HCL Comnet Limited	India	99.90%
14.	HCL Bermuda Limited	Bermuda	100%
15.	HCL Holdings GmbH	Austria	100%
16.	HCL Enterprise Solutions Limited	Mauritius	100%
17.	Intelicent India Limited	India	100%
18.	DSI Financial Solutions Pte. Limited	Singapore	100%
19.	HCL BPO Services (NI) Limited	Northern Ireland	100%
20.	HCL Jones Technologies LLC [Refer note 2(a) of schedule 19]	United States of America	51%
21.	HCL Jones (Bermuda) Limited [Refer note 2(a) of schedule 19]	Bermuda	51%
22.	HCL Singapore Pte. Limited	Singapore	100%
23.	HCL (Malaysia) Sdn. Bhd.	Malaysia	100%
24.	Aalayance (UK) Ltd	United Kingdom	100%
25.	HCL EAI Services Limited	India	100%
26.	HCL Technopark Limited	India	100%
27.	HCL Poland Sp.Z.o.o	Poland	100%
28.	HCL Technologies (Shanghai) Ltd	Shanghai	100%
29.	Capital Stream Inc. [Refer note 2(c) of schedule 19]	United States of America	100%
30.	HCL Expense Management Services Inc (formerly Control Point Solutions Inc. [Refer note 2(e) of schedule 19]	United States of America	100%
31.	Axon Group Limited (formerly Axon Group Plc.) *	United Kingdom	100%
32.	Axon Solutions Inc. *	United States of America	100%
33.	Bywater Limited *	United Kingdom	100%

Schedules to the consolidated financial statements

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

Schedule 19: Significant Accounting Policies and Notes to the Accounts (Contd.)

Name of the company		Location	Holding percentage
Subsidiaries			
34.	Axon Solutions Limited *	United Kingdom	100%
35.	Axon Solutions Sdn. Bhd. *	Malaysia	100%
36.	Axon Solutions (Shanghai) Co. Ltd. *	China	100%
37.	Axon Solutions Singapore Pte Ltd. *	Singapore	100%
38.	JSPC i-Solutions Sdn. Bhd *	Malaysia	100%
39.	JSP Consulting Sdn. Bhd. *	Malaysia	100%
40.	Aspire Solutions Sdn. Bhd. *	Malaysia	100%
41.	Axon International Limited *	United Kingdom	100%
42.	Axon Solution (Canada) Inc *	Canada	100%
43.	Axon Solutions Australia Pty Limited *	Australia	100%
44.	Axon Solutions Schweiz, GmbH *	Switzerland	100%
45.	Axon Acquisition Company, Inc. *	United States of America	100%
46.	Axon EBT Trustees Ltd. *	United Kingdom	100%
47.	HCL Insurance BPO Services Ltd. (formerly Liberata Financial Services Ltd.) [Refer note 2(d) of schedule 19]	United Kingdom	100%
48.	HCL (Brazil) Technologia da informacao Ltd.	Brazil	100%
49.	HCL Technologies Canada Inc.	Canada	100%
50.	HCL Technologies Romania s.r.l.	Romania	100%
51.	HCL EAS Limited	United Kingdom	100%
52.	HCL Hungary Limited	Hungary	100%
53.	HCL Latin America Holdings LLC	United States of America	100%
54.	HCL Axon (Proprietary) Ltd. (formerly Twin Cities Trading 353 (Proprietary.) Ltd. *	South Africa	100%
55.	HCL Technologies (Noida) Limited	India	100%
56.	HCL Technologies (Bangalore) Limited	India	100%
57.	HCL Technologies (Hyderabad) Limited	India	100%
58.	HCL Technologies (Nagpur) Limited	India	100%
59.	HCL Technologies (Chennai) Limited	India	100%
60.	HCL Technologies (Kolkata) Limited * Refer note 2(f) of schedule 19	India	100% 100%

Name of the company		Location	Holding percentage
Joint ventures			
1.	NEC HCL System Technologies Limited	India	49%
2.	Axon Balance LLC	United States of America	50%
3.	Axon Puerto Rico Inc.	Puerto Rico	49%

Subsidiary companies are those in which HCL Technologies Limited (HCL), 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.

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 Company exercises joint control is accounted for using proportionate consolidation except where the control is considered to be temporary. Investments in associates are accounted for using the equity method.

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.

c) *Use of estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the

Schedules to the consolidated financial statements

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

Schedule 19: Significant Accounting Policies and Notes to the Accounts (Contd.)

results of operations during the reporting period. Examples of such estimates include estimates of expected contract costs to be incurred to complete performance under software development arrangements, income taxes, provision for warranty, employee benefit plans, provision for doubtful debts and advances, estimated useful life of the fixed assets and intangible assets. The actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

d) Foreign exchange transactions and translation of financial statements of foreign operations

Foreign exchange transactions are recorded at the exchange rates prevailing at the date of transaction. Realized gains and losses on foreign exchange transactions during the year are recognized in the Profit and Loss Account. Foreign currency monetary assets and liabilities are translated at year-end rates and resultant gains / losses on foreign exchange translations are recognized in the Profit and Loss Account.

Foreign operations of the Company are classified into integral and non-integral. The financial statements of an integral foreign operation are translated as follows:

Revenue items, except opening and closing inventories are translated at a monthly weighted average rate. Opening and closing inventories are translated at the rate prevalent at the commencement and close respectively of the accounting period.

Monetary assets and liabilities are translated using the closing rate. Non-monetary assets and liabilities, other than investments and fixed assets are translated using the exchange rate at the date of the transaction i.e. the date when they were acquired.

Fixed assets existing at the date of acquisition of a subsidiary are translated using the exchange rate at that date. For fixed assets acquired later, the exchange rate at the date of acquisition of the fixed asset is used. Investments are translated at historical cost. The net exchange difference resulting from the translation of items in the financial statements of the subsidiary is recognized as income or expense for the period.

In respect of foreign operations identified as non-integral to the operations of the Company, the translation of functional currency into reporting currency is performed for balance sheet accounts using the exchange rates in effect at the balance sheet date and for revenue and expense accounts using an appropriate monthly weighted average exchange rate for the respective periods. The gain or loss resulting from such translations is accumulated in a foreign currency translation reserve.

Contingent liabilities are translated at the closing rate.

e) Derivative Instruments and Hedge Accounting

i) Hedge accounting of foreign currency forward contracts

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

Foreign currency forward contract 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

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.

ii) Net investment hedging

Foreign currency differences arising on the translation of a financial liability designated as a hedge of a net investment in foreign operations are recognised directly in equity as a component of foreign currency translation reserve to the extent the hedge is effective. Foreign currency differences relating to the ineffective portion of the hedge are recognized in the profit and loss account as they arise. Hedge accounting is discontinued from the last testing date when the hedging instrument expires or is terminated, or is repaid, or no longer qualifies for hedge accounting. Cumulative gain or loss on such hedging instrument shall be recognised in the profit and loss account upon sale or disposal of related non-integral foreign operation.

f) Revenue recognition

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

Schedules to the consolidated financial statements

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

Schedule 19: Significant Accounting Policies and Notes to the Accounts (Contd.)

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 persuasive evidence of an arrangement exists, 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 services are provided or volume of data transferred or both and excludes service tax. Revenue from maintenance services is recognized ratably over the period of the contract. Revenue from infrastructure management services comprise income from time-and-material, and fixed price contracts. Revenue with respect to time-and-material contracts is recognized as related services are performed. Revenue with respect to fixed price contracts is recognized in accordance with the percentage of completion method.

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

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

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

iii) Business Process Outsourcing services

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

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

The Company accounts for 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 ratable 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 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 recognized using the time-proportion method, based on interest rates implicit in the transaction. Dividend income, commission, brokerage and rent are recognized when the right to receive the same is established.

g) Expenditure

Expenses are accounted for on an accrual basis and provisions are made for all known losses and liabilities.

h) Inventory

Inventories are carried at the lower of cost or net realizable value. The net realizable value is determined with reference to selling price of goods less the estimated cost 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 which are interchangeable and not specific to any project is determined using weighted average cost formula. Inventories also include goods held by customer care organization and goods in custody of third parties where risk and reward of ownership has not been transferred. Inventories held by customer care organizations are depreciated over a period of 4 years.

i) Fixed assets, Intangible assets and Capital work-in-progress

Fixed assets are stated at cost of acquisition including incidental costs related to acquisition and installation less accumulated depreciation. Fixed assets under construction, advances paid towards acquisition of fixed assets and cost of assets not ready for use before the year-

Schedules to the consolidated financial statements

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

Schedule 19: Significant Accounting Policies and Notes to the Accounts (Contd.)

end, are disclosed as capital work in progress. Intangible assets represent goodwill which arise or have been acquired through acquisitions and software.

j) *Leases*

Assets given under finance lease are recognized as receivables at an amount equal to the net investment in the lease. The finance income is recognised based on periodic rate of return on the net investment of the lessor outstanding in respect of the finance lease.

Assets given under operating leases are shown in the balance sheet under fixed assets and depreciated on a basis consistent with the depreciation policy of the Company. The lease income is recognised in the profit and loss Account on a straight-line basis over the lease term.

Assets taken on finance lease are capitalized at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and interest cost, so as to obtain a constant periodic rate of interest on outstanding liability for each period.

Lease payments under an operating lease are recognized as an expense in the profit and loss account on a straight-line basis over the lease term.

k) *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 Rs. 5,000 are fully depreciated in the year of purchase.

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

The management's estimates of the useful life of the various fixed assets / intangibles 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
Goodwill (arising other than on consolidation)	5

l) *Investments*

Trade investments are the investments made to enhance the Company's business interests. Investments are either classified as long-term or current investments, based on management's intention at the time of purchase. Long-term investments are stated at cost and provision is made to recognise any decline, other than temporary, determined separately for each investment. Current investments are stated at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investment.

m) *Research and development*

Revenue expenditure on research and development is expensed as incurred. Capital expenditure incurred on equipment and facilities acquired or constructed for research and development activities and having alternative future use, are capitalised and included in fixed assets.

n) *Warranty*

Provision for warranty is calculated on the basis of the unexpired warranty period of equipment installed during the year and the annual maintenance cost of equipment.

o) *Taxation*

Income tax expenses comprise current tax and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under the taxation laws, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed for the appropriateness of their carrying values at each Balance Sheet date. The deferred tax liabilities / assets and tax expense are determined separately for the parent, each subsidiary and joint venture and then aggregated.

The tax filings are subject to review by the tax authorities in the jurisdictions where the Company conducts business. These reviews may result in assessments of additional taxes that are resolved with the authorities or potentially through the courts. Resolution of these matters involves some degree of uncertainty; accordingly, the Company provides income taxes for the liabilities it believes will ultimately result from the proceedings.

Schedules to the consolidated financial statements

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

Schedule 19: Significant Accounting Policies and Notes to the Accounts (Contd.)

Minimum Alternate Tax (MAT) paid in accordance with tax laws, which give rise to future economic benefits in the form of adjustment of future tax liability, is considered as an asset in the Balance Sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

Provision for wealth tax is made based on tax liability computed after considering tax allowances and exemptions available in accordance with the provisions of the Wealth Tax Act, 1957.

p) *Earnings per share*

In determining earnings per share, the Company considers the net profit after tax and includes the post tax effect of any extraordinary / exceptional item. Basic earnings per share are computed using the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of equity shares outstanding during the year and dilutive equity equivalent shares outstanding at the year-end, except where the results would be anti-dilutive.

q) *Employee benefits*

India

Provident Fund:

Contributions to provident fund, a defined benefit plan are deposited with a recognised provident fund trust, set up by the Company. 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.

Superannuation:

The Company made contributions to a scheme administered by an insurance company in respect of superannuation for applicable employees. The Company had no further obligations to the superannuation plan beyond its monthly contributions.

Compensated absences:

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of unutilized accrued compensated absence and utilize it in future periods or receive cash compensation at retirement or termination of employment for the unutilized accrued compensated absence. The Company records an obligation for compensated absences in the period in which the employee renders the service that increase this entitlement. The Company measures the expected cost of compensated absence as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date.

Gratuity:

The Company provides for gratuity, a defined benefit retirement plan. The plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the Company.

Liability with regard to compensated absences and gratuity is accrued based on actuarial valuations at the balance sheet date, carried out by an independent actuary. Gains and losses arising out of actuarial evaluations are recognised immediately in the Profit and Loss account as income or expense.

State Plans

The Company's contribution to State Plans namely Employee State Insurance Fund and Employees Pension Scheme are charged to Revenue every year.

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.

r) *Impairment of assets*

Impairment loss, if any, is provided to the extent of the excess, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is the higher of an asset's net selling price, and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

s) *Provisions and contingent liabilities*

A provision is recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. A disclosure of a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a

Schedules to the consolidated financial statements

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

Schedule 19: Significant Accounting Policies and Notes to the Accounts (Contd.)

possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

t) *Employee stock option based compensation*

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 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.

2. **Acquisitions / Sale** (refer note 1(b) above)

a) **Jones Apparel Group**

In June 2002, the Company through one of its subsidiaries, entered into an agreement with Jones Apparel Group Inc. ("Jones"), under which two new companies were established in Bermuda and Delaware. The Company contributed Rs. 4.0 crores towards a 51% equity interest in the new companies. Jones contributed cash amounting to Rs. 1 crore and other intangible assets. As a part of this transaction, the Company has obtained binding commitments for the provision of IT enabled services to Jones, with an aggregate contract value of Rs. 84.0 crores up to June 30, 2005 and Rs. 21 crores in each of the two succeeding years. During the previous years, the Company and Jones have made additional equity contribution of Rs. 2.9 crores and Rs. 2.75 crores respectively.

During December 2007, the Company and Jones have entered into an agreement ("Termination Agreement ") to terminate the joint venture agreement entered in June 2002. As a part of the termination agreement, a subsidiary of the Company has obtained binding commitments for the provision of IT services to Jones, with an aggregate contract value of Rs. 96.8 crores upto 2012. The joint venture entity in Bermuda, HCL Jones (Bermuda) Ltd., has been dissolved and the Delaware entity , HCL Jones Technologies LLC, continues to exist at the year end.

b) **Acquisition of 41.91% in HCL EAI Services Inc. ("HCL EAI"), United States of America**

The Company had acquired 19.03% stake in Aalayance Inc through one of its subsidiaries, HCL Bermuda Limited for a cash consideration in January 2003. During January 2005, the Company had acquired an additional stake by way of subscription of 9,081,268 equity shares of Aalayance Inc. for a cash consideration of Rs. 8.64 crores which had resulted in goodwill of Rs. 3.60 crores. Consequent to the acquisition, the Company's stake had increased to 58.09% (51% on fully diluted basis) making HCL EAI Services Inc, and its subsidiaries, HCL EAI Services Limited, India and Aalayance (UK) Limited, UK, subsidiaries of the Company.

During the previous year, pursuant to shareholders' agreement, the Company acquired the balance equity interest in HCL EAI for a purchase consideration amounting to Rs. 11.76 crores. HCL EAI had granted options for 2,112,868 equity shares to its employees and employees of its subsidiaries, prior to HCL EAI becoming the subsidiary of the Company. As a part of the transaction, these options have also been acquired by the Company at a cash consideration of Rs 1.84 crores. This transaction was accounted for by following the purchase method and resulted in goodwill amounting to Rs 13.32 crores. The goodwill has been allocated to the software services reporting segment.

The HCL EAI Services Inc. has been merged with HCL America Inc. with effect from July 1, 2008.

c) **Acquisition of Capital Stream Inc.**

During February 2008, the Company through its wholly owned subsidiary HCL America Inc acquired Capital Stream Inc, US for a cash consideration of Rs.160 crore. Capital Stream Inc. provides software and related services to the commercial finance industry. This transaction has been accounted for by following the purchase method and resulted in goodwill aggregating to Rs. 140.21 crores. The goodwill has been allocated to software segment.

The acquisition will enhances HCL's ability to provide end-to-end solutions through product and multi-service delivery capability to commercial and retail financial institutions.

d) **HCL Insurance BPO Services Ltd**

On September 1, 2008, the Company, through one of its subsidiary, acquired 100% stake in HCL Insurance BPO Services Limited ('IBS') previously known as Liberata Financial Services Limited. IBS is engaged in providing back office services to its customers in insurance vertical in UK. This transaction has been accounted for by following the purchase method and resulted in goodwill aggregating to Rs 52.90 crores. The goodwill has been allocated to BPO segment.

The company believes that the acquisition would help the company in providing value based back office services to its customers in insurance vertical.

e) **HCL Expense Management Services Inc.**

On September 15, 2008, the Company acquired 100% stake in HCL Expense Management Services ('EMS') Inc previously known as Control Point Solution Inc. through one of its subsidiary for a cash consideration of Rs. 107.65 crores. EMS is engaged in providing back office services to its customers in telecom vertical in United States of America. This transaction has been accounted for by following the purchase method and resulted in goodwill aggregating to Rs 92.47 crores. The goodwill has been allocated to BPO segment.

f) **Axon Group Ltd.**

On December 15, 2008, the Company, through one of its subsidiary, acquired 100% interest in Axon Group Limited previously known as Axon Group Plc and its subsidiaries ("Axon") for a cash consideration of Rs. 3,302.39 crores Axon is a SAP consultancy company which provides advisory, implementation and application management services to enterprises which have chosen SAP as their strategic platform. The acquisition of Axon would strengthen the Group's position as a significant player in SAP implementation and consultancy services. This transaction has been accounted for by following the purchase method and resulted in goodwill aggregating to Rs 3,350.00 crores. The goodwill has been allocated to software segment.

Schedules to the consolidated financial statements

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

Schedule 19: Significant Accounting Policies and Notes to the Accounts (Contd.)

3. **Capital Redemption Reserve**

During the current year, HCL Comnet Systems and Services Limited ("the subsidiary company"), a subsidiary of the Company has redeemed all of its outstanding preference share capital which was owned by the Company. Pursuant to such redemption and in order to comply with the provisions of the Companies Act, 1956, the subsidiary company has transferred an amount of Rs. 45 crores out of current year's profit to Capital Redemption Reserve. Capital Redemption Reserve, which can be utilized for issue of fully paid bonus shares, is disclosed under Schedule 2 to the consolidated financial statements.

4. **Components of Deferred Tax Assets / Liabilities**

Components of deferred tax assets / liabilities are:

	As at 30 June 2009	As at 30 June 2008
Deferred Tax Assets		
Business losses/Carry forward long term capital losses	67.27	32.38
Provision for doubtful debts	27.69	8.24
Accrued employee costs	80.15	58.76
Unrealized Loss on derivative financial instruments	132.30	78.78
Depreciation and amortization	84.75	64.39
Employee stock compensation	24.92	21.69
Deferred Revenue (net of deferred costs)	32.66	-
Others	21.46	7.14
	471.20	**271.38**
Deferred tax liabilities:		
Depreciation and amortization	4.53	0.14
Others	10.15	2.73
	14.68	**2.87**
Net deferred tax assets	**456.52**	**268.51**

5. **Employee Stock Option Plan (ESOP)**

The Company has established ESOP 1999, ESOP 2000 and ESOP 2004, for a total grant of 20,000,000, 15,000,000 and 20,000,000 options respectively to employees of the Company and its subsidiaries. These options are vested over a maximum period of 110 months, 104 months and 84 months respectively from the date of grant and are to be exercised within a maximum period of five years from the date of vesting.

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.

As at 30 June 2009 2,399,885 (previous year 2,822,430) options were outstanding with the employees of the Company under the ESOP 1999 Plan.

Movement in Stock options	Year ended 30 June 2009	Year ended 30 June 2008
Outstanding at the beginning of the year	2,822,430	3,442,289
Add: Granted during the year	-	-
Less: Forfeited during the year	(79,280)	(245,688)
Exercised during the year	(107,314)	(183,871)
Expired during the year	(235,951)	(190,300)
Options outstanding at the end of the year	**2,399,885**	**2,822,430**

As at 30 June 2009 3,473,285 (previous year 4,091,441) options were outstanding with the employees of the Company under the ESOP 2000 Plan.

Movement in Stock options	Year ended 30 June 2009	Year ended 30 June 2008
Outstanding at the beginning of the year	4,091,441	5,041,132
Add: Granted during the year	-	-
Less: Forfeited during the year	(156,680)	(358,796)
Exercised during the year	(231,716)	(267,275)
Expired during the year	(229,760)	(323,620)
Options outstanding at the end of the year	**3,473,285**	**4,091,441**

Schedules to the consolidated financial statements

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

Schedule 19: Significant Accounting Policies and Notes to the Accounts (Contd.)

As at 30 June 2009 2,545,431 (previous year 3,325,543) options were outstanding with the employees of the Company under the ESOP 2004 Plan.

Movement in Stock options	Year ended 30 June 2009	Year ended 30 June 2008
Outstanding at the beginning of the year	3,325,543	3,752,886
Add: Granted during the year	-	-
Less: Forfeited during the year	(124,520)	(210,780)
Exercised during the year	(640,052)	(213,143)
Expired during the year	(15,540)	(3,420)
Options outstanding at the end of the year	**2,545,431**	**3,325,543**

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 given to employees under the employee stock option schemes of the Company is recognized as deferred stock compensation cost and is amortized on a graded vesting basis over the vesting period of the options. Had the Company applied the fair value method for determining compensation cost, the impact on net income and earnings per share is provided below:

	Year ended June 30 2009	Year ended June 30 2008
Net income- As reported	**1,319.63**	**1,051.41**
Net income - Proforma	**1,312.69**	**1,046.84**
Earnings per share (Rs.)		
Basic - As reported	19.72	15.82
- Proforma	19.62	15.76
Diluted - As reported	19.49	15.35
- Proforma	19.39	15.28

Assumptions

The fair value of each share is estimated on the date of grant using the Black-Scholes model with the following assumptions:

Dividend yield	3.65%
Expected term	Up to 35 months
Risk free interest rates	8.10%
Volatility	26.67%

The volatility of the share has been determined on the basis of the Company's historical share price for the period of 3 years 6 months. There has been no grant during the year.

6. Segment Reporting

(i) Business Segments

The operations of the Company and its subsidiaries 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.

(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 Company in the United Kingdom, Sweden, Germany, Italy, Belgium, Netherlands, Northern Ireland, Finland, Poland and Switzerland. Since services provided by the Company within these European entities are subject to similar risks and returns, their operating results have been reported as one segment, namely Europe. India has been identified as a separate segment. All other customers, mainly in Japan, Australia, New Zealand, Singapore, Malaysia, Israel, South Korea, China, Czech Republic, Macau, UAE, Portugal, Russia and Hong Kong are included in others.

The Company is presenting only revenue for geographic segments.

Schedules to the consolidated financial statements

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

Schedule 19: Significant Accounting Policies and Notes to the Accounts (Contd.)

(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, other liabilities. Segment liabilities do not include share capital, reserves, secured loan, 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 other income. Segment expenses do not include premium amortized on bonds, diminution allowance in respect of current and trade investments, permanent diminution in case 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, 2009 is as follows:

	Software services	Business process outsourcing services	infrastructure services	Inter segment transactions	Total
Revenue					
- External revenue	7,440.36	1,119.09	1,669.96	-	10,229.41
- Internal revenue	-	-	-	-	-
Total	**7,440.36**	**1,119.09**	**1,669.96**	**-**	**10,229.41**
Segment results	**1,403.67**	**119.86**	**272.62**	**-**	**1,796.15**
Unallocated corporate expenses					(452.34)
Other Income					262.20
Net profit before taxes					**1,606.01**
Tax expense					286.56
Minority Interest					(0.18)
Net profit after taxes					**1319.63**
Assets					
Segment assets	7,258.15	598.57	1,383.08	-	9,239.80
Unallocated assets					2,523.67
Total assets					**11,763.47**
Liabilities					
Segment liabilities	5,129.82	240.69	555.93	-	5,926.44
Unallocated liabilities					894.23
Total liabilities					**6,820.67**
Others					
Capital expenditure (including capital work in progress)	109.29	47.38	160.28	-	316.95
Unallocated corporate capital expenditure					255.00
Total					**571.95**
Significant non-cash adjustments					
Depreciation	212.01	51.21	95.44	-	358.66
Unallocated corporate depreciation					16.81
Total					**375.47**
Provision for doubtful debts/Advances and bad debts /advances written off	49.90	0.58	39.73	-	90.21

Schedules to the consolidated financial statements

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

Schedule 19: Significant Accounting Policies and Notes to the Accounts (Contd.)

Financial information about the business segments for the year ended 30 June, 2008 is as follows:

	Software services	Business process outsourcing services	infrastructure services	Inter segment transactions	Total
Revenue					
- External revenue	5,517.64	902.49	1,142.65	-	7,562.78
- Internal revenue	-	-	-	-	-
Total	**5,517.64**	**902.49**	**1,142.65**	**-**	**7,562.78**
Segment results	**1,129.04**	**192.59**	**159.73**	**-**	**1,481.36**
Unallocated corporate expenses					(491.22)
Other Income					192.72
Net profit before taxes					**1,182.86**
Tax expense					129.03
Minority Interest					2.42
Net profit after taxes					**1,051.41**
Assets	‘				
Segment assets	3,318.53	375.31	682.77	-	4,376.61
Unallocated assets					2,427.39
Total assets					**6,804.00**
Liabilities					
Segment liabilities	1,202.52	104.91	317.29	-	1,624.72
Unallocated liabilities					998.26
Total liabilities					**2,622.98**
Others					
Capital expenditure (including capital work in progress)	319.87	21.92	49.47	-	391.26
Unallocated corporate capital expenditure					235.85
Total					**627.11**
Significant non-cash adjustments					
Depreciation	164.59	55.39	56.26	-	276.24
Unallocated corporate depreciation					22.60
Total					**298.84**
Provision for doubtful debts/Advances and bad debts /advances written off	9.68	0.04	9.73	-	19.45

The Company has four geographic segments: America, Europe, India and Others. Revenue from the geographic segments based on domicile of the customer is as follows:

	Year ended June 30 2009	Year ended June 30 2008
America	5,568.83	4,073.69
Europe	2,986.81	2,285.34
India	550.88	490.45
Others	1,122.89	713.30
	10,229.41	**7,562.78**

A substantial portion of the total assets of the Company are in the India geography. Geography wise breakup of segment assets are as follows:

	Year ended June 30 2009	Year ended June 30 2008
America	81.40	41.44
Europe	83.00	43.67
India	1,493.49	1,252.95
Others	17.12	4.55
	1,675.01	**1,342.61**

Schedules to the consolidated financial statements

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

Schedule 19: Significant Accounting Policies and Notes to the Accounts (Contd.)

7. Related Parties

a) Related parties where control exists

Others
HCL Technologies Limited Employees Trust
Axon Group Plc Employee Benefit Trust No. 3
Axon Group Plc Employee Benefit Trust No. 4

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

Jointly controlled entities
NEC HCL System Technologies Limited
Axon Balance LLC, United States of America
Axon Puerto Rico Inc., Puerto Rico

Key Management Personnel
Shiv Nadar – Chairman and Chief Strategy Officer
Vineet Nayar - Chief Executive Officer and Whole-time Director

Others (Significant influence)
HCL Corporation Ltd*
HCL Infosystems Ltd
HCL Peripherals Ltd
HCL Security Limited
HCL Infinet Limited.

* Has become holding company subsequently w.e.f 30 July 2009

c) Transactions with related parties in the normal course of business.

Particulars	Jointly controlled entities Year ended 30 June		Others Year ended 30 June		Key management personnel Year ended 30 June	
	2009	2008	2009	2008	2009	2008
Sale of materials and services	**8.72**	**10.62**	**5.88**	**7.31**	**–**	**–**
–NEC HCL Systems Technologies Ltd.	8.72	10.62	–	–		
–HCL Infosystems Ltd.	–	–	5.62	6.28	–	–
Others			0.26	1.03		
Other Receipts	**–**	**0.67**	**–**	**–**	**–**	**–**
–NEC HCL Systems Technologies Ltd.	–	0.67	–	–	–	–
Purchase of materials and services	**3.52**	**–**	**75.95**	**25.36**	**–**	**–**
–HCL Infosystems Ltd.	–	–	56.80	23.61	–	–
–HCL Infinet Ltd.	–	–	19.15	1.75	–	–
–Axon Puerto Rico INC.	1.76	–	–	–	–	–
–Axon Balance LLC	1.76	–	–	–	–	–
Payment for use of facilities	**–**	**0.18**	**0.01**	**1.63**	**–**	**–**
–HCL Infosystems Ltd.	–	–	0.01	1.63	–	–
–NEC HCL Systems Technologies Ltd.	–	0.18	–	–	–	–
Purchase of capital equipments	**–**	**–**	**25.23**	**40.67**	**–**	**–**
–HCL Infosystems Ltd.	–	–	24.44	39.12	–	–
–Others	–	–	0.79	1.55	–	–
Remuneration	**–**	**–**	**–**	**–**	**9.14**	**3.43**
CEO & Whole-time Director*	–	–	–	–	4.25	–
Chairman and Chief Strategy Officer	–	–	–	–	4.89	3.43

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

Schedules to the consolidated financial statements

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

Schedule 19: Significant Accounting Policies and Notes to the Accounts (Contd.)

d) Outstanding balances

Particulars	Jointly controlled entities As at 30 June		Others As at 30 June		Key management personnel As at 30 June	
	2009	2008	2009	2008	2009	2008
Debtors	**0.48**	**1.67**	**3.09**	**2.91**	**–**	**–**
–HCL Infosystems Ltd.	–	–	2.76	2.61	–	–
–HCL Infinet Ltd.	–	–	0.33	0.30	–	–
–NEC HCL Systems Technologies Ltd.	0.03	1.67	–	–	–	–
–Axon Puerto Rico INC.	0.45	–	–	–	–	–
Other receivables	**0.24**	**0.15**	**3.64**	**4.92**	**–**	**–**
–HCL Infosystems Ltd.	–	–	3.51	4.92	–	–
–Others	–	–	0.13	–	–	–
–NEC HCL Systems Technologies Ltd.	0.24	0.15	–	–	–	–
Creditors	**0.64**	**–**	**9.70**	**6.22**	**–**	**–**
–HCL Infosystems Ltd.	–	–	9.55	5.89	–	–
–Others	–	–	0.15	0.33	–	–
–NEC HCL Systems Technologies Ltd.	0.30	–	–	–	–	–
–Axon Puerto Rico INC.	0.34	–	–	–	–	–

8. Leases

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

	Total minimum lease payments outstanding as on 30 June 2009	Interest included in minimum lease payments	Present value of minimum lease payments
Not later than one year	20.04	4.86	15.18
	(13.67)	(3.37)	(10.30)
Later than one year and not later than 5 years	28.69	4.77	23.92
	(21.53)	(4.15)	(17.38)
	48.73	**9.63**	**39.10**
	(35.20)	(7.52)	(27.68)

Previous year figures are in brackets.

ii) The Company'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 Rs. 236.70 crores (previous year Rs. 211.50 crores). Future minimum lease payments and payment profile of non-cancellable operating lease are as follows:

	Year ended 30 June 2009	2008
Not later than one year	195.24	163.62
Later than one year and not later than 5 years	482.48	394 .31
Later than five years	357.19	419.47

iii) The Company has given networking equipment to its customers on non-cancellable operating leases for a maximum period of three years. The lease rental income recognized in the profit and loss account for the year is Rs. NIL crores (previous year Rs. 0.48 crores).

Schedules to the consolidated financial statements

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

Schedule 19: Significant Accounting Policies and Notes to the Accounts (Contd.)

iv) The Company has given networking equipments to its customers on finance lease basis. The future lease payment receivables in respect of assets given on finance lease are as follows:

	Total minimum lease payments receivable as on 30 June 2009	Interest included in minimum lease payments receivable	Present value of minimum lease payments receivable
Not later than one year	11.89	3.21	8.68
	(2.02)	(0.76)	(1.26)
Later than one year and not later than 5 years	37.91	6.03	31.88
	(1.04)	(0.23)	(0.81)
	49.80	**9.24**	**40.56**
	(3.06)	(0.99)	(2.07)

Previous year figures are in brackets.

9. Research and Development Expenditure

	Year ended June 30, 2009	Year ended June 30, 2008
Revenue	55.36	23.05
Capital	-	-
	55.36	**23.05**

10. Earnings Per Share (EPS)

The computation of earnings per share is as follows:

	Year ended June 30, 2009	Year ended June 30, 2008
Net profit as per Profit and Loss Account for computation of EPS	1,319.63	1,051.41
Weighted average number of equity shares outstanding in computation of basic EPS	669,016,035	664,424,330
Dilutive effect of stock options outstanding	8,098,980	20,528,490
Weighted average number of equity shares and equity equivalent shares outstanding in computing diluted EPS	677,115,015	684,952,820
Nominal value of equity shares (Rs.)	2	2
Earnings per equity share (Rs.)		
Basic	19.72	15.82
Diluted	19.49	15.35

11. Employee Benefit Plans

The Company has calculated the various benefits provided to employees as under :

A. Defined Contribution Plans and State Plans

Total contribution made by the Company and its subsidiaries during the year in respect of defined contribution and state plans is Rs 76.36 crores (previous year Rs. 47.59 crores).

B. Defined Benefit Plans

a) Gratuity

b) Employers Contribution to Provident Fund

Gratuity

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

Particulars	Year ended June 30, 2009	Year ended June 30, 2008
Defined benefit obligations at period beginning	57.65	41.16
Service Cost	14.92	10.55
Interest cost	5.20	3.82
Actuarial (gain) / loss	4.49	5.18
Benefits paid	(3.56)	(3.07)

Schedules to the consolidated financial statements

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

Schedule 19: Significant Accounting Policies and Notes to the Accounts (Contd.)

Particulars	Year ended June 30, 2009	Year ended June 30, 2008
Present value of plan assets	-	-
Defined benefit obligations at period end	**78.70**	**57.64**
Liability recognised in the balance sheet	**78.70**	**57.64**
Expense recognized in Profit and Loss account		
Service cost	14.92	10.55
Interest cost	5.20	3.82
Expected return on plan assets	-	-
Actuarial (gain) / loss	4.49	5.34
Net gratuity cost	**24.61**	**19.71**
Experience Adjustments		
Plan Liabilities	(6.69)	5.09
Assumptions		
Interest rate	6.40%	8%
Estimated Rate of salary increases	6%-10%	6%-12%

Employers Contribution to Provident Fund

The Guidance on implementing AS 15 , Employee Benefits (revised 2005) issued by Accounting Standard Board (ASB) states benefits involving employer established provident funds, which requires 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 an inability to reliable measure provident fund liabilities. Accordingly the company is unable to exhibit the related information.

During the year ended 30 June 2009, the Company has contributed Rs. 40.37 crores (previous year Rs. 36.93 crores) towards Employers' contribution to the Provident Fund.

12. Commitments And Contingent Liabilities

		As at June 30, 2009	As at June 30, 2008
i)	**Capital & Other Commitments**		
	a) **Capital commitments**		
	Estimated amount of unexecuted capital contracts (net of advances)	314.97	311.04
	b) **Outstanding letters of credit**	31.24	17.01
		346.21	**328.05**
ii)	**Contingent Liabilities**		
	a) Disputed Income Tax (excluding interest)	21.24	33.20
	b) Others	10.64	9.96
		31.88	**43.16**

c) Guarantees have been given by the Company against credit facilities, financial assistance and office premises taken on lease amounting to Rs 27.93 crores (previous year Rs. 84.44 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 Company fulfilling its ordinary commercial obligations.

The amounts shown in the item (a) (b) and (c) 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.

13. Derivative Financial Instruments and Hedge Accounting

(a) Foreign currency forward contracts

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 is a bank 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 20 months and the forecasted transactions are expected to occur during the same period. The Company does not use forward covers and currency options for speculative purposes.

Schedules to the consolidated financial statements

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

Schedule 19: Significant Accounting Policies and Notes to the Accounts (Contd.)

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

Foreign Currency	As at June 30, 2009 Rupee Equivalent (Rs in Crores)	As at June 30, 2008 Rupee Equivalent (Rs in Crores)
U.S. Dollar / INR	3,703.90	7,950.89
Sterling Pound / U.S. Dollar	101.95	353.26
Euro / U.S. Dollar	81.36	282.54
Australian Dollar / U.S. Dollar	-	26.49
	3,887.21	**8,613.18**

The following table summarizes activity in the General Reserves related to all derivatives classified as cash flow hedges during the years ended 30 June 2009:

Particulars	Year ended June 30, 2009	Year ended June 30, 2008
Balance at the beginning of the year	(490.63)	-
Unrealized gain / (losses) on cash flow hedging derivatives during the year	(591.68)	(418.01)
Net gains / (losses) reclassified into net income on occurrence of hedged transactions	(244.52)	72.62
Net Gain / (losses) reclassified into net income as hedged transactions are not likely to occur	(62.70)	-
Balance as at the end of the year (refer note 1 and 2 below)	(775.09)	(490.63)

Notes :

1. Balance as at year end is gross of deferred tax assets of Rs. 132.30 crores (previous year Rs.78.78 crores).
2. At 30 June 2009, the estimated net amount of existing gain / (loss) that is expected to be reclassified into the income statement within next twelve months is Rs. (609.34) crores [previous year Rs.(78.72) crores].

(b) Net Investment Hedging

The Risk management objective is to hedge the risk of variation in the foreign currency translation arising on the net investment in subsidiaries in United States of America by HCL Bermuda Limited and HCL EAS Limited.

The company has a natural economic hedge as the variability in cash flows arising from foreign exchange movements on translation is matched by the foreign exchange movement arising from borrowings in the same currency. The foreign currency movements (USD / INR) arising from the net investment in the subsidiaries amounting to USD 465 million have been hedged with those of the USD denominated 465 million loans. Consequently, Rs. 37.20 crores being the foreign exchange gain on effective portion of the hedge have been recognized under foreign currency translation reserve.

14. Joint Venture

The Company has an interest in the following jointly controlled entity:

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

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

	Year ended June 30, 2009	Year ended June 30, 2008
Revenue from software services	21.22	21.11
Other income	0.60	0.59
Total	**21.82**	**21.70**
Personnel expenses	7.00	4.09
Other Expenses	9.99	16.56
Depreciation & Amortization	0.47	0.43
Total	**17.46**	**21.08**
Profit/(Loss) Before Tax	**4.36**	**0.62**
Provision for tax	0.09	0.09
Net profit/(Loss) after tax	**4.27**	**0.53**

Schedules to the consolidated financial statements

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

Schedule 19: Significant Accounting Policies and Notes to the Accounts (Contd.)

Particulars	As at June 30, 2009	As at June 30, 2008
Assets		
Fixed assets	2.04	0.69
Investments	0.03	4.62
Sundry debtors	8.23	6.00
Cash and bank balances	18.74	1.12
Other Current assets	2.55	0.81
Liabilities		
Current liabilities and provisions	15.17	3.27

Notes:

(a) NEC HCL System Technologies Limited financial statements are for the year ended 31 March, 2009 and 2008 respectively.

(b) Axon Puerto Rico Inc. financial statements are for the period ended 31 December 2008.

15. Auditor's Remuneration

	Year ended June 30, 2009	Year ended June 30, 2008
Statutory audit	3.13	3.13
Tax audit fee	0.32	0.32
Other services	0.75	-
	4.20	**3.45**

16. Movement In Provision For Warranty

	Year ended June 30, 2009	Year ended June 30, 2008
Opening provision	1.39	1.58
Additional provision made during the year	0.64	0.87
Provision acquired on acquisition	3.30	-
Utilisation during the year	(2.34)	(1.06)
Closing provision	**2.99**	**1.39**

Schedules to the consolidated financial statements

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

Schedule 19: Significant Accounting Policies and Notes to the Accounts (Contd.)

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

Name of Bank	Closing balance As at 30 June 2009	Closing balance As at 30 June 2008	Maximum Amount Outstanding during the year Year ended 30 June 2009	Maximum Amount Outstanding during the year Year ended 30 June 2008
ABN Amro Bank, N.V., Netherlands	0.01	5.03	5.03	12.38
ABN Amro Bank, NV., Netherlands (2nd account)	0.03	-	16.89	-
Agriculture Bank of China,Shanghai (China)	0.26	-	0.26	-
ANZ Bank, New Zealand	0.14		18.53	-
ANZ Bank, Wellington, New Zealand	0.02	21.40	21.40	21.40
May Bank, Kuala Lumpur (Malaysia)	0.00	-	0.00	-
May Bank, Singapore	0.01	-	0.01	-
HSBC Bank, Shanghai (China)	0.00	-	0.00	-
HSBC Bank, Kuala Lumpur (Malaysia) / Singapore	4.73		4.73	-
May Bank, Kuala Lumpur (Malaysia)	0.03		0.03	-
May Bank, Kuala Lumpur (Malaysia) (2nd account)	0.09	-	0.09	-
Bank of America	0.02		2.90	-
Bank of America, New York	-		0.19	-
Bank of Austria, Austria	0.02	0.19	0.19	1.49
Bank of Austria, Austria (2nd account)	0.01		2.41	-
Bank of America, New Jersey	0.05	0.72	9.65	5.55
Bank of America, San Francisco	0.81	-	0.99	-
Bank of America, California	1.34		8.69	-
Bank of Bermuda, Bermuda	-	0.06	0.06	0.34
Bank of Ireland, Ireland	0.02	-	0.02	-
Bank of Ireland, Ireland (2nd account)	-	11.04	11.04	27.42
Bank of Tokyo Mitsubishi UFJ Ltd.,Tokyo	0.15	2.27	6.82	7.52
Bank Brussels Lambert, Belgium	0.35	0.56	0.89	2.00
BNP PARIBAS ISRAEL, ISRAEL	0.00	-	0.00	-
BNP PARIBAS, Hungary	0.22	-	0.22	-
Bank of America, New Jersey (2nd account)	0.00	-	0.00	-
CIBC (Canadian Imperial Bank of Commerce), Toronto, Ontario, Canada	0.98	-	6.85	-
Citizens Bank, Plymouth Meeting, PA, USA	0.02	-	0.02	-
CitiBank Europe PLC, Czech Republic	0.01	-	0.56	-
CitiBank Europe PLC, Ireland	0.08	0.02	0.08	0.02
CitiBank Europe PLC, Ireland (2nd account)	0.00	-	-	-
Citi Bank N.A., Shanghai	0.02		0.63	-
Citi Bank N.A., Shanghai (2nd account)	1.20		2.40	-
CitiBank N.A., Brazil	4.55	-	5.10	-
Citi Bank N.A., Shanghai (3rd account)	0.17	0.22	1.23	2.09
Citi Bank N.A.	4.29	0.28	13.66	1.14
Citi Bank N.A., Singapore	0.00	0.22	0.24	0.22
Citi Bank N.A., Singapore (2nd account)	0.00	0.23	0.24	0.23
Citi Bank NA, Puerto Rico, San Juan, Puerto Rico	7.51	-	7.51	-
Citibank NA, Puerto Rico, San Juan, Puerto Rico (2nd account)	4.19	-	4.19	-
Comerica Bank, California	0.01	8.26	16.10	21.33
Commonwealth Bank of Australia, Australia	0.53	-	0.53	-
Deutsche Bank Americas, New York	1.74	38.44	93.91	71.52
Deutsche Bank, London	0.01		54.84	-
Deutsche Bank, Germany	0.00	-	0.01	-
Deutsche Bank, London	-	21.46	21.46	209.36
Deutsche Bank AG, London (2nd account)	0.04	-	36.43	-

Schedules to the consolidated financial statements

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

Schedule 19: Significant Accounting Policies and Notes to the Accounts (Contd.)

Name of Bank	Closing balance		Maximum Amount Outstanding during the year	
	As at 30 June 2009	As at 30 June 2008	Year ended 30 June 2009	Year ended 30 June 2008
Deutsche Bank AG, London (3rd account)	0.01	-	191.02	-
Deutsche Bank AG, London (4th account)	0.02		17.31	
Deutsche Bank AG, London (5th account)	-		2.59	-
Deutsche Bank AG, London (6th account)	-		0.03	-
Deutsche Bank AG, Singapore	0.03	1.26	1.26	2.29
Deutsche Bank AG, London (7th account)	-		0.79	-
Dresdner Bank, Frankfurt	0.04	4.31	54.83	6.59
Dresdner Bank, Frankfurt (2nd account)	0.00		0.29	-
Citibank Handlowy, Kotawice (2nd account)	0.03	0.29	1.06	11.50
Citibank Handlowy, Kotawice (3rd account)	0.00	-	5.52	-
HSBC Limited, Hong Kong	0.85		4.87	-
HSBC Limited, Hong Kong (2nd account)-USD A/c	0.15	0.45	6.39	3.05
HSBC Bank, Shanghai (China)	0.00	-	0.00	-
HSBC Bank, Shanghai (China) (2nd account)	2.31	-	2.31	-
HSBC Bank, Hongkong	-	0.31	0.31	4.95
HSBC Limited, Kuala Lumpur, Malaysia.	0.01	0.05	0.14	0.12
Indian Overseas Bank, Singapore	0.22	2.35	9.89	17.58
Industrial and Commercial Bank of China, Shanghai (China)	0.00	2.19	2.19	7.40
Indian Overseas Bank, Singapore (2nd account)	3.23		23.97	-
Indian Overseas Bank, Singapore (3rd account)	0.80		25.90	-
Bank of Tokyo Mitsubishi UFJ Ltd., Tokyo	4.95	-	28.26	-
Bank of Tokyo Mitsubishi UFJ Ltd., Tokyo (2nd account)	0.40	13.25	35.90	18.28
Sumitomo Mitsui Banking Corp., Tokyo	1.30	1.13	2.53	1.56
May Bank, Kuala Lumpur (Malaysia)	0.09	-	0.09	-
May Bank, Kuala Lumpur (Malaysia)	0.04	-	0.04	-
Lloyds Bank TSB, Maindenhead, London	0.12	-	42.02	-
Lloyds Bank TSB, Maindenhead, London (2nd account)	0.39	0.76	15.18	20.65
Lloyds Bank TSB, Maindenhead, London (3rd account)	0.77		0.77	-
Lloyds Bank TSB, London	0.22	-	66.06	-
Lloyds Bank TSB, Belgium	0.00	-	4.51	-
Lloyds Bank TSB, London (2nd account)	0.05	3.29	3.29	52.19
Lloyds Bank TSB, Germany	0.00	-	1.58	-
Lloyds Bank TSB, London (3rd account)	0.00	-	4.75	-
Lloyds Bank TSB, Maindenhead, London (4th account)	0.01		6.59	-
Lloyds Bank TSB, Netherlands.	0.02	-	0.02	-
Public Bank, Kuala Lumpur (Malaysia)	0.03	1.65	26.74	5.04
Standard Chartered Bank, London	0.00	-	218.93	-
Standard Chartered Bank, London (2nd account)	7.62	-	135.89	-
Standard Chartered Bank, London (3rd account)	0.08	-	337.45	-
Skandinaviska Enskilda Banken AB, Stockholm, Sweden	0.00	2.00	5.25	2.79
Skandinaviska Enskilda Banken AB, Stockholm, Sweden (2nd account)	0.00	4.87	4.87	5.26
Skandinaviska Enskilda Banken AB, Stockholm, Sweden (3rd account)	0.00	-	8.26	-
Silicon Valley Bank, Santa Clara, CA, USA	-		10.19	-
Silicon Valley Bank (SVB), Santa Clara, CA, USA	0.02		321.55	-
Silicon Valley Bank (SVB), Santa Clara, CA, USA (2nd account)	21.27	0.27	165.51	13.22
Silicon Valley Bank (SVB), Santa Clara, CA, USA (3rd account)	-		18.74	-
Standard Chartered Bank, Johannesburg	0.11	-	0.25	-
SVB Collection A/c-Main,	-		8.96	-
UBS AG (Union Bank of Switzerland), Gossau, Switzerland	0.01		0.02	-

Schedules to the consolidated financial statements

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

Schedule 19: Significant Accounting Policies and Notes to the Accounts (Contd.)

Name of Bank	Closing balance		Maximum Amount Outstanding during the year	
	As at 30 June 2009	As at 30 June 2008	Year ended 30 June 2009	Year ended 30 June 2008
Wells Fargo Bank, California	-		82.50	-
Wells Fargo Bank, California (2nd account)	-	13.36	13.36	26.89
DSL Bank, Frankfurt, Germany	-	0.03	0.03	0.04
PNC Bank	-	15.45	15.45	28.12
St. George Bank	-	0.15	0.15	7.71
Westpac	-	0.09	0.09	0.09
South Shore Saving Bank, MA, USA	-	-	-	1.59
Kredyt Bank, SA-Inco EURO	-	-	-	0.10
Total	**78.86**	**177.91**		
-On Deposit Accounts				
Bank of Ireland, Ireland	9.68	15.11	24.90	29.12
Silicon Valley Bank A/c 8800060521,USA	0.15	-	0.15	-
Cigna medical benefit deposit with JP Morgan Chase	0.67	-	0.67	-
Westpac Bank, Sydney	0.30		0.30	-
Westpac Bank, Melbourne	0.58		0.58	-
ANZ Bank, Melbourne	0.12	0.13	0.12	0.13
Westpac Bank, Sydney	0.43	1.40	0.43	1.40
Bank of Austria	-	2.44	-	4.16
Indian Overseas Bank,Singapore	-	38.57	-	38.57
Public Bank, USA	-	24.73	-	27.20
Citi HANDLOWY, Poland	0.43	-	0.43	-
Total	**12.36**	**82.38**		

18. Micro, Small and Medium Enterprises

As As per information available with the management, the dues payable to enterprises covered under “The Micro, Small and Medium Enterprises Development Act, 2006” are as follows:

Particulars	Year ended June 30, 2009		Year ended June 30, 2008	
	Principal	Interest	Principal	Interest
Amount due to Vendor	0.00	0.00	-	-
Principal amount paid beyond the appointed date	0.00	0.00	0.01	-
Interest under normal credit terms -	-	-	-	-
Accrued during the year	-	-	-	-
Unpaid	-	-	-	-
Total Interest payable -	-	-	-	-
Accrued during the year	-	-	-	-
Unpaid	0.00	-	-	-

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

19. The Company and its various subsidiaries are required to comply with the local transfer pricing regulations, which are contemporaneous in nature. The Company 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.

Schedules to the consolidated financial statements

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

Schedule 19: Significant Accounting Policies and Notes to the Accounts (Contd.)

20. Previous year figures have been re-classified/re-grouped to conform to current year's classifications.

For HCL Technologies Limited

Shiv Nadar
Chairman and Chief Strategy Officer

T S R Subramanian
Director

Vineet Nayar
CEO & Whole-time Director

Ranjit Narasimhan
President & CEO - BPO Division

Anil Chanana
Chief Financial Officer

Prahlad Rai Bansal
Corporate Vice President-Finance

Sandip Gupta
Corporate Vice President - Finance

Manish Anand
Deputy Company Secretary

Place : Noida (UP), India
Date : 25 August, 2009

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 Rupees 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 Rupees thousands)	
			Shareholding (No. of shares)	Extent of holding (%)	For the year ended June 30, 2009	For previous financial years of the subsidiary since it became the Holding Company's subsidiary	For the year ended June 30, 2009	For previous financial years of the subsidiary since it became the Holding Company's subsidiary
1	HCL Bermuda Limited	30-Jun-09	113,170,582	100	89,403	(1,581,163)	Nil	Nil
2	HCL America Inc.	30-Jun-09	6,089,870	100	989,868	686,958	Nil	Nil
3	HCL Great Britain Limited	30-Jun-09	10,568,334	100	(329,696)	(163,056)	Nil	Nil
4	HCL Sweden AB	30-Jun-09	10,000	100	17,308	19,508	Nil	Nil
5	HCL (Netherlands) BV	30-Jun-09	400	100	97,023	10,888	Nil	Nil
6	HCL GmbH	30-Jun-09	3	100	(20,654)	(70,932)	Nil	Nil
7	HCL Italy SLR	30-Jun-09	20,000,000	100	(16,872)	(22,618)	Nil	Nil
8	HCL Belgium NV	30-Jun-09	2,750	100	(5,872)	(18,293)	Nil	Nil
9	HCL Australia Services Pty. Limited	30-Jun-09	500,000	100	327,918	89,401	Nil	Nil
10	HCL (New Zealand) Limited	30-Jun-09	46,414	100	53,516	32,719	Nil	Nil
11	HCL Hong Kong SAR Limited	30-Jun-09	193,167	100	(44,582)	(7,580)	Nil	Nil
12	HCL Japan Limited	30-Jun-09	4,400	100	26,668	(8,371)	Nil	Nil
13	HCL Holdings GmbH	31-Dec-08	6,500,000	100	103,496	4,264,123	Nil	Nil
14	Intelicent India Limited	30-Jun-09	106,070	100	25,157	203,079	Nil	Nil
15	HCL Comnet Systems and Services Limited	30-Jun-09	12,796,404	99.90	2,028,279	3,071,678	4,152	15,458
16	DSI Financial Solutions Pte Limited	30-Jun-09	10,000	100	(62)	(670)	Nil	Nil
17	HCL BPO Services (NI) Limited	30-Jun-09	4,444,445	100	(123,430)	409,221	Nil	Nil
18	HCL Comnet Limited	30-Jun-09	949,840	99.90	46,854	486,152	Nil	Nil
19	HCL Jones Technologies LLC	30-Jun-09	1,714,000	51	(3,883)	33,325	Nil	Nil
20	HCL Singapore Pte Limited	30-Jun-09	2,200,000	100	270,709	522,965	Nil	45,245
21	HCL (Malaysia) Sdn. Bhd	30-Jun-09	100,000	100	23,861	204,648	Nil	Nil
22	HCL EAI Services Limited	30-Jun-09	1,050,100	100	22,089	33,517	Nil	Nil
23	HCL Technoparks Limited	30-Jun-09	1,000,000	100	(12,727)	(944)	Nil	Nil
24	HCL Poland Sp.z.o.o.	30-Jun-09	17,000	100	(6,331)	(38,882)	Nil	Nil
25	HCL Technologies (Shanghai) Limited	30-Jun-09	Not Applicable	100	(18,486)	(36,466)	Nil	Nil
26	Capital Stream Inc.	30-Jun-09	10,000	100	(120,776)	(184,348)	Nil	Nil
27	HCL Expense Management Services Inc. (formerly Control Point Solutions Inc.)	30-Jun-09	1	100	(82,075)	-	Nil	Nil
28	Axon Group Limited (formerly Axon Group Plc.)	30-Jun-09	100,150	100	(1,966)	-	Nil	Nil
29	Axon Solutions Inc.	30-Jun-09	3,097,000	100	(856,676)	-	Nil	Nil
30	Bywater Limited	30-Jun-09	1,129,982	100	3,524	-	Nil	Nil
31	Axon Solutions Limited	30-Jun-09	1	100	1,266	-	Nil	Nil
32	Axon Solutions Sdn. Bhd.	30-Jun-09	10,000,000	100	(325,147)	-	Nil	Nil
33	Axon Solutions (Shanghai) Co. Ltd.	31-Dec-08	2,069,250	100	1,686	-	Nil	Nil
34	Axon Solutions Singapore Pte Ltd.	30-Jun-09	100,000	100	(4,573)	-	Nil	Nil
35	JSPC i-Solutions Sdn. Bhd.	30-Jun-09	100,000	100	386,811	-	Nil	Nil
36	JSP Consulting Sdn. Bhd.	30-Jun-09	500,000	100	(686)	-	Nil	Nil
37	Aspire Solutions Sdn. Bhd.	30-Jun-09	200,000	100	(87)	-	Nil	Nil
38	Axon International Limited	30-Jun-09	1	100	-	-	Nil	Nil
39	Axon Solution (Canada) Inc.	30-Jun-09	10	100	(123,258)	-	Nil	Nil
40	Axon Solutions Australia Pty Limited	30-Jun-09	627,517	100	(85,981)	-	Nil	Nil
41	Axon Solutions Schweiz GmbH	30-Jun-09	20	100	6	-	Nil	Nil
42	Axon Acquisition Company, Inc.	30-Jun-09	1	100	-	-	Nil	Nil
43	Axon EBT Trustees Ltd.	30-Jun-09	2	100	-	-	Nil	Nil
44	HCL Insurance BPO Services Ltd. (formerly Liberata Financial Services Ltd.)	30-Jun-09	10,000	100	51,023	-	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 Rupees 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 Rupees thousands)	
			Shareholding (No. of shares)	Extent of holding (%)	For the year ended June 30, 2009	For previous financial years of the subsidiary since it became the Holding Company's subsidiary	For the year ended June 30, 2009	For previous financial years of the subsidiary since it became the Holding Company's subsidiary
45	HCL Technologies Canada Inc.	30-Jun-09	207,306	100	426	-	Nil	Nil
46	HCL EAS Limited	30-Jun-09	1	100	(987,041)	-	Nil	Nil
47	HCL Axon (Proprietary) Ltd. (formerly Twin Cities Trading 353 (Proprietary) Ltd.)	30-Jun-09	100	100	185	-	Nil	Nil

Notes:

a) In respect of the subsidiaries whose financial year do not concide 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.

For HCL Technologies Limited

Shiv Nadar
Chairman and Chief Strategy Officer

Vineet Nayar
CEO & Whole-time Director

Anil Chanana
Chief Financial Officer

Sandip Gupta
Corporate Vice President - Finance

Place : Noida (UP), India
Date : 25 August 2009

T S R Subramanian
Director

Ranjit Narasimhan
President & CEO - BPO Division

Prahlad Rai Bansal
Corporate Vice President-Finance

Manish Anand
Deputy Company Secretary

The Ministry of Company Affairs, Government of India, vide its approval letter no. 47/625/2009-CL-III dated Aug 06, 2009, has granted exemption to the Company from annexing the accounts and other information of the subsidiaries along with the accounts of the Company, as required under Section 212 of the Companies Act, 1956, for the year ended June 30, 2009. 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. 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 Rupees thousands)

S. No.	Name of the Subsidiary Company	Share Capital	Reserves	Total Assets	Total Liabilities	Investments (other than in subsidiaries)	Turnover	Profit before tax	Provison for tax	Profit after tax	Proposed dividend
1	HCL Bermuda Limited	5,420,871	(1,166,873)	11,454,802	7,200,805	-	355,002	89,403	-	89,403	-
2	HCL America Inc. *	1,345,505	2,114,165	18,460,028	15,000,358	3,098	37,922,992	1,131,661	141,793	989,868	-
3	HCL Great Britain Limited	839,926	(225,047)	4,893,927	4,279,048	-	9,956,790	(326,250)	3,446	(329,696)	-
4	HCL Sweden AB	625	38,282	428,701	389,794	-	746,767	17,308	-	17,308	-
5	HCL (Netherlands) BV	1,228	72,729	566,366	492,410	-	1,055,863	120,423	23,401	97,023	-
6	HCL GmbH	1,738	(103,922)	876,055	978,239	-	772,271	(20,654)	-	(20,654)	-
7	HCL Italy SLR	699	(37,769)	4,820	41,890	-	3,646	(16,872)	-	(16,872)	-
8	HCL Belgium NV	4,611	(27,828)	307,061	330,279	-	190,194	(5,872)	-	(5,872)	-
9	HCL Australia Services Pty. Limited	19,488	421,568	1,067,140	626,084	-	3,468,951	470,482	142,565	327,918	38,975
10	HCL (New Zealand) Limited	1,449	52,905	186,246	131,892	-	609,738	78,145	24,629	53,516	40,593
11	HCL Hong Kong SAR Limited	1,194	(56,214)	62,951	117,971	-	201,405	(41,671)	-	(44,582)	-
12	HCL Japan Limited	110,198	(18,703)	313,337	221,842	-	1,975,642	44,255	17,587	26,668	-
13	HCL Holdings GmbH	32,305	5,738,289	5,819,322	48,728	-	155,154	144,568	41,072	103,496	-
14	Intelicent India Limited	1,061	228,236	233,577	4,280	-	34,823	33,907	8,750	25,157	-
15	HCL Comnet Systems and Services Limited	128,094	5,290,201	7,619,991	2,201,696	-	7,084,380	2,271,028	240,718	2,030,310	4,512@
16	DSI Financial Solutions Pte Limited	271	3,990	5,148	886	-	-	(62)	-	(62)	-
17	HCL BPO Services (NI) Limited	349,675	285,748	1,411,643	776,220	-	2,015,379	(162,288)	38,858	(123,430)	-
18	HCL Comnet Limited	9,499	1,069,578	6,184,028	5,104,951	-	4,475,099	60,019	13,118	46,901	-
19	HCL Jones Technologies LLC	160,982	(122,389)	47,967	9,375	-	-	(7,613)	0	(7,613)	82,997
20	HCL Singapore Pte Limited	72,847	840,044	1,425,052	512,161	-	2,074,147	324,094	53,386	270,709	-
21	HCL (Malaysia) Sdn. Bhd	1,364	61,917	144,662	81,381	-	253,961	31,924	8,063	23,861	245,432
22	HCL EAI Services Limited	10,501	87,544	141,964	43,919	-	110,576	24,608	2,519	22,089	-
23	HCL Technoparks Limited	10,000	(13,671)	540,234	543,905	-	7	(12,727)	-	(12,727)	-
24	HCL Poland Sp.z.o.o.	12,900	(24,838)	134,668	146,606	-	79,028	(6,331)	-	(6,331)	-
25	HCL Technologies (Shanghai) Limited	60,167	(38,852)	42,306	20,992	-	52,939	(18,486)	-	(18,486)	-
26	Capital Stream Inc. #	0	1,708,073	2,165,836	457,762	-	883,085	(73,132)	47,644	(120,776)	-
27	HCL Expense Management Services Inc. (formerly Control Point Solutions Inc.)	1,076,451	(26,654)	1,310,528	260,732	-	1,837,519	(103,685)	(21,610)	(82,075)	-
28	Axon Group Limited (formerly Axon Group Plc.)	3,528	3,906	7,455	20	-	-	(1,966)	-	(1,966)	-
29	Axon Solutions Inc.	2,294,889	181,134	6,815,998	4,339,975	46,942	15,613,656	(976,172)	(119,495)	(856,676)	-
30	Bywater Limited	5,113	129,657	144,557	9,786	-	4,914	4,914	1,391	3,524	-
31	Axon Solutions Limited	4	2,225	5,066	2,837	-	15,390	928	(338)	1,266	-
32	Axon Solutions Sdn. Bhd.	928,502	(77,282)	2,717,292	1,866,071	-	2,243,729	(342,625)	(17,478)	(325,147)	-
33	Axon Solutions (Shanghai) Co. Ltd.	14,512	3,228	43,412	25,672	-	70,932	1,686	-	1,686	-
34	Axon Solutions Singapore Pte Ltd.	3,311	(806)	13,620	11,115	-	35,833	(4,573)	-	(4,573)	-
35	JSPC i-Solutions Sdn. Bhd.	1,364	452,994	455,206	849	-	3,475	386,588	(224)	386,811	-
36	JSP Consulting Sdn. Bhd.	6,818	129,569	136,754	368	-	-	(783)	(97)	(686)	-
37	Aspire Solutions Sdn. Bhd.	2,727	(275)	2,494	42	-	-	(87)	-	(87)	-
38	Axon International Limited #	0	-	0.08	-	-	-	-	-	-	-
39	Axon Solution (Canada) Inc. #	0	(115,270)	292,453	407,722	-	481,534	(189,793)	(66,535)	(123,258)	-
40	Axon Solutions Australia Pty Limited	24,457	(105,798)	309,375	390,716	-	286,796	(101,159)	15,178	(85,981)	-
41	Axon Solutions Schweiz GmbH	887	3,257	6,698	2,554	-	3,168	6	-	6	-
42	Axon Acquisition Company, Inc. #	0	-	0.05	-	-	-	-	-	-	-
43	Axon EBT Trustees Ltd. #	0	-	0.16	-	-	-	-	-	-	-
44	HCL Insurance BPO Services Ltd. (formerly Liberata Financial Services Ltd.)	857	89,586	1,861,559	1,771,116	-	2,619,281	71,131	20,108	51,023	-
45	HCL Technologies Canada Inc.	8,613	426	51,030	41,991	-	24,922	536	110	426	-
46	HCL EAS Limited	10,282,593	(987,041)	35,157,909	25,862,357	-	22,696	(1,064,160)	(77,119)	(987,041)	-
47	HCL Axon (Proprietary) Ltd. (formerly Twin Cities Trading 353 (Proprietary) Ltd.)	1	185	101,934	101,748	-	33,664	1,081	895	185	-

Notes:

* Share capital includes Rs. 946,770,000 the share application money received pending allotment of shares.

@ Except this others all are dividend paid.

Refer given below table for absolute figures in Rs.

Name of the Subsidiary Company	Share Capital
Capital Stream Inc.	479
Axon International Limited	79
Axon Solution (Canada) Inc	415
Axon Acquisition Company, Inc.	48
Axon EBT Trustees Ltd.	159

For HCL Technologies Limited

Shiv Nadar
Chairman and Chief Strategy Officer

Vineet Nayar
CEO & Whole-time Director

Anil Chanana
Chief Financial Officer

Sandip Gupta
Corporate Vice President - Finance

Place : Noida (UP), India
Date : 25 August 2009

T S R Subramanian
Director

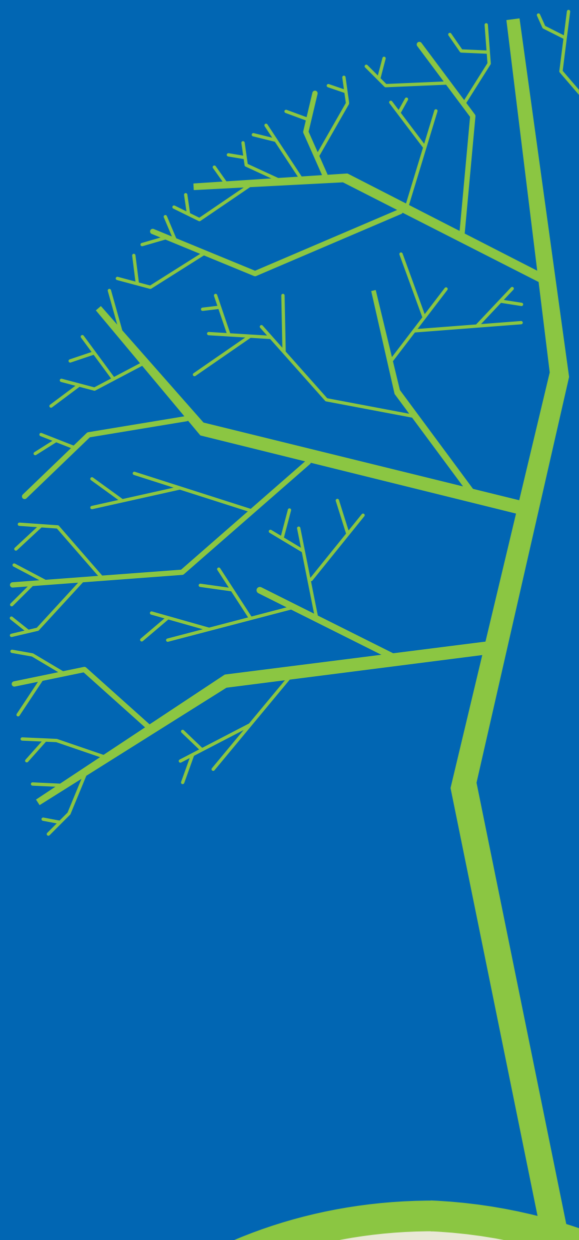
Ranjit Narasimhan
President & CEO - BPO Division

Prahlad Rai Bansal
Corporate Vice President-Finance

Manish Anand
Deputy Company Secretary

Notes

Notes



HCL Technologies Ltd.
A-10/11, Sector - 3, Noida 201301,
U.P., India.
www.hcltech.com
www.hcl.in

Printed at Thomson Press