

HCL



HCL Technologies Limited
ANNUAL REPORT

2009-10

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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**S.R. Batliboi & Co.**

Chartered Accountants
Gurgaon

Bankers**Citibank, N.A.**

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

Deutsche Bank AG

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

Standard Chartered Bank

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

State Bank of India

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

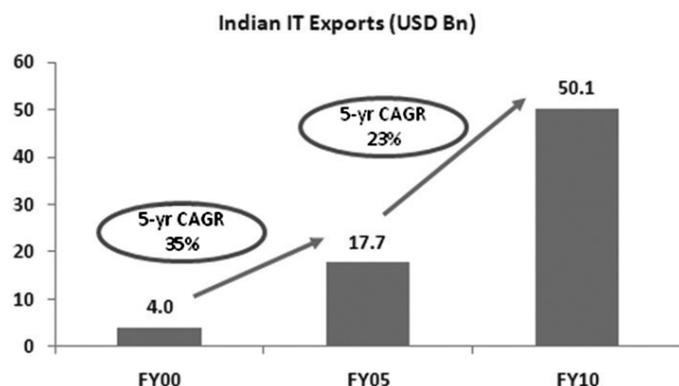
MANAGEMENT DISCUSSION AND ANALYSIS

Investors are cautioned that this discussion contains forward looking statements that involve risks and uncertainties. When words like ‘anticipate’, ‘believe’, ‘estimate’, ‘intend’, ‘will’, and ‘expect’ and other similar expressions are used in this discussion, they relate to the Company or its business and are intended to identify such forward-looking statements. The Company undertakes no obligations to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such statements. Factors that could cause or contribute to such differences include those described under the heading ‘Risk Factors’ in the Prospectus filed with the Securities and Exchange Board of India (SEBI) as well as factors discussed elsewhere in this report. Readers are cautioned 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.

Industry Overview

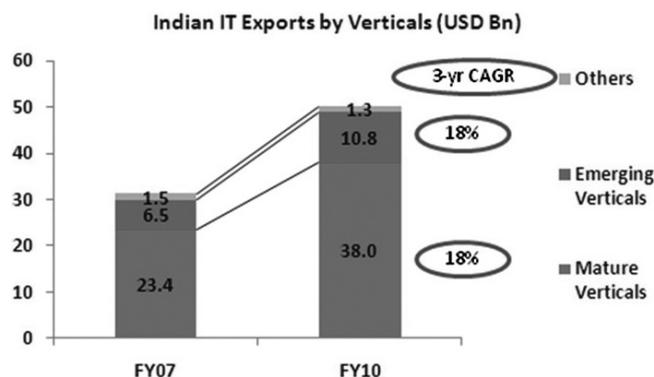
Current State of Indian IT Industry

Indian IT Industry has witnessed a decade of growth. Indian IT exports have grown from \$4bn in FY2000 to \$50bn in FY2010 at a 10-year CAGR of 28.8%. During the first half of the decade, Indian IT exports grew at a 5-year CAGR of 35% from \$4bn in FY2000 to \$18bn in FY2005. During the second half of the decade, Indian IT exports grew at a 5-year CAGR of 23% from \$18bn in FY2005 to \$50bn in FY2010.

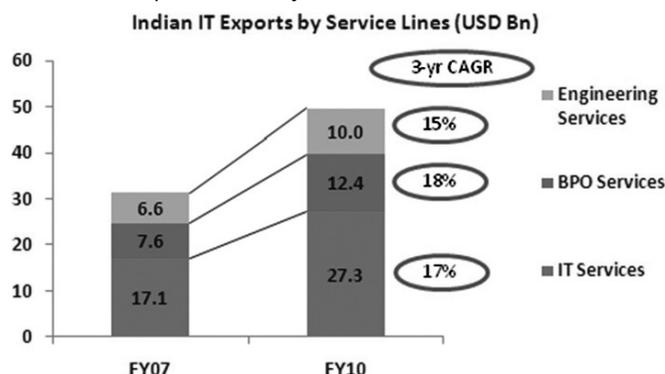


The industry can be segmented as per the (a) Verticals (b) Service Lines (c) Geographies.

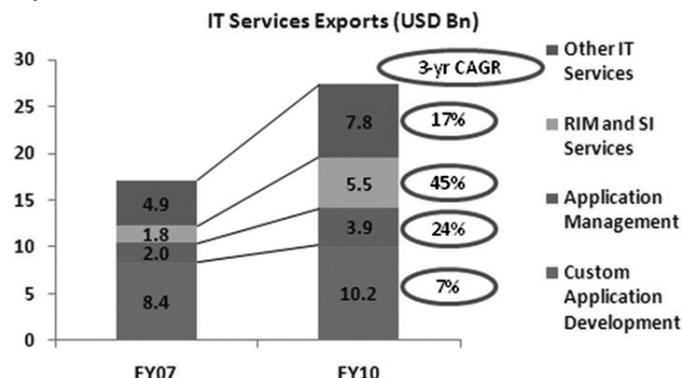
BFSI, Hi-tech/Telecom, and Manufacturing were the dominant verticals contributing to over 3/4th of the exports over past several years. BFSI contributed to 40% of Indian IT Exports during FY10. Hitech/Telecom and Manufacturing contributed 20% and 16% respectively. Emerging verticals (Media & Entertainment, Retail, Healthcare, Utilities, and Transportation) have contributed to nearly 1/4th of the exports.



IT Services contributed to 55% of the IT Exports during FY10. BPO and Engineering Services contributed 25% and 20% respectively. This share distribution has remained somewhat constant over past several years.

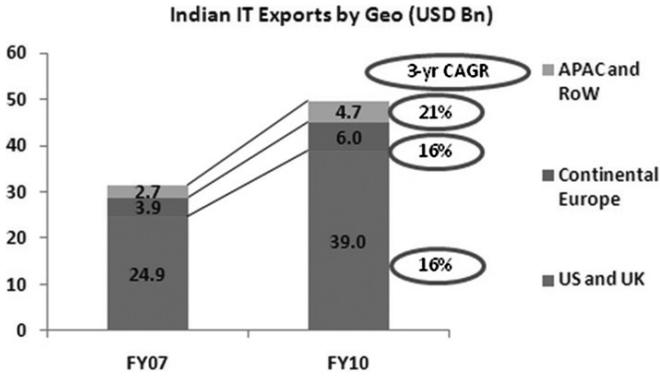


Within IT Services, the share of Custom Application Development Services came down from 49% to 37% during the 3-year period, whereas the share of Remote Infrastructure Management and System Integration services increased from 11% to 20%. Application Management Services grew much faster than Application development services at a 3-year CAGR of 24%. Other IT Services (such as IT Consulting, Support & Training, Software Testing, SOA/Web Services etc.) grew at a 3-year CAGR of 17%.

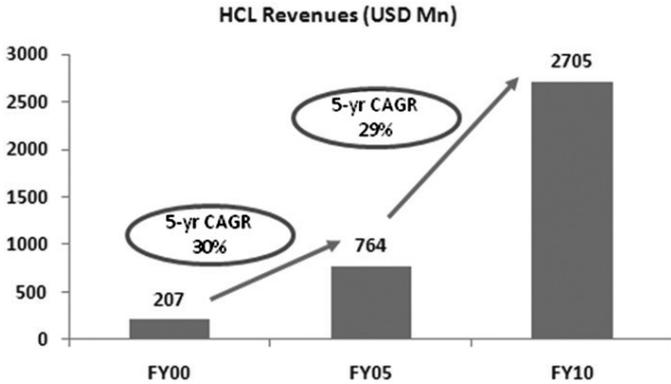


US and UK were the dominant regions receiving over 3/4th of the Indian IT exports over past several years. US received 61% of Indian IT Exports during FY10, whereas UK received 18%. Continental Europe and APAC received 12% and 7% of exports

respectively. The Geo distribution has not changed much over past several years.



HCL has grown faster than Indian IT Industry during the last decade. While HCL growth was lagging behind Indian IT Industry growth during the first half of the decade, HCL came back strongly during the second half of the decade. During the first half of the decade, HCL revenues grew at a 5-year CAGR of 30% from \$207mn in FY2000 to \$764mn in FY2005. During the second half of the decade, HCL revenues grew at a 5-year CAGR of 29% from \$764mn in FY2005 to \$2705mn in FY2010. Overall, HCL revenues grew at a 10-year CAGR of 29.3%.



Drivers for Future Growth

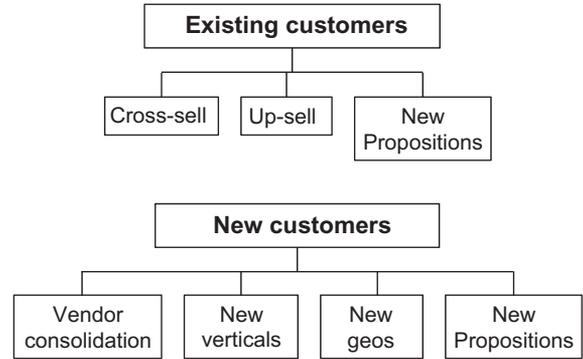
While Indian IT exports grew at a 10-yr CAGR of 29% during the last decade, Global IT services spending grew at a 10-yr CAGR in lower single digits during the same period. This is a story of ‘market-share gains’ or ‘replacement revenue’. At the start of the last decade, in the year 2000, Top Indian 5 IT players Market Share in the Global IT Services spending was just about 0.1%. By the end of the decade, in the year 2009, their Market share increased to about 2.4%. There is still big headroom for growth for Indian IT Industry.

According to a customer satisfaction (CSAT) survey of HCL customers in 2009, cost reduction was considered to be the most important business priority across all the verticals and geographies. With continued cost pressures across the businesses and India’s still attractive 30-40% cost advantage, the next level of replacement revenue is about to begin.

Growth opportunities for HCL can come from existing customers as well as new customers. From existing customers, opportunities are in cross-sell, up-sell, and new propositions such as business-aligned IT, cloud computing, platform-based BPO, and green IT. HCL’s ability to grow customer relationships

– particular into large accounts – will be critical for the company’s growth in the coming years.

Figure: Opportunities for Growth



Growth opportunities from new customers can come from Vendor consolidation, New Verticals, New Geographies, and New Propositions. Vendor consolidation means reducing the number of vendor engagements to an efficient “core” capable of providing all needed services, software, systems, and partnering relationships. It offers the following business benefits to customers: reduced total cost of ownership (TCO), streamlined vendor relationship management, reduced number of support contracts to negotiate and manage, increased procurement process leverage, and reduced training, certification, and administration expenses. The trend of vendor consolidation will contribute significantly to greater offshore content in global IT services.

For growth opportunities from new customers, the NASSCOM-McKinsey 2020 report provides useful inputs. Published in April 2009, the NASSCOM-McKinsey 2020 report is the third report published by NASSCOM and McKinsey on the future of IT Industry. The report discusses seven Global Megatrends that will drive the increase in global sourcing and domestic outsourcing addressable market opportunity from \$500 bn to \$1.5 trn by 2020.

The NASSCOM-McKinsey 2020 report examines the total addressable global sourcing market along four dimensions:

- 1. Core Market Opportunities:** The total addressable market for core markets (large enterprises in developed countries in verticals such as telecom, banking, insurance, and manufacturing) was \$500 bn in 2008. It is expected to reach \$700 bn by 2020.
- 2. New Verticals:** Over the next 12 years, several emerging verticals will become the next major segments after the core verticals. The four emerging verticals are: Public sector & defense, Healthcare Providers, Utilities, and Media. The addressable market for these emerging verticals is expected to reach \$190 bn by 2020.
- 3. New Geographies:** BRIC countries will offer a domestic outsourcing market of \$380 bn by 2020.
- 4. New Customer segments:** The global sourcing addressable market for SMBs in core geographies is likely to be around \$230 bn in 2020.

While core markets will present an additional \$200 bn addressable market by 2020, new verticals and new geographies will present a \$580 bn addressable market by 2020 – three times the additional opportunity presented by core verticals.

When looking at the growth opportunities, another dimension to explore is that of new propositions such as cloud computing, virtualization, platform-based BPO, green IT, digital technology & marketing, industry-specific smart Solutions, and advanced business analytics. Of all these propositions, Cloud computing is being touted as the most disruptive proposition that has the potential to change the way IT services are delivered. The key reason for that are the trends of the Industrialization and Consumerization of IT.

Industrialization of IT refers to the standardization of IT services and covers pre-designed and pre-configured solutions that will be highly automated, efficient, repeatable, scalable, reliable, and available. Consumerization of IT refers to the changing buyer behavior in IT. Buying centers will shift from IT to business. Buyers will buy services instead of skills – Infrastructure as a Service, Application as a Service, Platform as a Service, or even Business as a Service. The key driver for the Consumerization of IT is the movement towards decreased IT hardware/software assets. Virtualization is making underlying hardware (and its ownership) non-strategic. Buyers are looking for scalability, pay-as-you-go, and freedom from infrastructure build-out and less capex sensitivity.

Industry Outlook

The first decade of the 21st Century was somewhat unique. It saw everything from highly volatile Oil prices, increasingly rising commodity prices, bulls and bears of stock markets, focus/defocus on climate change, and debates/concerns about scarcity of natural resources. It started with a recession and it is ending with a recession. But, there is big difference between the two. While the previous recession was led by the slowdown in business spending, the current recession is led by the slowdown in both business and consumer spending. Consumer confidence has completely shaken due to increasing job losses, salary freeze/cuts, and memory of loan foreclosures. Consumers are taking precautionary approach to spending and reducing their debt levels. They are spending on what they need rather than what they want. Banks have started adopting tighter credit and stricter lending standards towards consumers, as they side-step Risk with 'Be Prepared' approach instead of a 'Just do it' approach. All this is leading to the phenomenon of 'New Normal'.

The 'New Normal' means we will be living in a world of moderated business growth during next few years. The businesses across the world won't be growing at the same pace as they were growing from 2005-08. The customers will be demanding more for less. They will look for business benefits than IT benefits. They would want vendors to put skin in the game and co-invest in the transformation initiatives.

Indian IT Industry will also witness lesser growth rates in the next decade than in the last decade. As per NASSCOM McKinsey 2020 report, the total global sourcing industry will grow at a CAGR of 15% from 2008 until 2020. It is likely to expand more than five-fold by 2020 from \$80 bn in revenues in 2008 to \$450 bn by 2020 (based on a penetration of 40% of the total addressable market of \$ 1.1 trn). The Indian global sourcing industry will grow at a slightly lower CAGR of 13% and is likely to expand four-fold by 2020 from \$40 bn in revenues in 2008 to \$175 bn by 2020. This will imply a decline in India's share of the global market from 51% to around 40% by 2020. The companies with disruptive business models will be able to

buck this trend and grow at much faster growth rates.

HCL Strategy

HCL's strategy of **focusing on growth, service innovation, and unique positioning in the marketplace** has improved the company's competitive standing. HCL has achieved profitable growth over the last five years, including through the recession.

HCL's transformation journey starting in 2005 was the product of choices. By 2005, the Indian IT industry had come of age, but HCL was lagging. Y2K-related work and expanded global delivery offerings fueled industry-wide growth from 2000 to 2005 – and HCL itself grew its annual revenue from \$207 m to \$764 m during the period – but HCL's market share in Indian IT exports had fallen. At risk of drifting into irrelevance in the industry – and mindful of intensifying competition from the likes of IBM and Accenture in India – HCL charted a multi-pronged strategy to differentiate itself in the marketplace. To make up for its loss in market share, **HCL chose to focus on growth and worked to diversify its revenue base through new service offerings.** To rejuvenate its employee base and be seen as an employer of choice, **HCL launched a portfolio of initiatives around Employees First Customers Second.** To deliver increased value for clients, **HCL created new operating processes and methodologies for customer relations through Trust, Transparency, and Flexibility and offered outcome-based engagements** before its peers. The company also worked to nurture customer intimacy through initiatives such as the annual Global Customer Meet. After falling behind Indian competitors during the first half of the decade, HCL increased its market share from 2005 to 2010.

Over the course of the last five years, HCL has acquired capabilities and adapted organizationally to a changing market and intensifying competition. HCL has been able to upgrade some lines of business, such as infrastructure services and engineering and R&D services, organically. Infrastructure services, for example, offered network and security services in 2005 but has since added world-class architecture and consulting capabilities. HCL identified Enterprise Application Services as a promising line of business as clients shifted from custom to packaged applications, but saw gaps in its capabilities that could not be filled organically. **The company acquired Axon, the biggest acquisition in the history of the Indian IT industry, to add consulting and solutioning capabilities to EAS** and successfully retained Axon's top leaders through a reverse merger. Organizationally, HCL simplified and consolidated its fragmented structure and established clear lines of accountability. **Through Dual GTM, HCL presented its horizontal and vertical depth to potential customers. New offerings, domain depth, and consulting capabilities enabled HCL to position itself as a provider of end-to-end services, not just skills.**

Just as HCL was catching up to its Indian rivals, the financial crisis and recession of 2008-09 hit the Indian IT industry. The pain of the recession was particularly acute for HCL and its peers because it was the industry's first major recession. **HCL responded to the recession by demonstrating value to its existing customers and ensuring security to its employees.** Through the assurance that **no HCLite would be left behind** and a collaborative process of consulting with 10,000 employees before imposing new policies, HCL managed internal strain through the recession. The company also saw

the downturn as a rare opportunity to acquire new business and quality customers, and HCL's performance during the period surpassed many rivals. HCL grew at 23% YoY in CY09, whereas most Indian/Global peers witnessed negative revenue growth during the same period.

Going forward, HCL will continue to focus on **revenue growth through existing and new customers**. HCL will continue to evolve **Account Management practices** to make them “best in class”. HCL will offer increased value to its existing customers through **ecosystem alliances and partnerships**. HCL will do joint solution development with Partners to build Industry-specific and cross-industry solutions that are high value and differentiated. HCL will offer increased portfolio of services for existing clients, thus blocking new entrants into its client base. HCL will target new customers with a **focused program for sourcing advisors**. HCL will have dedicated hunters who will follow a **Named Account strategy** to target Fortune Global 500 clients. HCL will continue to make **investments in high value services and Global delivery model**.

Company Overview

About HCL Technologies Ltd

HCL is a global technology enterprise and a name to reckon with in the industry. The passion of its founder and the entrepreneurial zeal of its employees have made its software services arm, HCL Technologies, a leading provider of business transformation, enterprise and custom applications, infrastructure management, business process outsourcing, and engineering services. HCL delivers solutions across a wide range of verticals like financial services, manufacturing, consumer services, public services and healthcare. Its global delivery model is spread across 26 countries around the globe and its empowered ‘transformers’ are busy working with over 500 forward looking customers, seeking to shift paradigms and transform the way business is being done.

Change has been the winning formula at HCL. The ability to transform businesses across the world comes from the organization’s own readiness to transform itself in its relentless drive to better serve its customers. In 2005, HCL commenced on its transformation journey based on the foundation of ‘Employees First’. Today, this unique management philosophy has been recognized and praised worldwide for empowering employees to become the drivers of growth. And this in turn has led to extraordinary growth in the past 5 years, where HCL experienced:

- Tripling of revenue and operating profit
- Twenty percent year-on-year growth in market share
- Seventy percent of deals being won against the Big Four international IT companies
- Fivefold increase in the number of large (\$20mn+) customers
- Nearly fifty percent decline in employee attrition rates
- Seventy percent increase in employee satisfaction scores

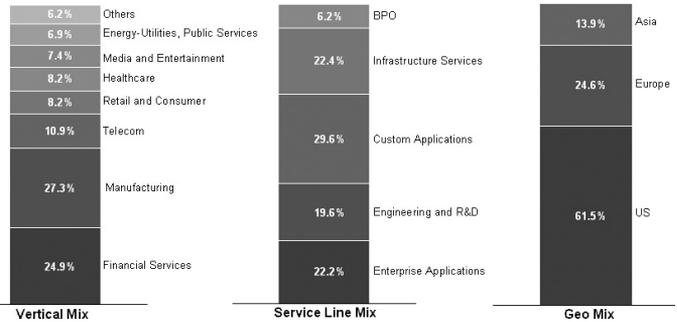
The phenomenal performance has won its share of approval. Today, HCL is proud to be on Business Week’s 5 most influential companies to ‘watch’ list; considered ‘disruptive’ by IDC; ranked in the top 10 outsourcers with the ‘highest

accountability, transparency and trust’ by Wall Street Journal; ranked #1 employer of 2009 in a study done by Hewitt; #1 among the top 50 best managed global outsourcing vendors of 2009 by Brown & Wilson’s Black Book of Outsourcing; listed as one of the 44 Most Democratic Workplaces in the world by WorldBlu and featured as a case study in Harvard, London Business School, Darden Business Publishing, and more recently, David G Thomson’s book, “Blueprint to a billion - 7 essentials to exponential growth”.

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

Service Offerings

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



Custom Application Services

The Custom Application Services division at HCL leverages a domain-driven approach to design, and implements scalable, reliable, robust, secure, and easily maintainable applications that provide our customers with business differentiation through IT. Service offerings include application development, management, support, re-engineering, modernization, migration, and independent verification and validation. With more than 10,000 domain and technology experts supporting more than 100 clients across geographies, this group contributes over 29% of HCL’s revenues, and services at least two of the top five players in various industries like retail, banking, insurance, media & publishing, gaming and life sciences.

A customer centric focus keeps HCL continuously investing and inventing robust methodologies, tools, and processes. HCL’s BAIT is a new framework that allows the efficient alignment of IT with business; it provides a unified view of all business processes with the underlying IT landscape and helps reduce cycle time while providing the lowest IT cost on a business transaction. Our unique Knowledge Transfer methodology - ASSET™ ensures minimum cost with a smooth transition to offshore, for customers. And right now HCL is investing significantly in niche technologies and areas like cloud computing, pay as you go services and hosted services.

With our dedicated CoEs, skills are continuously being upgraded, and customers are enjoying faster time to market as they leverage our extensive research and development

on reusable components and frameworks. Technology partnerships nurtured with leading global solutions providers like Microsoft, TIBCO, WebMethods, Oracle, Digite, and IBM, SUN Microsystems and others, enable HCL provide best-in-class services and solutions to customers. Additionally, all our software development centers are certified with ISO 9001:2000, CMM Level 5 and British Security Standard—BS7799, in keeping with our customers' information security requirements. Our customized software and application services have been rated as much higher than the industry average on the parameters of productivity, efficiency, and lower defects, and we provide 100% transparency to our clients through CXO dashboards with online SLA tracking and status reporting.

Engineering and R&D Services [ERS]

HCL is one of the few Indian companies with significant focus on engineering services. Contributing to over 19% of the company's revenues, this group brings a balance to the service portfolio unlike some of our peers. The ERS group offers end-to-end engineering services and solutions in hardware, embedded, mechanical and software product engineering to industry leaders across Aerospace & Defence, Automotive, Consumer Electronics, Industrial Manufacturing, Medical Devices, Networking & Telecom, Office Automation, Semiconductor, Servers & Storage and Software Products.

HCL well understands the importance of Research & Development (R&D) in augmenting its customers businesses and is committed to providing these world-class services to them. Over a decade of operating in complex multi-vendor environments and customer value chains, we have the ability to seamlessly integrate into their existing R&D ecosystem, working with other innovation partners, captive centers, universities, industry bodies and manufacturing partners. The group has recently started a business unit with a dedicated team to focus on Defense, Space & Security (DSS). It has also developed the Business Aligned Test Framework to specifically address the industry need for a standard and cost-effective approach to testing and verification activities in hardware, software, mechanical, system safety assessment, test engineering, prototyping, design assurance and new product realization. The group has rich experience in developing safety-critical embedded products involving cutting edge hardware, complex middleware, rich applications and interactive GUI across multiple processor families and real time operating systems. This group is Boeing's 787 software partner developing subsystems for Boeing's Tier-1 & Tier-2 partners. In addition, HCL reengineered the flight test system that is being used for certification and regulatory approvals for Boeing 787. For the Swiss division of a global medical devices major, HCL was responsible for the complete development of a Class III implantable drug delivery medical device that has recently been launched in the market. HCL's ERS was selected by an Italian Aerospace major to reengineer the complete aero structure of a transporter aircraft. With more than 35,000 parts, the complete reengineering program reduced operational cost of upto 15% across various systems. HCL runs the largest third party engineering centre for a global networking OEM company. For a European Tier-1 automotive company, HCL helped develop a complete infotainment solution for a leading French car series.

HCL foresees a shift towards clients preferring outsourcing companies to share their long-term vision, risks, and rewards

in developing product-based ecosystems that impact client-experience. Towards this, HCL is investing heavily in developing its own IPs and solutions to help customers' impact the overall product ecosystem faster and better. Solutions include a unified communication platform, a remote diagnostic reusable module, telematics and test platforms in multiple verticals. Some of our key IPs today are: Agora (HCL SaaS platform), Nimbo (private cloud enablement solution), Cirrus (Microsoft Azure enablement solution), Athena (sentiment analytics solution), Retail Track and Trace solution, UECPX (unified communications platform), ASPIRE (product portfolio management system), Telematics platform, and H-PAC (Aerospace verification platform), amongst others.

This is what it takes to make an R&D ecosystem truly business aligned. And this, coupled with HCL's 360 degree partnership approach, unique propositions like Concept to Manufacture, Engineering Portfolio Optimization (EPO) and First 2.0, full lifecycle expertise, IPs and frameworks and a strong vertical solutioning capability have positioned us as the Business Aligned R&D partner to several global technology giants.

Enterprise Application Services [EAS]

HCL's Enterprise Applications Services (EAS) division provides best-in-class services and solutions to customers in ERP, SCM, CRM, HCM, EPM, BI and Middleware. This is enhanced by leveraging strong strategic partnerships with SAP, Oracle and Microsoft. The EAS division accounts for over 22% of HCL's revenue and is one of the key areas of growth.

By acquiring Axon group plc, HCL made one of the biggest acquisitions by an Indian company, in recent times. HCL reverse merged its SAP practice with Axon and created HCL AXON, the largest dedicated SAP Global Partner in the world. HCL won the FT ArcelorMittal 'Boldness in Business' award in 2009 for this strategic acquisition. AMR Research believes that the Axon acquisition puts HCL in the Top 10 of SAP service providers, with a combined SAP consulting and support capability that is 60% larger than its closest India-based competitor.

The success of the acquisition has been recognized by analysts and clients. This year AMR published a case study on the HCL AXON SAP implementation for Birmingham City Council, highlighting the 'huge business value' generated (£400M worth of savings), and categorized this as a 'business transformation' case. More recently, IDC's Marketscape report on SAP System Integrators has ranked HCL higher than its competition. This has been supported by HCL AXON winning strategic deals at, GSK, Vodafone and ITT. Additional success includes winning the Frost & Sullivan Aerospace IT Solutions Provider 2010 award for outstanding performance. This was followed up by HCL AXON announcing that its iMRO solution that can reduce cost, complexity and risk for large and small airlines manufacturers and third-party providers is now a SAP-endorsed ERP add-on.

The second element of HCL's EAS service line is Oracle Universe (OU), which provides the entire range of end-to-end application life-cycle management services. 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. HCL's OU has proven solution accelerators and proprietary tools, built to support this Oracle product suite, providing real value to

clients. In addition to professional services, OU provides product engineering on Oracle Applications and Fusion Middleware, building connectors for Oracle's Content Management products, and testing services for Oracle product suites.

HCL's EAS service line is completed by its Microsoft group. This team enjoys a pivotal partnership with Microsoft's Business Solutions group. It has built capabilities on key Microsoft Dynamics product lines, particularly Microsoft Dynamics AX and Microsoft Dynamics CRM. The team provides life cycle services and solutions for these products across retail, insurance, media and entertainment, hi-tech, and manufacturing verticals. Being a Global Systems Integrator and Gold Certified Partner of Microsoft has enabled the team work with Microsoft to identify niche market opportunities in the Dynamics space and develop solutions to address specific client pain points. HCL is also one of the seven offshore Upgrade Partners worldwide for Microsoft Dynamics AX 4.0. To complement its Dynamics capability HCL recently launched the XpressMigrate suite of offerings for Windows 7 migration, enabling enterprises to minimize risk, bring higher visibility and reduce Windows 7 deployment costs by up to 25%.

HCL's EAS team has achieved Capability Maturity Model Integration (CMMI) Level 3 for Oracle Universe and Microsoft Dynamics as confirmed by SEI. The audit spanned multiple lines, locations and types of projects.

Enterprise Transformation Services (ETS)

HCL's Enterprise Transformation Services assists customers in developing a transformation roadmap by aligning business with IT strategy. HCL partners with customers and helps them identify the initiatives driving change, manage the transformation process, and implement supporting technology solutions that add value to the organization.

HCL's ETS offers an integrated approach for enabling transformations through the "Advise to Execute" services portfolio. The service portfolio consists of Process Transformation Services, Data Management Services, Integration Services, Architecture Services, Disruptive Technology Services (Including Cloud related services) and IT Strategy and Change Management services. This is offered through the bouquet of best-in-class services in key areas including Middleware & SOA, Data Warehousing & Business Intelligence Services, Enterprise Content Management & Portals, Independent Verification & Validation, Mainframe and Midrange Services, Business Consulting and Technology Consulting.

HCL's ETS services is backed by a rich set of IPs, frameworks and accelerators, domain solutions, robust methodologies, niche skills and strong infrastructure and BPO capabilities that puts ETS in a unique position to offer guaranteed benefits of transformation to its customers. Methodologies employed are compliant with industry standard frameworks such as ITIL, Six Sigma and CMM-I. Some of the propositions and frameworks that the group has launched in 2009-2010 include CoQ (Cost of Quality), "Test Factory in a Box", EBITS (Enterprise Business Intelligence Transformational Services), Social intelligence and xFIT (xFIT addresses challenges in EAI, SOA and BPM testing). HCL's ETS has recently won several accolades from advisors and partners for its propositions, frameworks and methodologies, technical depth, innovation and process delivery including accolades for bolt-on framework FraME [Framework for Manufacturing Execution], Visible Demand and

EAD [Enterprise Analytics Dashboard]. In 2009, Butler Group has profiled HCL's Middleware and SOA practice as having a comprehensive service suite encompassing the SOA lifecycle and various integration requirements - IPs and frameworks that reduce the time to value. HCL featured in the joint top spot for overall SOA client work and account management and its maturity in current offerings of SOA and BPM services.

Highly purposed and focused, Enterprise Transformation Services is a key area for HCL to drive value in customer engagements. In the past year, in conjunction with the EAS division, this group has bagged several global transformational high impact and high value deals.

Infrastructure Management Services (IMS)

HCL's Infrastructure Management Services group is the fastest growing business line and contributes to over 22% of HCL Technologies' total revenues. Through its differentiated value proposition - "Industrialized IT Management and co-sourcing model", this practice has been able to carve a credible growth story and solid foundation for the future. Today, it has close to 200+ customers globally, out of which, 100 are G/F 1000 companies - world leaders in their own space. The IMS division has been recognized as the leader in Global Delivery of Infrastructure Management by several Industry analysts, and is said to be the "leading light in RIM" by NASSCOM. HCL was the co-founder of the "NASSCOM IMS forum", which comprises of the leading industry players. David G Thomson in his global best seller, "Blueprint to a Billion" has compared HCL's Infrastructure Services' Division (ISD) growth story to world leaders like Cisco, Microsoft and Google.

IMS delivery is structured into six horizontal strategic business units such as End User Computing Services, Data Center Services, Cross Functional Services, Enterprise Network Services, Security Services, Integrated Operation Management, and Mainframe & AS400 Services. Its vertical reach spans 15 industries - Automotive, Chemical, Energy (Oil & Gas) and Utilities, Financial Services, Hi-Tech, Insurance, Manufacturing, Retail, Travel, Tourism & Logistics, Banking, Consumer Electronics, Food, Beverages & Tobacco, Independent Software Vendor (ISV), Life Science, Healthcare & Pharmaceuticals, and Telecom, Media, Publishing & Entertainment. IMS has a robust global delivery network with 17 delivery centres across the globe of which, six are outside India. The scale of IMS operations today stands at:

- 250,000 large/mid-range servers and over 200,000 distributed computing servers
- More than 60 PB of storage
- More than 250,000 network and security devices
- 800,000 mail boxes, and 10 million helpdesk trouble tickets
- Over 12,000 employees

This group has received its share of accolades: TPI recognizes HCL among the Top 10 Infrastructure Providers in the world; Datamonitor's Black Book of Outsourcing ranks HCL as the #1 vendor in both Traditional IT Outsourcing as well as RIM Outsourcing; Forrester featured HCL in their research study on Managed Desktop Services in EMEA. HCL was among the only two Indian MNCs featured in the report; Gartner Market Scope for Data Center Outsourcing, North America, rated HCL 'positive'

with the necessary technical skills and resources to support most client requirements, and offer high-quality services; Gartner Magic Quadrants for Helpdesk and Desktop Services in EMEA features HCL - the only Indian MNC to be featured.

Business Process Outsourcing (BPO)

HCL's BPO Business Services accounts for over 6% of the company's revenues. This division of HCL Technologies is heading towards a maturity level where a new form of BPO called 'Transformational BPO' is evolving which constitutes Full Process and Multiple Process outsourcing. With over 11,000 professionals operating out of India, Northern Ireland and USA, it serves customers in Telecom, Retail, Media Publishing Entertainment (MPE), Energy Utility & Public Services, Banking & Financial Services, Insurance, and Healthcare. HCL BPO Business Services runs 25 delivery centers across India, UK and USA and offers 24x7 multi-channel, multi-lingual support in eight European and eight APAC languages. It also services various operations across Customer Relationship Management, Technical Support Services, Knowledge Process Management, Finance and Accounting Outsourcing (FAO), Human Resources Outsourcing (HRO), and other niche services.

HCL's BPO Business Services leadership credentials are myriad, including running the largest telecom engagement in India; the first Indian BPO to enter the Telecommunications Expense Management (TEM) market; the first Indian company and 3rd in the world to be COPC certified in the specialized area of collections; the first BPO company in the world to be successfully appraised at Maturity Level 5 of People CMM. BPO Business Services is also the first BPO in the world to evolve and adopt 'Integrated Business Management System' a collation of best practices catering to multiple standards such as COPC, ISO 9001, OHSAS 18001 and ISO 14001. HCL's BPO Business Services tops the Black Book of Outsourcing's list of Top Cross Industry BPO Vendors; the organization ranks among the Top 10 ITeS-BPO companies in India (according to NASSCOM & Dataquest); HCL is the largest BPO service provider in Northern Ireland, won the largest engagement in Indian BPO history, and is the largest provider of Telecom BPO services in Asia. HCL pioneered the blended shore operations for Indian BPO service providers. HCL's BPO Business Services division won the CIO 'Ingenious 100' Award 2009 for the second consecutive year (2009) for its IT Service Management Platform which enables a process-driven blend of people and technology resulting in 99.9% of service uptime. The annual award program by IDG India's CIO magazine recognizes organizations that exemplify the highest level of operational and strategic excellence in information technology.

Risks and Concerns

Competition Related Risks

New competitors are emerging from adjacent markets and distant geographies. The Company faces competition not only from the India based IT service 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 centrality and Trust, Transparency and Flexibility.

Employee Related Risks – Managing Talent

Global economy is recovering from the bottoms of one of the deepest recession era which means more and more opportunities are available to the skilled manpower. However, due to cost cutting measures already in places, organizations are finding it difficult to increase the monetary incentives. Due to manpower intensive business model, IT service organizations are heavily impacted by this. In India, there is uptick in attrition in companies operating in IT vertical. Consequently, attrition for HCL has also increased from 13% in June 2009 to 15.7% in June 2010.

HCL Strategy

HCL continues with its "Employees First" initiative which has now entered in its fifth year of successful implementation. The focus on employees as key resources has led to introduction of several employee friendly policies. Success of this program continues to be hailed globally as it won various accolades. HCL has been ranked the No. 1 Employer in India and Best Employer in Asia by Hewitt 2009 Study and was also voted as the Most Innovative Company in the world for its workforce practices and won the Optimas award instituted by Workforce Management in US. In addition, 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 position continues to remain volatile during current fiscal with swings in both the directions on Indian Rupee impacting the IT industry. This trend is expected to continue in near to medium term with added complexity of cross -currency movements.

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 advice from financial experts to decide its hedging strategy from time to time.

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

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.

Compliance with regulatory requirements

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

HCL Strategy

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

Business Continuity & Information Security

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

HCL Strategy

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

Internal Control Systems and their adequacy

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

The company has a dedicated Internal Audit team which ensures that:

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

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

The company's audit committee comprising of 4 independent directors, which is a sub-committee of the board, reviews adherence to internal control systems, internal audit reports and legal compliances. This committee reviews all quarterly and yearly results of the company and recommends the same to Board for their approval.

Discussion on Financial Performance

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

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

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

HCL Technologies Limited (consolidated)

The Management Discussion and Analysis in this paragraph relates to the consolidated financial statements of HCL

Technologies Limited and its subsidiaries. The discussion should be read in conjunction with the financial statements and related notes to the consolidated accounts of HCL Technologies Limited for the year ended 30 June 2010.

RESULTS OF OPERATIONS (CONSOLIDATED)

(Rs. in Crores)

Particulars	For the Year Ended June 30, 2010		For the Year Ended June 30, 2009		Growth %
	Amount	% of Revenue	Amount	% of Revenue	
	Revenue	12,136.3	100.0%	10,229.4	100.0%
Total Revenues	12,136.3	100.0%	10,229.4	100.0%	18.6%
Cost of Goods Sold	443.6	3.7%	205.5	2.0%	115.9%
Personnel Expenses	6,253.7	51.5%	5,194.4	50.8%	20.4%
Operating and other expenses	3,498.5	28.8%	3,000.1	29.3%	16.6%
Depreciation	418.1	3.4%	375.5	3.7%	11.3%
Total Expenditure	10,613.9	87.5%	8,775.5	85.8%	20.9%
Profit before Interest, Other Income & Tax	1,522.4	12.5%	1,453.9	14.2%	4.7%
Interest	204.1	1.7%	112.4	1.1%	81.6%
Other Income	154.1	1.3%	262.2	2.6%	-41.2%
Profit before Tax	1,472.4	12.1%	1,603.7	15.7%	-8.2%
Provision for tax	213.4	1.8%	284.3	2.8%	-24.9%
Minority Interest	(0.2)	0.0%	(0.2)	0.0%	-5.0%
Profit after tax	1,259.1	10.4%	1,319.6	12.9%	-4.6%

Fiscal Year 2010 compared with 2009

Revenues:-

Revenues during fiscal 2010 have grown by 18.6% compared to Fiscal 2009.

The Company derives its revenue from three segments viz Software, Infrastructure services and Business Process Outsourcing services. Among the three segments, revenues from Infrastructure services have registered highest growth rate of 65.1%.

Revenue from BPO segment have declined by 15.0% compared to fiscal 2009 which is partly on account of reduction in volume of business as a result of world wide recession and partly because of weakening of GBP and USD against INR.

Segment wise details are given below:

(Rs in Crores)

Particulars	For the Year Ended June 30, 2010		For the Year Ended June 30, 2009		Growth %
	Amount	% of Revenue	Amount	% of Revenue	
	Software Services	8,427.6	69.4%	7,440.3	72.7%
Infrastructure Services	2,757.8	22.7%	1,670.0	16.3%	65.1%
Business Process Outsourcing Services	950.9	7.8%	1,119.1	10.9%	-15.0%
Total Revenue	12,136.3		10,229.4		18.6%

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

Particulars	For the Year Ended June 30, 2010	For the Year Ended June 30, 2009
	Onsite	58.7%
Offshore	41.3%	46.4%

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

Particulars	For the Year Ended June 30, 2010	For the Year Ended June 30, 2009
	Fixed Price	40.3%
Time and Material	59.7%	62.8%

Geography wise breakdown of revenue

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

(Rs in Crores)

Geographical Mix	For the Year Ended June 30, 2010		For the Year Ended June 30, 2009		Growth %
	Amount	% of Revenue	Amount	% of Revenue	
	US	6,852.2	56.5%	5,568.8	54.4%
Europe	3,430.5	28.3%	2,986.8	29.2%	14.9%
Rest of the World	1,853.6	15.3%	1,673.8	16.4%	10.7%
Total Revenue	12,136.3		10,229.4		18.6%

Revenues from US geography have grown by 23% resulting in increase in its shares in total revenue from 54.4% to 56.5%. Europe has grown by 14.9%.

Personnel Expenses:-

(Rs in Crores)

Particulars	For the Year Ended June 30, 2010		For the Year Ended June 30, 2009		Growth %
	Amount	% of Revenue	Amount	% of Revenue	
	Salaries, wages and bonus	5,572.7	45.9%	4,605.0	45.0%
Contribution to provident fund and other employee benefits	593.8	4.9%	496.8	4.9%	19.5%
Staff welfare expenses	37.4	0.3%	36.5	0.4%	2.5%
Employee stock compensation expense	49.8	0.4%	56.1	0.5%	-11.3%
Total	6,253.7	51.5%	5,194.4	50.8%	20.4%

Personnel costs have increased to Rs 6,253.7 crores in 2010 from Rs 5,194.4 crores in 2009, an increase of 20.4%. The increase is primarily on account of – (a) Increase in number of employees during the year from total of 54,216 at the end of fiscal 2009 to 64,366 at the end of fiscal 2010 and (b) increase in proportion of onsite employees (based outside India). Personnel costs as a percentage of revenues have increased from 50.8% in 2009 to 51.5% in fiscal 2010.

In respect of Software services division, total software professional persons- months increased to 381,453 from 344,781 person- months during previous year. Of this billed person-months are 305,662 for the current year as compared to 274,481 person months for the previous year. The non billable and trainee person months are 75,791 during the current year compared to 70,220 during previous year.

The utilization of billable software persons are as follows:-

Particulars	For the Year Ended June 30, 2010	For the Year Ended June 30, 2009
Offshore - including trainees	75.3%	74.8%
Offshore - excluding trainees	77.9%	75.3%

Operating and other expenses:-

(Rs in Crores)

Particulars	For the Year Ended June 30, 2010		For the Year Ended June 30, 2009		Growth %
	Amount	% of Revenue	Amount	% of Revenue	
	Rent	249.7	2.1%	236.7	2.3%
Power & Fuel	118.1	1.0%	123.9	1.2%	-4.7%
Travel and conveyance	948.4	7.8%	844.9	8.3%	12.2%
Outsourcing Cost	894.8	7.4%	488.9	4.8%	83.0%
Communication costs	145.8	1.2%	118.4	1.2%	23.1%
Recruitment Training & Development	66.4	0.5%	52.9	0.5%	25.4%
Exchange differences	-	0.0%	239.1	2.3%	-
Others	1,075.3	8.9%	895.3	8.8%	20.1%
Total	3,498.5		3,000.1		16.6%

Outsourcing costs includes (a) outsourcing of several customer related activities e.g. hosting services, facilities management, disaster recovery, maintenance, break fix services etc in Infrastructure Division. (b) hiring of third party consultants from time to time to supplement the in house teams in Software Division. These costs increased to Rs 894.8 crores in fiscal 2010 from Rs 488.9 crores in fiscal 2009.

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 to mitigate the risk of movements in foreign exchange rates associated with receivables and forecasted transactions in certain foreign currencies. During the fiscal year the company has earned net exchange gain of Rs. 4.2 crores (Included in other Income) versus loss of Rs. 239.1 crores during the fiscal 2009 mainly on account of mark to market of forward covers and restatement of foreign currency assets and liabilities.

The company follows cash flow hedge accounting in respect of forward covers taken against forecasted revenues. Exchange gain / (loss) arising on those forward covers where cash flow hedge accounting is followed has been reported under revenues.

Exchange rates for major currencies are given below:-

Average Rate	USD	GBP	EURO	AUD
For the Year Ended June 30, 2010	46.60	73.53	64.58	41.08
For the Year Ended June 30, 2009	48.12	76.84	65.82	35.64
Depreciation/(appreciation) (%)	-3.2%	-4.3%	-1.9%	15.3%

Period Ended	USD	GBP	EURO	AUD
As at June 30, 2010	46.44	69.73	57.03	39.57
As at June 30, 2009	47.90	79.48	67.64	38.97
Depreciation/(appreciation) (%)	-3.0%	-12.3%	-15.7%	1.5%

Profit before Interest, Other Income & Tax

The Company's Operating profit has increased to Rs.1522.5 crores in fiscal 2010 from Rs. 1454.0 crores in 2009, increase of 4.7%.

Other Income

The details of Other Income are as follows:-

(Rs in Crores)

Particulars	For the Year Ended June 30, 2010	For the Year Ended June 30, 2009
Interest Income	98.8	130.9
Divided Income	27.7	5.2
Gain on sale of investment	5.6	117.8
Exchange difference	4.2	-
Others	17.8	8.3
Total	154.1	262.2

Interest:

The Company was net cash positive company till it acquired AXON in December 2008 when Company took a bridge loan of USD 585Mn to fund the purchase consideration of Rs 3,302.4 crores.

During the year the Company has repaid short term foreign currency bridge loan of Rs 2,491.9 (\$585Mn) and substituted the same by long term foreign currency borrowing of Rs 1,212.1 crores (\$261Mn) and secured redeemable Debentures of Rs 1000 crores (\$200Mn). Current year finance cost has full year impact of such borrowings which has resulted in the increase in

interest cost to Rs. 204.1 crores against Rs. 112.4 crores during the previous year.

Taxation:-

The net tax expense for 2010 was Rs. 213.4 crores compared to Rs. 284.3 crores in 2009. Tax as a %age of Profit before tax has reduced to 14.5% in 2010 from 17.7% in 2009. Reduction in tax expenses is primarily on account of:-

- Abolition of fringe benefit tax by Finance Bill 2009 with effect from 1 April 2010.
- Reversal of tax provision of Rs 32 crores during the current year on account of retrospective amendment in Section 10AA of the Income Tax Act as per Finance Bill 2010 removing the anomaly in the definition for computing the income tax relating to SEZ.

The provision for taxation includes tax liabilities in India and any tax liabilities arising overseas on incomes sourced from those countries. Company's operations are conducted through Software Technology Parks ("STPs") and Special Economic Zones ("SEZs"). Income from STPs are tax exempt for the earlier of 10 years commencing from the fiscal year in which the unit commences the software development, or March 31, 2011. Income from SEZs is fully tax exempt for the first 5 years, 50% exempt for the next 5 years and 50% exempt for another 5 years subject to fulfilling certain conditions.

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 a 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 2011. Accordingly, the Company has recognized deferred tax assets for such tax credit amounting to Rs. 77.9 crores and Rs. 196.0 crores as at June 30, 2009 and 2010 respectively.

Acquisitions Consummated during the year:-

The Company has made following acquisitions during the year:-

► UCS Solutions holding (pty) Limited

On August 1, 2009, the group, through its subsidiary, acquired Enterprise Solution SAP practice of UCS Group in South Africa for a cash consideration of Rs.38.4 Crores (ZAR 57.1mn) and Rs.44.1 crores as earn out payable on achieving specified targets over the next 2 years. The transaction has been accounted by following the purchase method and resulted in goodwill aggregating to Rs. 82.4 Crores. The goodwill has been allocated to Software segment.

► RKV Technologies

On March 31 2010, the group through its subsidiary, acquired unemployment Insurance Practice for a total cash consideration of Rs 22.2 crores (USD 5mn), and earn out payable on achieving specified terms as specified in Business purchase agreement. The transaction has been accounted by following the purchase method and resulted in goodwill aggregating to Rs. 23.2 crores. The goodwill has been allocated to Software segment

FINANCIAL POSITION

Share capital:-

(Rs in Crores)

Particulars	2010	2009
Authorized Share Capital	150.0	150.0
Issued Subscribed & Paid Up	135.8	134.1

Authorized Share Capital consists of 750,000,000 equity shares of Rs 2 each. During the year, employees exercised 2355096, 3688408 and 2480108 equity shares under the employees stock options plan 1999, 2000 & 2004 respectively. Consequently issued, subscribed and paid capital increased by 8,527,212 equity shares and share capital increased by Rs 1.71 crores.

Reserves:-

Debenture Redemption Reserve:-

During the year company has raised Rs 1000 crores through secured redeemable non convertible debentures of Rs 10 lacs each which is redeemable in tranches of 2, 3 & 5 years. As per Section 117C of the Companies Act 1956, Company is required to create debenture redemption reserve to which adequate amounts should be credited from out of its profits until such debentures are redeemed. Accordingly Company has apportioned Rs 295 crores out of its current year profits towards debenture redemption reserve.

Borrowings:-

Company has outstanding borrowings of Rs. 2,724.2 crores as of June 30 2010 primarily consisting of the following:-

- Secured redeemable non convertible debentures of Rs 10 lacs each issued for Rs. 1000 Crores redeemable in tranches of 2, 3 & 5 years and have an interest cost varying between 7.55% to 8.80%.
- Secured long term foreign currency loan of Rs. 1212.1 crores (USD Equivalent 261.0 Mn) crores from banks repayable within a period eight half yearly equal installments starting from May 2011 carrying interest ranging from 3% to 4%.

Fixed Assets:-

The Company has made additions of Rs. 678.8 crores during 2010 in the gross block of fixed assets which comprises computers, software, other equipments and investment in facilities. Additions include Rs. 105.6 crores being assets (including goodwill) acquired on consummation of acquisition during the year. Gross block of fixed assets as at the end of fiscal 2010 stood at Rs. 7061.6 crores and capital work in progress (including capital advances) stood at Rs. 609.1 crores.

The Company is in the process of developing facilities in its campuses at NOIDA, Chennai, Bangalore and Manesar. These campuses are spread over a combined area of 121 acres. 8400 seats have already become operational at these campuses and 16,000 seats are under development at these campuses. All the campuses excluding Manesar are approved SEZ locations. Expenditure incurred till end of fiscal 2010 for the facilities under construction is appearing under capital work in progress.

Treasury Investments:-

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

The Company deploys its surplus funds primarily in debt mutual funds and bank fixed deposits with a limit on investments with individual fund/bank. As at the end of fiscal 2010, almost entire surplus funds are invested in fixed deposit with nationalized banks.

Particulars	2010	2009
Debt Mutual Funds	782.1	20.0
Bonds	50.0	20.0
Fixed Deposits with Banks	1,099.2	1,494.6
Inter corporate deposits with HDFC Limited	100.0	-
Total	2,031.3	1,534.6

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. 1,791.2 crores and Rs. 1,117.8 crores in fiscal 2010 and 2009 respectively.

Cash Flows from Investing Activities:-

In fiscal 2010, an amount of Rs. 646.8 crores was invested in fixed assets. Rs.50.8 crores were used for payment for business acquisitions.

Cash Flows from Financing Activities:-

Cash flow from financing activities in the year under review had an outflow of Rs. 727.8 crores against inflow of Rs 2,249.9 crores in 2009. This is mainly because of repayment of short term foreign currency loan of Rs 2395.0 crores (USD 585Mn) and Rs 315.2 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 '2010.

RESULTS OF OPERATIONS (STANDALONE)

(Rs. in Crores)

Particulars	For the Year Ended June 30, 2010		For the Year Ended June 30, 2009		Growth
	Amount	% of Revenue	Amount	% of Revenue	% Increase
Revenue	5,078.8	100.0%	4,675.1	100.0%	8.6%
Total Revenue	5,078.8	100.0%	4,675.1	100.0%	8.6%
Cost of Goods Sold	85.5	1.7%	-	-	-
Personnel Expenses	2,187.7	43.1%	1,930.2	41.3%	13.3%
Operating and other expenses	1,449.2	28.5%	1,539.0	32.9%	-5.8%
Depreciation	274.0	5.4%	251.9	5.4%	8.8%
Total Expenditure	3,996.4	78.7%	3,721.1	79.6%	7.4%
Profit before Interest, Other Income & Tax	1,082.4	21.3%	954.0	20.4%	13.5%
Interest	101.4	2.0%	28.1	0.6%	260.9%
Other Income	171.8	3.4%	265.8	5.4%	-35.4%
Profit before Tax	1,152.8	22.7%	1,191.7	25.5%	-3.3%
Provision for tax	96.2	1.9%	194.4	4.2%	-50.5%
Profit after tax	1,056.6	20.8%	997.3	21.3%	5.9%

FISCAL 2010 COMPARED TO FISCAL 2009

Revenues:-

Revenue during the fiscal 2010 has grown by 8.6% as compared to fiscal 2009.

The Company derives its revenue from three segments viz Software, infrastructure and business process outsourcing services. Among the three segments, revenues from Infra services have registered highest growth rate of 306.0%.

Revenue from BPO segment have declined by 29.0% compared to fiscal 2009 which is partly on account of reduction in volume of business as a result of worldwide recession and partly because of weakening of GBP and USD against INR.

Segment wise details are given below:

(Rs in Crores)

Particulars	For the Year Ended June 30, 2010		For the Year Ended June 30, 2009		Growth	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% Increase
Software Services	4,084.3	80.4%	3,991.8	85.4%		2.3%
Infrastructure Service	617.3	12.2%	152.0	3.3%		306.0%
Business Process Outsourcing Services	377.2	7.4%	531.3	11.4%		-29.0%
Total Revenue	5,078.8		4,675.1			8.6%

Geography wise breakdown of revenue

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

(Rs in Crores)

Geographical Mix	For the Year Ended June 30, 2010		For the Year Ended June 30, 2009		Growth	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% Increase
US	3,376.7	66.5%	3,072.2	65.7%		9.9%
Europe	1,205.8	23.7%	1,230.3	26.3%		-2.0%
Rest of the World	496.3	9.8%	372.6	8.0%		33.2%
Total Revenue	5,078.8		4,675.1			8.6%

Personnel Expenses:-

(Rs in Crores)

Particulars	For the Year Ended June 30, 2010		For the Year Ended June 30, 2009		Growth	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% Increase
Salaries, wages and bonus	2,044.0	40.2%	1,789.4	38.3%		14.2%
Contribution to provident and other funds	74.4	1.5%	62.2	1.3%		19.6%
Staff welfare expenses	19.5	0.4%	22.5	0.5%		-13.6%
Employee stock compensation expense	49.8	1.0%	56.1	1.2%		-11.2%
Total	2,187.7	43.1%	1,930.2	41.3%		13.3%

Personnel costs have increased to Rs 2,187.7 crores in 2010 from Rs 1,930.2 crores in 2009, an increase of 13.3% in personnel costs have been driven primarily by an increase in number of employees during the year from total of 38,525 at the end of fiscal 2009 to 47,072 at the end of fiscal 2010 and increase in average cost per employee.

Personnel costs as a percentage of revenues have increased from 41.3% in 2009 to 43.1% in fiscal 2010.

Operating and other expenses:-

(Rs in Crores)

Particulars	For the Year Ended June 30, 2010		For the Year Ended June 30, 2009		Growth	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% Increase
Rent	158.6	3.1%	155.8	3.3%		1.8%
Power & Fuel	86.9	1.7%	100.3	2.1%		-13.3%
Travel and conveyance	388.7	7.7%	290.0	6.2%		34.0%
Communication costs	44.2	0.9%	56.6	1.2%		-21.9%
Recruitment Training & Development	18.7	0.4%	23.1	0.5%		-19.4%
Exchange differences	47.8	0.9%	174.3	3.7%		-72.6%
Outsourcing Costs	404.8	8.0%	462.1	9.9%		-12.4%
Others	299.5	5.9%	276.8	5.9%		8.2%
Total	1,449.2	28.5%	1,539.0	32.9%		-5.8%

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 to mitigate the risk of movements in foreign exchange rates associated with receivables and forecasted transactions in certain foreign currencies. During the fiscal year the company has exchange loss of Rs. 47.8 crores versus loss of Rs. 174.3 crores mainly on account of mark to market of forward covers and restatement of foreign currency assets and liabilities.

The company follows cash flow hedge accounting in respect of forward covers taken against forecasted revenues. Exchange gain / (loss) arising on those forward covers where cash flow hedge accounting is followed has been reported under revenues.

The Company also subcontracts certain projects to subsidiaries or hires consultants from third parties. These costs decreased to Rs 404.8 crores in fiscal 2010 from Rs. 462.1 crores in fiscal 2009, decrease of 22.8%.

Profit before Interest & Other Income & Tax

The Company's Operating profit has increased to Rs.1082.4 crores in fiscal 2010 from Rs. 954.0 crores in 2009, increase of 13.5%.

Taxation:-

The net tax expense for 2010 was Rs. 96.2 crores compared to Rs. 194.4 crores in 2009. Tax as a %age of Profit before tax has reduced to 8.3% in 2010 from 16.3% in 2009. Reduction in tax expenses is primarily on account of:-

- Abolition of fringe benefit tax by Finance Bill 2009 with effect from 1 April 2010.
- Reversal of tax provision of Rs 32 crores during the current year on account of retrospective amendment in Section 10AA of the Income Tax Act as per Finance Bill 2010 removing the anomaly in the definition for computing the income tax relating to SEZ..

Company's operations are conducted through Software Technology Parks ("STPs") and Special Economic Zones ("SEZs") .Income from STPs are tax exempt for the earlier of 10 years commencing from the fiscal year in which the unit commences the software development, or March 31, 2011. Income from SEZs is fully tax exempt for the first 5 years, 50%

exempt for the next 5 years and 50% exempt for another 5 years subject to fulfilling certain conditions.

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 a 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 2011. Accordingly, the Company has recognized deferred tax assets for such tax credit amounting to Rs. 53.4 crores and Rs. 179.4 crores as at June 30, 2009 and 2010 respectively.

FINANCIAL POSITION

Reserves:-

Debenture Redemption Reserve:-

During the year company has raised Rs 1000 crores through secured redeemable non convertible debentures of Rs 10 lacs each which is redeemable in tranches of 2, 3 & 5 years. As per Section 117C of the Companies Act 1956, Company is required to create debenture redemption reserve to which adequate amounts should be credited from out of its profits until such debentures are redeemed. Accordingly Company has apportioned Rs 295 crores out of its current year profits towards debenture redemption reserve.

Borrowings:-

Company has outstanding borrowings of Rs. 1,397.4 crores as of June 30 2010 primarily consisting of the following:-

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

Fixed Assets:-

The Company has made additions of Rs. 366.7 crores during 2010 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 2010 stood at Rs. 2293.4 crores and capital work in progress (including capital advances) stood at Rs. 477.2 crores.

The Company is in the process of developing facilities in its campuses at NOIDA, Chennai, Bangalore and Manesar. These campuses are spread over a combined area of 121 acres. 8400

seats have already become operational at these campuses and 16,000 seats are under development at these campuses. All the campuses excluding Manesar are approved SEZ locations. Expenditure incurred till end of fiscal 2010 for the facilities under construction is appearing under capital work in progress.

Treasury Investments:-

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

The Company deploys its surplus funds primarily in debt mutual funds and bank fixed deposits with a limit on investments with individual fund/bank. As at the end of fiscal 2010, almost entire surplus funds are invested in fixed deposit with nationalized banks.

(Rs in Crores)

Particulars	2010	2009
Debt Mutual Funds	748.2	20.0
Bonds	50.0	20.0
Fixed Deposits with Banks	924.6	1,221.8
Inter corporate deposits with HDFC Limited	100.0	-
Total	1,822.8	1,261.8

CASH FLOWS

Cash Flows from Operating Activities:-

Cash generated from operations provides the major sources of funds for the growth of the business. Net cash provided by operating activities was Rs. 739.3 crores and Rs. 590.1 crores in fiscal 2010 and 2009 respectively.

Cash Flows from Investing Activities:-

In fiscal 2010, an amount of Rs. 400.3 crores was invested in fixed assets and Rs 752.7 crores were invested in Debts Mutual funds and Bonds during the current fiscal.

Cash Flows from Financing Activities:-

Cash flow from financing activities in the year under review has an inflow of Rs. 583.4 crores against outflow of Rs 227.9 crores in 2009. This is mainly because of issue of secured redeemable non convertible debentures of Rs 10 each issued for Rs. 1000 Crores during the current fiscal and outflow of Rs. 315.2 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 Eighteenth Annual Report together with the Audited Accounts for the year ended June 30, 2010.

FINANCIAL RESULTS

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

(Rs. in crores)

	Year ended June 30, 2010	Year ended June 30, 2009
Income		
Revenues	12,136.29	10,229.41
Other income	154.12	262.20
	<u>12,290.41</u>	<u>10,491.61</u>
Expenditure		
Cost of goods sold	443.55	205.47
Personnel Expenses	6,253.70	5,194.38
Operating and other expenses	3,498.48	3000.06
Finance costs	204.14	112.44
Depreciation and amortization	418.11	375.47
	<u>10,817.98</u>	<u>8,887.82</u>
Profit before tax and minority interests	1,472.43	1,603.79
Provision for tax	(213.43)	(284.34)
Profit before minority interests	1259.00	1,319.45
Share of minority shareholders	0.19	0.18
Net Profit	1,259.19	1,319.63

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, 2010	Year ended June 30, 2009
Income		
Revenues	5,078.76	4,675.09
Other income	171.77	265.81
	<u>5,250.53</u>	<u>4,940.90</u>
Expenditure		
Cost of goods sold	85.47	-
Personnel Expenses	2,187.66	1,930.22
Operating and other expenses	1,449.19	1,539.00
Finance Charges	101.36	28.09
Depreciation and amortization	274.03	251.89
	<u>4,097.71</u>	<u>3,749.20</u>
Profit before tax	1152.82	1,191.70
Provision for tax	(96.24)	(194.39)
Profit after tax	1,056.58	997.31
Balance in Profit and Loss Account brought forward	1,920.97	1,572.73
Amount available for appropriation	2,977.55	2,570.04
Appropriations		
Proposed final dividend [including Rs. 0.29 crores (previous year Rs. 0.87 crores) paid for previous year]	68.16	67.90
Corporate dividend tax on proposed final dividend [including Rs.0.05 crores (previous year Rs.0.15 crores) paid for previous year]	11.32	11.54
Interim dividend	202.33	401.71
Corporate dividend tax on interim dividend	34.13	68.19
Transfer to general reserve	105.66	99.73
Transfer to debenture redemption reserve	295.00	-
Balance carried forward to the balance sheet	2260.95	1,920.97
Total	2,977.55	2,570.04

TRANSFER TO RESERVES

Your Company has transferred Rs. 105.66 crores to the General Reserve Account and Rs. 295 crores to the Debenture Redemption Reserve Account as at June 30, 2010. An amount of Rs. 2,260.95 crores is proposed to be carried forward in the Profit & Loss Account.

OVERVIEW

During the financial year 2009-10, on a standalone basis, your Company's revenues stood at Rs. 5,078.76 crores registering a growth of 8.63% over the previous year and on a consolidated basis, the Company's revenues for the year 2009-10 stood at Rs. 12,136.29 crores registering a growth of 18.64% over the previous year.

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

DIVIDENDS

Your directors are pleased to recommend a final dividend of Re.1 per equity share for the financial year ended June 30, 2010, 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, 2010	Rate of dividend (Per Share)	Amount of dividend paid	Dividend Distribution tax paid by the Company	Total Outflow
				(Rs. in crores)	
1.	1 st Interim Dividend	Re. 1/-	67.19	11.42	78.61
2.	2 nd Interim Dividend	Re. 1/-	67.45	11.46	78.91
3.	3 rd Interim Dividend	Re. 1/-	67.69	11.25	78.94

The total amount of dividends (including interim dividends paid) for the year ended June 30, 2010 shall be Rs. 270.20 crores. Dividend distribution tax paid / payable by the Company for the year would amount to Rs. 45.40 crores.

SCHEME OF AMALGAMATION

During the year under review, the Board of Directors of the Company, subject to requisite approvals, had approved the Scheme of Amalgamation ("Scheme") under section 391 to 394 of the Companies Act, 1956 for amalgamation of HCL Technoparks Limited, wholly owned subsidiary of the Company with the Company.

The Company has filed the petition before the Hon'ble High Court of Delhi for approval of the Scheme of Amalgamation. The Scheme, if approved, shall be effective from April 1, 2009.

SUBSIDIARIES/ BRANCHES FORMED DURING THE YEAR

HCL Technologies Denmark ApS and HCL Technologies Norway AS

In view of the new business prospects of the Company, the Company has set up its step down subsidiaries in Denmark viz. HCL Technologies Denmark ApS and in Norway viz. HCL Technologies Norway AS.

During the year, your Company has also set up its branch office in U.S.A.

EXISTING SUBSIDIARIES-CLOSURE DURING THE YEAR

Your Company had acquired Axon Group Ltd. ("Axon") in 2008-09 which is a leading U.K. based SAP consulting Company. Axon had set up subsidiaries in various countries. As a rationalization process, the applications for winding up were filed with the appropriate authorities for the two dormant entities viz. Aspire Solutions Sdn. Bhd., a company incorporated in Malaysia and Axon EBT Trustees Limited, a company incorporated in U.K. as their businesses were integrated with other entities in these countries.

SUBSIDIARIES - FINANCIALS

The Company has 56 subsidiaries as on June 30, 2010. 3 subsidiaries of the Company are not required to prepare the financials as on June 30, 2010 as they have been incorporated during the current year and the first financial year of these companies shall close subsequent to June 30, 2010.

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 its subsidiaries along with the accounts of the Company for the year ended June 30, 2010. 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, 2010 shall form part of 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, 2010, the Company allotted 85,27,212 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, 2010, the issued and paid-up share capital of the Company was Rs. 135,75,67,624/- (previous year: Rs. 134,05,13,200/-) comprising 67,87,83,812 (previous year: 67,02,56,600) equity shares of Rs. 2/- each fully paid-up.

SHARES UNDER COMPULSORY DEMATERIALIZATION

The equity shares of your Company are included in the list of specified scrips where delivery of shares in dematerialized (demat) form is 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, 2010, 99.93% shares were held in demat form.

DEBENTURES

During the year, the Company has issued rated, secured, taxable, redeemable non-convertible debenture(s) as per details given hereunder:

Date of Issue	Amount (Rs. in crores)	Coupon Rate (Payable quarterly)	Maturity Period
August 25, 2009	170	7.55% p.a.	2 years
August 25, 2009	330	8.20% p.a.	3 years
September 10, 2009	500	8.80% p.a.	5 years

A debenture trust deed in favour of IDBI Trusteeship Services Limited for the aforesaid issues has been executed. The Debentures are secured by way of mortgage(s) and/ or charges on the movable / immovable properties of the Company whether existing / future. The said debentures have been listed on Wholesale Debt Segment of the National Stock Exchange of India Limited.

INTERNAL CONTROL SYSTEM

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

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

CORPORATE GOVERNANCE

The report of the Board of Directors of the Company on Corporate Governance is given as a separate section titled 'Corporate Governance Report 2009-10', 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 AND ANALYSIS

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

INSIDER TRADING REGULATIONS

Based on the requirements under SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, the Code of Conduct for prevention of insider trading and the Code for corporate disclosures are in force.

DIRECTORS

In accordance with the Articles of Association of the Company, Mr. Subroto Bhattacharya, Mr. Vineet Nayar and Mr. Amal Ganguli, shall retire by rotation as Directors at the ensuing Annual General Meeting and being eligible, they have offered themselves for re-appointment.

AUDITORS

The auditors, M/s. S.R. Batliboi & Co. Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and they have confirmed their eligibility and willingness to be re-appointed.

GROUP

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

Name of the Companies/Trust

HCL Corporation Ltd.
HCL Holdings Pvt. Ltd.
Guddu Investments (Pondi) Pvt. Ltd.
Vama Sundari Investments (Pondi) Pvt. Ltd.
Shiv Nadar Investments (Pondi) Pvt. Ltd.
SSN Investments (Pondi) Pvt. Ltd.
Shiv Nadar Investments (Chennai) Pvt. Ltd.
Shivkiran Investments (Chennai) Pvt. Ltd.
Vamasundari Investments (Delhi) Pvt. Ltd.
SSN Investments (Delhi) Pvt. Ltd.
SSN Trust
Shiv Nadar Foundation
Vamasundari Scholarship Trust

FIXED DEPOSITS

Your Company has not accepted any fixed deposits.

AWARDS AND RECOGNITIONS

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

- Ranked No. 1 among the top 50 best managed global outsourcing vendors of 2009 by Brown & Wilson's Black Book of Outsourcing.
- Chosen from among more than 188 corporate entries, your Company won the prestigious 'Golden Peacock Innovation' award for its MTaaSTM (a Business Service Management centric service delivery platform) offering in the IT Sector category.
- Ranked No.1 amongst the 2009 Top Cross-Industry BPO Vendors by the Black Book of Outsourcing.
- Ranked No.1 in the traditional IT Outsourcing space by Datamonitor's, Black Book of Outsourcing 2009-10.
- Ranked No. 1 in the RIMO (Remote Infrastructure Management Outsourcing) space and scores highest in 18 significant ITO criteria and 13 significant RIMO criteria surveyed.

- HCL AXON rated a leader in the Forrester Wave for SAP Implementation Providers making it a serious contender across all phases of the SAP implementation life cycle.

QUALITY

Quality policy of your Company is to satisfy the customers by delivering quality products and services that meet their requirements on time, every time.

To operate the quality system in your Company, we have developed a system called Organizational Management System (“OMS”) which conforms to the ISO 9001:2000 standard, CMM Ver1.1 and CMMI version 1.2, IEEE (referenced) for the design and development of software and hardware products and related services. The OMS is designed to achieve the Company’s quality policy and objectives.

The OMS has been developed to keep in mind the following objectives:

- Standardize engineering and management practices across all level of businesses of the Company.
- To enhance productivity and effectiveness of the Company’s operations and reduce the learning curve.
- Unified approach to our business acquisition and delivery methods.
- Align with other common corporate initiatives like SAP, KROSS, PM Smart etc.

Quality Initiatives taken during the year:

- Six Sigma
- Earned Value Management
- Next Generation OMS
- Beyond CMMI L5

Quality Journey of HCL Technologies Ltd.:

- First company to get assessed for CMMI Level 5 in ‘Investment banking IT services provider’ group.
- First software company to get certified for AS 9100 in India.

Organizational Management System of your Company is compliant to multiple industry and domain specific standards. It has also been enhanced for domain standards like TL 9000 and ISO 16949 and models like CMMI (Dev) V1.2 L5 and CMMI for services.

EMPLOYEES FIRST

Around five years ago, your Company initiated a unique employees focused program that places the needs of employees before that of customers. Your Company believes that employees bring strategic value to an organization and are critical to its success in the global marketplace. The future growth and competitiveness of any organization depends more than ever before on attracting the best talent and engaging and empowering them to achieve their own, and the organization’s goals. Your Company always believes that happy and passionate employees offer better value in engagements and directly impact customer satisfaction.

Towards this, your Company practices Employees First – the first of its kind of articulation, which is at the core of our efforts to

provide our employees a work environment and culture that they can take pride in. Employees First is our means of getting into the very core of the individual and decoding their individuality and diversity, unleashing their potential and equipping them with the necessary tools to enhance the value zone.

We believe that the maximum value is created at the employee-customer interface. Therefore we empower our employees to generate delight for our customers, every step of the way. The 5 core values of Employees First are Honesty, Transparency, Accountability, Individuality and Collaboration. In order to strengthen these values, many initiatives have been introduced by your Company. Some key initiatives are:

- **Smart Service Desk**, where employees can raise SLA-bound tickets on any internal service provider, and only employees can close these tickets, if satisfied. This brings in a culture of reverse accountability.
- **CEO Connect through U&I**, where the CEO is personally available online to every employee, tours every location and holds interactive discussions complemented by a fully functional blog. This infuses a culture of transparency and open communication between the CEO and the employee.
- **Open 360 Degree Feedback**, where employees can rate their managers, even the CEO, and the feedback/rating is made public across the organization. This inverts the pyramid and makes the employee a part of the development journey of the manager and also the CEO.
- **Talent Transformation** is designed to build behavior based competencies in individuals.
- **Employees First Academy**, comprising three levels: Employees First Lifestyle, Employees First Leadership, and Harvard Emerging Leader Program, to initiate and nurture effective leaders.
- **Directions**, an annual event where the CEO and senior management conduct a face-to-face meeting with all employees to discuss the Company’s strategy and direction. It is a ‘mirror, mirror’ exercise between the employees and senior management.

Employees First, Customers Second: Mr. Vineet Nayar, CEO and Whole-time Director of the Company has written a book on his innovative concept of Employees First, Customers Second (EFCS). Employees First, Customers Second is a book published by Harvard Press. Admired by many global thought leaders viz. Mr. Tom Peters, Mr. Tony Hsieh, Mr. Gary Hamel, Ms. Judy McGrath, Mr. Ram Charan, and Mr. Victor K. Fung.

The Book got rave reviews from Fortune, CIO Insight, Economist, Washington Post, Sunday Times, Hindu, FOX Business, CNBC Europe, Bloomberg Radio Surveillance and many others.

Talent Transformation and Intrapreneurship Development (T2ID)

T2ID in your Company identifies and recognizes the need to groom and develop employees for developing the future leaders. T2ID rolls out a series of end to end programs that would continuously enhance the value that an employee adds to the Company. In your Company, employees are not just one of the assets but THE Assets. The quintessential “Customer is King” has been replaced by “Employees First”; the bottom line

being, if the employee is satisfied, happy and skilled, then only will he/she be able to serve his customer better so that they in turn bring value-add to their clients.

Key Initiatives of T2ID

TOP GUN – Next generation Leadership development program— This Leadership Program builds the leadership pipeline of the Company by focusing on equipping the next generation of leaders with the Company’s identified leadership competencies in order to create World Class Leaders.

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

Employee Passion Indicative Count (EPIC)— EPIC is a self assessment tool which aims to measure Top 5 Passion Indicators of an employee that drive him to do his day to day work. During the year, 25,100 employees participated in the EPIC assessment and found out their passion drivers.

Good Practices Conferences— Good Practices is an initiative from delivery excellence for systematic collation, evaluation, sharing and adoption of good practices across the Company. Good Practices Conference 2010 is a platform for individuals/ teams to share their good practices as well as lessons learnt from failures.

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

HCL Scholar— It is a knowledge enhancement program aimed at providing a structured and robust platform to assess employees of the Company on their understanding about the Company and their respective areas of operation. It aims at promoting a culture of continuous learning and capabilities building within the Company.

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

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

DIRECTORS’ RESPONSIBILITY STATEMENT

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

STOCK OPTIONS PLANS

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

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

DISCLOSURES UNDER SECTION 217 OF THE COMPANIES ACT, 1956

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

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

ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

Noida (U.P.), India
July 29, 2010

SHIV NADAR
Chairman and Chief Strategy Officer

ANNEXURE 1 TO THE DIRECTORS' REPORT

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

a) Conservation of Energy

(i) Building Infrastructure:

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

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

Our Energy Efficiency drive includes:

- Normal bulbs replaced by CFLs.
- All air conditioners, lights and PCs are shutdown after 18 30 hrs.
- All facilities have an optimum ratio of glass windows to utilize natural daylight and proper insulation/ventilation to balance temperature and reduce heat.
- Regular sensitization campaigns:
 - HCL celebrated 'earth hour' on the 9th September 2009, by switching off the lights of all its facilities at 9 pm for 9 minutes.
- State-of-art power utility equipment with high energy efficiency.

(ii) IT Infrastructure:

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

Through our pioneered global remote infrastructure management model, we ensure that IT infrastructure services are delivered through e-service or remote management, which has reduced the physical contact and travel of IT engineers.

(iii) Carbon Footprint measurement:

Your Company has formed a Green Council to address the response to Global Warming. The first decision of the council has been to start publishing in the annual Green House Gas (Carbon) emissions reports. The measurement is being done by using Company's developed Carbon accounting framework, manage Carbon.

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

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

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

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

In addition, your Company reengineered the flight test system that is being used for certification and regulatory approvals for Boeing 787. For the Swiss division of global medical devices major, your Company was responsible for the complete development of a Class III implantable drug delivery medical device that has recently been launched in the market.

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

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

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

(iii) Future plan of action

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

(iv) Expenditure on R&D for the years ended June 30, 2010 and 2009 are as follows:

(Rs. in crores)

Particulars	2010	2009
Revenue expenditure	40.53	40.86
Capital expenditure	-	-
Total R&D expenditure	40.53	40.86
R&D expenditure as a percentage of revenues	0.80%	0.87%

(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. During the year, your company has set up subsidiaries in Denmark and Norway 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	2010	2009
Foreign exchange earnings	4,968.24	4,572.53
Foreign exchange outgo		
- Expenditure in foreign currency	688.50	702.29
- CIF value of imports	114.91	108.03
- Dividend remitted in foreign currency	48.58	110.65
	851.99	920.97

For and on behalf of the Board of Directors

Noida (U.P.), India
July 29, 2010

SHIV NADAR
Chairman and Chief Strategy Officer

ANNEXURE 2 TO THE DIRECTORS' REPORT

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

- i) The financial statements have been prepared in accordance with the accounting standards issued by the Institute of Chartered Accountants of India and the requirements of the Companies Act, 1956, to the extent applicable to the Company. There have been no material departures from prescribed accounting standards while preparing these financial statements;
- ii) The Board of Directors has selected the accounting policies described in the notes to the accounts, which have been consistently applied, except where otherwise stated. The estimates and judgments relating to the financial statements have been made on a prudent basis, in order that the financial statements reflect in a true and fair manner, the state of affairs of the Company as at June 30, 2010 and the profit of the Company for the year ended on that date;
- iii) The Board of Directors has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The annual accounts have been prepared on the historical cost convention, as a going concern and on the accrual basis.

For and on behalf of the Board of Directors

Noida (U.P.), India
July 29, 2010

SHIV NADAR
Chairman and Chief Strategy Officer

ANNEXURE 3 TO THE DIRECTORS' REPORT

DETAILS ON STOCK OPTION PLANS

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

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

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

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

S. No.	Description	1999 Plan	2000 Plan	2004 Plan
1.	Total number of options granted (gross)	26,600,874	17,747,401	4,716,172
2.	The pricing formula	Market price / internal valuation	Market price	Market price / price determined by Compensation Committee
3.	Number of options vested	17,531,472	10,467,938	2,622,478
4.	Number of options exercised	12,785,145	5,578,893	1,896,116
5.	Total number of shares arising as a result of exercise of options	51,140,580	22,315,572	7,584,464
6.	Number of options lapsed	12,292,872	9,817,327	740,944
7.	Variation in terms of options	None	None	None
8.	Money realized by exercise of options (Rs. crores)	434.00	314.33	6.19
9.	Total number of options in force as on June 30, 2010	1,522,857	2,351,180	2,079,112
10.	Grant to Senior Management			
	Number of Options	1,967,175	254,904	1,350,000
	Vesting Period	3-7 years	2-7 years	1.02-5 years

The diluted earnings per share were Rs. 15.33 and Rs.14.73 for the fiscal years ended June 30, 2010 and 2009 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, 2010, 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 3 TO THE DIRECTORS' REPORT (Contd.)

Details of Stock Option Plans for the year ended June 30, 2010

Particulars	1999 Plan	2000 Plan	2004 Plan
Total number of options outstanding as on July 1, 2009	2,399,885	3,473,285	2,545,431
Number of options granted during the year	-	-	240,000
Pricing formula	Market price / internal valuation	Market price	Market price / price determined by Compensation Committee
Number of options vested during the year	725,540	1,364,615	831,719
Number of options exercised during the year	588,774	922,102	620,927
Total number of shares arising as a result of exercise of options during the year	2,355,096	3,688,408	2,483,708
Number of options lapsed during the year	288,254	200,003	85,392
Variation in terms of options	None	None	None
Money realised by exercise of options during the year (Rs. crores) (includes issued through Trust)	43.00	57.14	2.31
Total number of options in force as on June 30, 2010	1,522,857	2,351,180	2,079,112
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 (Rs.)	N.A.	N.A.	N.A.
Weighted average fair value of options granted below market price (Rs.)	N.A.	N.A.	N.A.
Method and significant assumptions used during the year to estimate the fair values of options			
Method			
Significant assumptions			
Risk free interest rate	Black schole 8.10%	Black schole 8.10%	Black schole 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 (Rs.)	N.A.	N.A.	N.A.

Pre IPO Details of Stock Option Plan

Particulars	As on June 30, 2010 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, 2010	-
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 3 TO THE DIRECTORS' REPORT (Contd.)

Employee Compensation Cost based on fair value of the options

		Year ended 30 June 2010
		(Rs. in Crores)
Net income, as reported		1,056.58
Add: Stock-based employee compensation expense included in reported net income		49.84
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards		83.54
Proforma net income		<u>1,022.88</u>
Earnings per share		Rs.
As reported	- Basic	15.68
	- Diluted	15.33
Adjusted pro forma	- Basic	15.18
	- Diluted	<u>14.84</u>
Method used to estimate the fair values of options		Black-Scholes Method
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 during the year ended June 30, 2010		
Ranjit Narasimhan	24-Aug-09	65,000
Vineet Nayar	24-Aug-09	175,000

Details of options granted to employees amounting to 5% or more of the options granted during the year ended June 30, 2010

None

Details of options granted to employees during the year ended June 30, 2010, amounting to 1% or more of the issued capital of the company at the time of the grant

None

For and on behalf of the Board of Directors

Noida (U.P.), India
July 29, 2010

Shiv Nadar
Chairman and Chief Strategy Officer

ANNEXURE 4 TO THE DIRECTORS' REPORT

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

A. EMPLOYED FOR FULL FINANCIAL YEAR - 2009-10

Sr. No.	Name	Age (in yrs.)	Designation	Educational Qualification	Remuneration (in Rs.)	Date of Joining	Experience in Yrs.	Previous Employment	Designation held in previous employment	Previous Employment held since
1	Ajay Davessar	41	Associate Vice President	BBA	2,512,456	12.05.2009	18	Capgemini	Associate Director	Dec.06
2	Ajit Sarangi	44	Operations Director	MBA	3,509,053	12.09.2008	23	Infosys Technologies Ltd	Delivery Manager	Feb.98
3	Akash Srivastava	38	Deputy General Manager	B.Tech -Computer Science	2,472,036	25.08.2008	16	Infosys Technologies Ltd	Group Project Manager	Aug.06
4	Amit Roy	51	Vice President - Taxation	B. Com, CA	7,182,484	16.07.2007	26	Samsung Electronics Ltd.	Vice President- Taxation	Sep.06
5	Anand Pillai	51	Senior Vice President - Quality & T2Id	PGD, FMS/CSMS	5,440,101	01.06.2005	27	Clime	President & Chief Mentor	Sep.03
6	Anand Srinivasan	46	Associate Vice President	BE - Instrumentation	3,605,790	04.08.2008	23	Satyam Computer Services Ltd.	Principal Consultant	Jul.03
7	Ananth Vaidyanathan	41	Senior Vice President	BE - Electronics	4,664,379	21.05.2007	20	Infosys Technologies Ltd.	Associate Vice President	Jan.92
8	Anantha Padmanabhan J	41	General Manager	Graduation	2,655,632	26.04.2007	21	Polaris Software Lab	Vice President	Aug.01
9	Ananthanarayanan Subramanian	45	Associate Vice President	MBA	2,949,535	21.04.2003	21	Future Software Ltd.	Regional Manager	Feb.01
10	Anil Chanana	52	Chief Financial Officer	CA	10,146,653	01.10.1998	29	HCL Technologies America Inc.	Executive Vice President-Finance	Dec.85
11	Anil Chowdhary	50	Operations Director	B.Tech - Electrical	2,827,021	04.12.2008	6	Self Employed	Counsellor	Jun.07
12	Anil Gupta	55	Vice President	B.Tech,M.Tech	4,229,922	06.05.1998	33	HCL Japan Ltd.	Vice President	Jan.03
13	Anil Sethi	41	Associate Vice President	MBA	3,210,531	11.04.2008	19	Prudent IT Services Pvt. Ltd.	Vice President & Member of The Board	Jun.07
14	Anup Dutta	51	Senior Vice President	BE-Electrical, M.Tech-Electrical	3,516,556	01.07.1996	29	HCL Hewlett Packard Ltd.	Senior Manager	Jul.81
15	Anupam Ghosh	45	Deputy General Manager	BE -Computer Science	2,538,787	22.09.2008	20	Keane India Ltd	Director	Aug.04
16	Apparao V V	48	Senior Vice President	B.Tech, M.Tech	5,686,788	10.03.2003	26	Ascend Technologies Ltd.	Director/Center Head	Aug.96
17	Archana Awasthi	40	National Manager	MBA	2,743,856	30.06.2009	17	IBM Ltd.	Insurance Industry Solutions Leader	Mar.08
18	Arjun Raghunathan	53	Global Technology Director	M.Tech	2,792,589	01.03.2008	29	HCL Hewlett Packard Ltd.	Senior Manager	Aug.81
19	Ashish Srivastava	41	Associate Vice President	MBA	3,013,981	01.10.2008	19	Satyam Computer Services Ltd.	Associate Vice President	Oct.05
20	Ashok Kumar M.	49	Vice President	BE - Electronics	3,735,389	17.08.2006	25	HCL Infinet Ltd.,	Head & Vice President	Jun.2000
21	Ashutosh Dhawan	42	Vice President - Internal Audit	MBA - Finance	4,895,316	07.04.2008	18	Arcent Technologies Ltd.	Associate Vice President	Dec.04
22	Balasubramanian Irulandy	39	Operations Director	ME - Metallurgy	2,416,667	17.01.2008	15	EDS - Mphasis	Delivery Manager	Jun.05
23	Chandrasekharan Kasinarayanan	49	Associate Vice President-ETS	MSc.	3,190,086	20.12.2007	24	Aztecsoft Ltd.	General Manager	Dec.03
24	Charles Regis	46	Operations Director- BFSI	MS	2,639,656	01.06.2007	21	J&B Software Ltd.	Head Services	Aug.05
25	Dakshina Chunduri	41	Global Practice Director-ERS	BSc.	3,000,203	01.07.1996	19	HCL Hewlett Packard Ltd.	Project Manager	Feb.93
26	Davidson Devavaram	51	Senior Vice President	MSc.,MS - Aviation	4,414,127	02.04.2003	26	DSQ Software Limited	Chief Operating Officer	Aug.95
27	Debgiri Sanyal	40	Practice Director	BSc., MSc.	3,000,475	14.07.2008	17	Wipro Technologies Ltd.	Principal Consultant	Aug.02
28	Deepak Aggarwal	36	Finance Director	CA	2,974,571	22.02.2007	13	Infosys Technologies Ltd.	Senior Manager Risk Management	Jul.2000
29	Devanathan Ranganathan	45	Engineering Manager	BE - Electronics	3,411,134	23.07.2008	24	Adaptex India Pvt. Ltd.	Senior Engineering Manager	Aug.01
30	Dharmander Kapoor	44	Associate Vice President	MCA	2,762,468	21.04.2003	17	Xavient Technologies Ltd.	Program Manager	Mar.02
31	Dilip Srivastava	51	Corporate Vice President	MSW (HR & IR)	6,882,889	07.06.2005	27	Vanguard Solutions Ltd.	Vice President-HR	May.05
32	Dinesha L G	52	Associate Vice President	MSc., PGD (Finance & Marketing)	3,075,769	06.10.2003	30	I-Flex Solutions Ltd.	Principal Consultant	Apr.01
33	Dipak Anand	64	Consultant	B.Tech - Electrical	2,629,000	02.06.2008	45	Tata Consultancy Services Ltd.	Global Head Gis.	Nov.94
34	Gade Rao	52	Corporate Vice President	BE - Electronics	4,701,524	01.07.1996	29	HCL Hewlett Packard Ltd.	Senior Manager - R&D	Nov.80
35	Ganesh Nerur	57	Associate Vice President	BSc.	2,614,039	25.07.2003	35	HCL Infosystems Ltd.	General Manager	Feb.97
36	Goutam Rungta	37	Vice President	CA	3,245,362	01.03.2007	14	General Mototors India Pvt. Ltd.	General Manager	Jul.03
37	Gunaseelan Narayanan	55	Senior Corporate Vice President	M.Tech - Computer Science	4,865,674	01.07.1996	30	HCL Hewlett Packard Ltd.	General Manager	Aug.79
38	Harsh Kumar	52	Vice President - Sales & Marketing	MBA - Marketing Management	3,064,754	14.07.1994	31	ICIM Ltd.	Regional Manager	Oct.86
39	Harsha Mutt	46	Vice President - Operations	B.Tech (Mech.Engg.), CA	5,025,014	07.08.2006	24	Infosys Technologies Ltd.	Vice President & Head of Delivery,Banking & Capital Markets	Aug.86
40	J Kalyanaraman	50	Head - APAC	PGDBM - XLRI	2,975,262	01.12.1995	30	HCL Comnet Ltd.	Senior Vice President	Dec.95
41	Jagdish Prasad	45	Associate Vice President	M.Tech - Production Engineering	4,753,898	17.03.2008	24	Diebold Software Services Pvt. Ltd.	Director (India Offshore Head)	Aug.04
42	Jyoti Das	51	Associate Vice President	MBA - Computer Science, MSc. (Finance)	3,436,724	01.05.2006	23	Raffles Software Pvt. Ltd	Head - Business Development	Jun.04
43	Kaleeswaran Viswanathan	48	Deputy General Manager	M. Tech (Physical Engg.)	2,880,165	03.11.2006	24	Future Software Ltd.	Director(Engg.)	Apr.97
44	Kanad Chatterjee	48	Vice President & Head - BPR	MBA - Systems & Finance	2,604,141	03.07.2000	24	Tata Technologies (India) Ltd.	Project Manager	Aug.86

ANNEXURE 4 TO THE DIRECTORS' REPORT (Contd.)

Information for Director's Report U/S 217(2A) of the Companies Act, 1956

A. EMPLOYED FOR FULL FINANCIAL YEAR - 2009-10

Sr. No.	Name	Age (in yrs.)	Designation	Educational Qualification	Remuneration (in Rs.)	Date of Joining	Experience in Yrs.	Previous Employment	Designation held in previous employment	Previous Employment held since
45	Kannan Veeraraghavan	52	Vice President	B.Com & Certificate Courses	5,489,730	01.08.2005	28	KPMG Peat Marwick	Executive Director - Software Process	Jun.95
46	Kavita Khushalani	40	General Manager	Post Graduate-Legal	2,530,814	07.07.2008	19	Accenture Services Ltd.	Manager	Feb.06
47	Krishnamurti Rao	53	Associate Vice President	MBA - Management	3,048,278	08.12.1997	29	Tata Consultancy Services Ltd.	Senior Consultant	May.81
48	Krishnan Chatterjee	38	Vice President	MBA - Marketing Management	3,097,381	01.12.2004	15	ITC Ltd.	Project Head	Jun.95
49	Madan Srinivasan	41	Associate Vice President	MBA - PM & IR	4,439,857	02.05.2007	20	Pepsico India Holdings Pvt. Ltd.	Vice President	Aug.03
50	Mahalingam Sundararajan	42	Vice President	B.Tech (Chemical Engg.), PGDM	3,024,307	14.11.2005	19	J. Walter Thompson	Associate Vice President - Strategic Planning	Feb.04
51	Manas Chakraborty	41	Deputy General Manager	M.Sc.	2,563,832	17.11.2008	16	Infosys Technologies Ltd.	Anchor & Senior Consultant	Nov.08
52	Mandeep Jolly	43	Global Operations Director	MSW - Software Systems	2,479,838	20.11.1992	21	Escorts Ltd.	Senior Engineer	Feb.90
53	Manjunatha Hebbar	43	Vice President	MBA - Computer Science	4,127,238	19.07.2007	20	Igate Global Solutions Ltd.	Associate Vice President- IT Delivery	Apr.04
54	Manoj Sahai	48	Associate Vice President	BE - Electrical & Electronics, MSc.	4,408,019	01.10.2008	24	Tata Consultancy Services Ltd.	Principal Consultant	Aug.89
55	Milind Padalkar	52	Head - Applications Business	MBA	6,460,538	18.02.2009	32	Patni Computer Ltd.	Senior Vice President	Nov.88
56	Mukund Garg	40	Associate Vice President	B.Tech - Electrical	3,876,644	18.02.2008	18	Satyam Computer Services Ltd.	Associate Vice President	Jun.04
57	Nalin Mittal	38	Associate Vice President	CA	3,922,758	01.04.1998	17	PWC	Articleship	Jul.93
58	Namrata Bhattacharyya	36	Associate General Manager	PGD - Finance	2,410,365	12.05.2008	14	Siemens Information System Ltd.	Senior Consultant	Jul.98
59	Nand Avantsa	50	Associate Vice President	BA - General	3,783,815	14.07.2008	26	Tech Mahindra Ltd.	Head Delivery	Jun.07
60	Navin Kumar	52	Global Head - EHS	CA	2,713,293	25.06.2007	26	Hewitt Associates (India) Pvt.Ltd.	Associate	Aug.97
61	Nitin Pande	39	Associate Vice President	MBA - Personnel, HR & IR	2,603,410	20.06.2005	17	Office Tiger Database Systems India Pvt. Ltd.	Associate Vice President-HR	Apr.04
62	Om Dutt Sharma	40	General Manager	BE -Computer Science	2,437,108	01.09.2008	16	iSmart Panache	Deputy General Manager	Nov.05
63	Pawan Danwar	44	Senior Vice President	CA	3,046,770	30.11.2001	21	HCL Infosystems Ltd.	Manager	May.96
64	Prabhakara Rao Arrabolu	53	Senior Vice President - HR	B. Com, MBA	3,104,744	01.09.2004	29	Birla Soft	Global Head - HR	Jun.02
65	Prahlad Rai Bansal	53	Corporate Vice President- Finance	CA	5,037,381	01.12.1994	31	HCL Limited	Deputy General Manager	Sep.89
66	Pramod Gupta	49	Vice President	MBA	3,347,479	26.09.2001	26	Ariba Technologies India	Technical Director	Jul.2000
67	Prasad Chodavarapu	38	Associate Vice President	MS - Mechanical	3,160,333	01.05.2008	14	Savera Systems Inc.	SMTS	Feb.98
68	Prasanna Venkatesan Valapet Santhanam	48	Practice Director - BIS	Graduate	2,432,768	01.09.2008	26	Freelance Consultant	Consultant	Jun.08
69	Premkumar Seshadri	51	Senior Corporate Vice Presedent	MBA	8,594,309	29.08.2003	27	Fugen IT Ltd.	Founder & Chief Executive Officer	May.98
70	Puneet Mehra	40	Associate Vice President	CA	2,943,910	19.08.2003	15	HCL Comnet Ltd	Deputy General Manager - Finance	Aug.03
71	Purushothaman T.S.	71	Consultant	B-Tech - Electrical	3,174,194	01.04.2008	5	HCL Infosystems Ltd.	Chief Operating Officer	Jan.83
72	Raj Malik	50	Vice President	B.Tech - Electrical	3,556,562	28.07.1997	28	Commonwealth Bank	Project Manager	May.96
73	Raj Walia	44	Senior Vice President	B.Com, CWA	3,466,841	05.06.1995	23	Pfizer Ltd.	Accounts Officer	Jul.93
74	Rajan Pillai	54	Associate Vice President	MBA	2,759,764	11.09.2001	32	HCL Technologies America Inc.	Program Manager	Sept.01
75	Rajbir Singh	46	Practice Director - CRM	MBA - Marketing Management	3,015,942	14.04.2004	22	Oracle India Pvt. Ltd.	Consulting Industry Manager	Oct.02
76	Rajeev Pandey	39	General Manager	BE - Mechanical	2,657,007	02.08.2007	12	Infosys Technologies Ltd.	Senior Project Manager	May.06
77	Rajgopal S Kishore	46	Vice President-BI Services	BSc. (Mech. Engg.), MSc (Industrial Mgmt.)	4,959,675	09.03.2009	21	HCL America Inc.	Vice President - BI Services	Mar.09
78	Rajiv Sodhi	51	Corporate Vice President	B.Tech, MBA	5,127,816	24.07.1997	29	Tata Consultancy Services Ltd.	Manager Systems	Aug.81
79	Rajiv Swarup	58	Corporate Vice President	MBA	4,384,431	08.03.2000	37	Modicorp Ltd.	Director Bussiness Development	Sep.99
80	Rajnish Avtar	42	Associate Vice President	MBA	2,885,691	31.07.2006	20	HP (USA)	Senior Software Manager	May.95
81	Rakesh Singh	44	Practice Director - MMS	MCA	2,584,948	01.05.2006	20	FCS Software Solutions Ltd.	Vice President- Delivery	Dec.05
82	Ramachandran Kalpathy	53	Associate Vice President	B.Tech - Electrical	2,598,774	09.04.2001	32	Dusk Valley Technology Ltd.,	Chief Innovation Officer	Oct.2000
83	Ramakrishna Venkatraman	58	Senior Corporae Vice President	M.Tech (Electrical Engineer)	5,729,989	23.07.2003	36	Eximsoft Technologies Pvt.Ltd.	Managing Director	Apr.97
84	Ramakrishnan Venkatraman	50	Associate Vice President	MSc. - Electronics	2,727,260	08.08.2006	27	Accenture Services Pvt. Ltd.	Senior Manager	Jul.05
85	Ramamurthy Vaidyanathan	55	Executive Vice President	B.E. - Metallurgy	5,260,890	01.07.1996	32	HCL Hewlett Packard Ltd.	Deputy General Manager - R&D	Jul.81
86	Raman Subrahmanyam	69	Advisor	BTech - Electronics	6,003,600	14.03.2008	32	HCL Technologies Ltd.	President	Apr.97
87	Ramana Nyapathi	42	General Manager	MS - Computer Science	2,502,770	20.12.2000	18	Savera Systems	Member of Technical Staff	Jun.98
88	Ramanathan Sivasubramaniam	47	General Manager	M.Sc - Physics	2,467,489	25.09.2008	25	Mastek Limited	Head Special Accounts	Oct.04

ANNEXURE 4 TO THE DIRECTORS' REPORT (Contd.)

Information for Director's Report U/S 217(2A) of the Companies Act, 1956

A. EMPLOYED FOR FULL FINANCIAL YEAR - 2009-10

Sr. No.	Name	Age (in yrs.)	Designation	Educational Qualification	Remuneration (in Rs.)	Date of Joining	Experience in Yrs.	Previous Employment	Designation held in previous employment	Previous Employment held since
89	Ramani Balakrishnan	45	Practice Director - BFSI	MBA - Finance	2,752,324	13.10.2008	20	Birla Soft (India)	General Manager	Sep.03
90	Ramasubramanian Krishnamoorthy	50	General Manager	ICWA	2,798,089	07.07.2008	30	Thinksoft Global Services Pvt Ltd	Delivery Manager	Feb.08
91	Ramesh Ganesh	44	Associate Vice President	ME - Electrical Engg.	2,885,379	07.04.1997	20	The Tata Hydro-Electric Power Supply Co. Ltd.	Deputy Executive Engineer	Sep.90
92	Ramesh Nathawani	47	Associate Vice President	BE - Computer Science	3,172,031	01.03.2002	24	Planet Asia	Head-ADG	Oct.2000
93	Rangarajan Vijayaraghavan	45	Vice President	MA	4,286,907	22.05.2009	23	Satyam Computer Services Ltd.	Vice President	May.99
94	Ranjit Narasimhan	56	Executive Vice President	MBA	6,555,446	15.04.1999	32	Riviera Confectionery Pvt.Ltd.	Managing Director	Nov.87
95	Ravi Menon	57	Sales Director -India Enterprise Vetrical	BA	3,178,714	01.04.2005	23	HCL Infosystems Ltd.	Associate Vice President	Aug.95
96	Ravi Shankar B	50	Senior Vice President - HR	MBA - HR & IR	4,888,552	05.07.2004	28	Lister Technologies Pvt.Ltd.	President	Jul.2000
97	Ravindra Gajulapalli	48	Associate Vice President	MBA, Phd.	3,081,081	18.08.2008	21	Lim, Ahmedabad	Associate Professor	Aug.04
98	Ravindra Nuguri	45	Associate Vice President	BE Elec. & Communication, PGD - Software Technologies	2,887,014	04.02.2004	23	Tektronx Engineering Limited	Program Manager	Jun.2000
99	Ravindranath Lakshman Rao	45	Practice Director - ISV Solutions	ME - Electrical Engineering	2,671,799	17.03.2008	20	Hexaware Technologies Ltd.	Project Director	Oct.06
100	Ravishankar Sethuraman	43	Vice President	BE - Electronics & Communication	3,040,452	08.07.1999	21	DSQ Software Limited	Project Manager	Apr.97
101	Rita Gupta	48	Vice President	CA	3,257,674	01.07.1994	23	HCL Hewlett Packard Ltd.	Manager - Finance	Nov.88
102	S Sivaguru	53	Associate Vice President	BE (Electrical Communication Engg.)	3,337,353	08.09.2004	30	Global Automation India (Pvt.) Ltd.	Vice President	Jun.95
103	Saisheshan Srivatsan	43	General Manager	CA	2,512,471	07.02.2005	17	Ssi Technologies Ltd.	Senior Business Analyst	Jan.2000
104	Sameer Jain	40	BMG Director - Large Deal Management	MBA - Marketing	2,542,066	01.01.1999	18	HCL Infosystems Ltd.	Sales Manager	Jul.92
105	Sandeep Bansal	35	Deputy General Manager	PG-MBA	2,803,179	04.08.2008	11	Larsen & Tubro	Assistant General Manager	Jan.07
106	Sandeep Jain	45	Associate Vice President	B.Tech (Electronics)	3,393,704	24.04.2008	23	Tata Consultancy Services Ltd.	Principal Consultant	Jul.87
107	Sandip Gupta	51	Deputy Chief Financial Officer	CA	5,878,274	01.10.2005	28	HCL Comnet Systems & Services Ltd.	Vice President	Oct.98
108	Sanjay Mendiratta	45	Associate Vice President	PG - Master of Finance & Control	2,981,430	17.01.2008	20	Attest Testing Services Ltd.	Deputy Vice President	Oct.03
109	Sanjeev Nikore	50	Senior Corporate Vice President	MBA	11,844,404	01.10.2005	28	HCL Comnet Ltd.	COO	Jul.92
110	Santanu Mukherjee	55	Senior Vice President - Campus Infrastructure	B.Tech	4,653,120	02.04.2008	33	Genpact India	Vice President	Jun.06
111	Sateesh Tiptur	51	Associate Vice President	Phd.	3,647,325	22.01.2001	28	Mphasis-BFI Ltd.	Assistant General Manager-Technical	Oct.99
112	Saurav Adhikari	52	Senior Corporate Vice President & President-Corporate Strategy	MBA	9,314,614	01.11.2002	30	HCL Infinet Ltd.	President	Jan.2000
113	Shashi Verma	47	Global Operations Director	B.Tech - Mechanical	2,440,847	18.01.1995	24	Self Employed	Consultant	Aug.92
114	Sheela Mohan	46	Associate Vice President	M.Tech - Computer Science	2,970,999	06.12.1999	24	Cadence Design Systems Ltd.	Program Manager	May.98
115	Shivkumar Krishnamurthy	53	Vice President - Business Developmet (OEM)	B.Tech - Mechanical	2,628,999	01.01.2004	29	HCL America Inc.	Vice President	May.04
116	Shridhar Ramanujam	50	Associate Vice President	B.Tech (Mechanical), M.Tech	2,789,080	25.07.2003	27	HCL Infosystems Ltd.	Deputy General Manager	Nov.95
117	Shushil Kumar Saxena	53	General Manager	MBA	2,814,510	25.07.2003	23	Bharat Electronics Ltd.	Manager	Apr.80
118	Sidhartha Chowdhury	55	Vice President	MBA - Finance	2,920,380	08.08.2000	32	Ei&T Computers Ltd.	Manager - EDP	Jun.86
119	Simson Ponnuduraisamy	52	Global Practice Director	MSc. - Maths	2,424,834	25.07.2003	28	HCL Infosystems Ltd.	General Manager	Oct.82
120	Soami Narang	49	Vice President	MBA - Marketing Management	4,521,007	24.04.2006	25	Satyam Computer Services Ltd.	Vice President	May.2000
121	Sreelal Ramachandran	42	Deputy General Manager	BE- Computer Science	2,630,980	08.05.2008	18	Saksoft Ltd	Senior Vice President-Delivery & Quality	Sep.2000
122	Sridhar Chandrasekar	49	Associate Vice President	MS - I.T. / Computer Science	4,167,460	03.11.2008	26	Patni Computer Systems Ltd.	Vice President	May.08
123	Sridhara Rajan	47	Senior Principal	MSc - I.T. / Computer Science	3,768,527	12.12.2005	25	Tata Consultancy Services Ltd.	Senior Consultant	Jun.92
124	Srinath Sriram	50	Associate Vice President	BSc - General	2,482,384	17.11.2003	29	Bahwan Cybertek	Chief Executive Officer	Apr.2000
125	Srinivasan Govindan	39	HR Director - CMHP	MSW - Personnel, HR & IR	2,514,748	11.09.2006	17	Isoft R&D Private Ltd.	Deputy General Manager - HR	Oct.05
126	Sriram Balasubramanian	51	Associate Vice President	BSc., PGD-Marketing	2,866,653	18.02.2008	27	Dell International Ltd.	Senior Tech Support Area Manager	Dec.05
127	Sriram Vaitheeswaran	53	Corporate Vice President	MBA - Management	5,310,544	01.10.2001	32	Citicorp Oversease Software Ltd.	Centre Head	Nov.88
128	Subhash Rastogi	61	Head - EAS Academy	Phd - Medicine	2,383,337	01.06.2009	26	Infosys Technologies Ltd.	Assocaite Vice President & Head ES Academy	Dec.05
129	Sundar Rajan	37	Associate Vice President	PGD - Personnel, HR & IR	2,568,148	12.05.2003	14	HCL E-Serve Ltd.	Service Delivery Leader - Operation	May.03

ANNEXURE 4 TO THE DIRECTORS' REPORT (Contd.)

Information for Director's Report U/S 217(2A) of the Companies Act, 1956

A. EMPLOYED FOR FULL FINANCIAL YEAR - 2009-10

Sr. No.	Name	Age (in yrs.)	Designation	Educational Qualification	Remuneration (in Rs.)	Date of Joining	Experience in Yrs.	Previous Employment	Designation held in previous employment	Previous Employment held since
130	Sunita Gajwani	47	Senior Vice President	M.Com	4,057,969	01.10.2005	27	HCL Comnet Systems & Services Ltd.	Assistant Vice President	Aug.97
131	Suresh Sundaram	43	Senior Vice President - Marketing	B.Tech - Mechanical	3,316,205	01.05.1998	22	HCL Technologies America Inc.	Account Manager	July.88
132	Swaminathan Nagarajan	45	Global Operations Director	MBA	2,924,320	27.11.2003	22	India Software Group	Principal Consultant	Jul.02
133	Tirthankar Banerjee	48	General Manager	B.Tech - Electronics	3,400,201	03.09.2007	22	Sun Microsystems India	Head - Software Sales	Oct.2000
134	Tom Thomas	46	Vice President	MBA - Marketing Management	9,399,235	01.08.2005	22	Self Employed	Consultant	Apr.02
135	Udai Saklani	45	Practice Director - MMS	BA (Honours), PGDRM	2,571,984	08.12.1999	23	Tata Consultancy Services Ltd.	Consultant	Jul.87
136	Udayakumar Nalinasekaran	50	Executive Vice President	ME - Computer Science	4,326,447	02.07.1984	25	Hewlett Packard Ltd.	Group Project Manager	Jul.84
137	Uma Devi Siddavaram	49	General Manager	MA - Sociology	2,517,192	16.10.2008	5	UST Global	CEO Director	Oct.06
138	Unni Krishnan	57	Associate Vice President	BE - Mechanical, M.Tech - Incl. Engg. & Mgmt.	2,431,266	14.07.2004	33	Rave Technologies India Pvt.Ltd.	Delivery Head	Apr.03
139	Vaidyanathan Kumar	53	Associate Vice President	B.Tech, MBA	3,215,546	27.09.2007	21	Paragon Asst Recovery	Vice President - New Technologies	Feb.04
140	Vasudevan Aravamudhan	51	Vice President	BE - Electronics	3,232,603	29.06.1996	27	HCL Hewlett Packard Ltd.	Manager - R&D	Dec.82
141	Venkatanathan Aravamudan	43	Associate Vice President	BE - Electrical & Electronics Engg.	2,405,367	13.03.2009	20	Satyam Computer Services Ltd.	Assistant Vice President	Jun.03
142	Venkatesan Muthukumaraswami	52	Vice President -Operations	ME - Electronics	2,499,811	30.09.1998	27	Alstom	Area Manager	Jul.87
143	Vijay Guntur	42	Senior Vice President	MSc. Comp.Science, MBA	4,140,140	14.07.1994	21	HCL Hewlett Packard Ltd.	Deputy Manager	Jun.89
144	Vijay Mallya	46	Associate Vice President	MBA	3,371,760	26.09.2001	25	State Bank of India	Associate Manager	May.85
145	Vikram Sarathy	48	Associate Vice President	MS - Finance	3,017,975	03.02.2003	28	Al Bank Alsaudi	Department Manager	Jan.97
146	Vikrant Dhawan	42	Associate Vice President	LLB	3,490,248	28.04.2008	19	Glaxo Smith Kline Consumer Healthcare Ltd.	General Manager - Legal	Jan.07
147	Vineet Nayar	48	Chief Executive Officer & Whole-time Director	MBA	45,436,349	01.08.2008	25	HCL Comnet Systems & Services Ltd.	Chief Executive Officer	Jan.95
148	Vineet Vij	43	Legal Director	LLB	3,049,033	03.09.2007	18	American Express India Pvt. Ltd.	Service Delivery Leader(Head Comp.&Ind)	Jan.07
149	Vinit Bahri	45	Vice President	CA	2,519,452	25.07.2003	22	Apollo Tyres Ltd.	Manager	May.99
150	Vinodh Chelambathodi	44	Vice President	MBA - Personnel, HR & IR	4,708,151	02.05.2007	20	Aricent Technologies Ltd.	Assistant Vice President - HR	Feb.07
151	Vittal Devarajan	41	Global Director - BET ERS	MBA - Marketing Management	2,463,075	31.03.2006	17	Ramco System Ltd.	Head - Corporate Marketing	Feb.01

B. EMPLOYED FOR PART OF THE FINANCIAL YEAR - 2009-10

Sr. No.	Name	Age (in yrs.)	Designation	Educational Qualification	Remuneration (Rs.)	Date of Joining	Experience in Yrs.	Previous Employment	Designation held in previous employment	Previous Employment held since
1	Abhijit Ganguly	49	Operations Director - TSP	M.Tech -Communication Engineering	2,305,436	09.09.2002	25	Usha Communications	Senior Group Manager	Aug.95
2	Abinsam Ambujakshan	33	Group Project Manager	BE Electronics & Instrumentation	266,386	14.06.2010	11	Microsoft R&D Ltd.	Senior Technology Architect	Apr.08
3	Ajay Nair	42	Vice President	MBA	1,353,268	09.10.2009	13	GE Capital Services India Limited	Chief Information Officer	Jul.07
4	Amitabha Sinha	52	Vice President	MBA	2,626,214	24.03.2008	28	Keane Worldzen	Managing Consulting Partner	Sep.06
5	Amitava Sengupta	40	Global Solutions Head - Retail	Maste of Computer Science & Engineering	2,065,482	26.10.2009	16	Tata Consultancy Services Ltd.	Senior Consultant / LOU Head	Apr.94
6	Amruta Mohanty	42	Deputy General Manager	MCA - I.T. / Computer Science	967,256	10.04.2008	12	Infosys Technologies Ltd.	Assistant Project Manager	Aug.98
7	Anand Rajaganesan	37	HR Director-Organizational Effectiveness	MBA - Personnel, HR & IR	1,171,684	04.05.1998	11	None	N.A	N.A.
8	Anand Rajaganesan	37	Associate Vice President	MBA - Personnel, HR & IR	1,598,847	01.02.2010	12	Bharti Airtel Ltd	Head Talent Management& OE	Oct.09
9	Anandaraman Viswanathan	35	Technical Manager	BE. Electronics and Communication	277,289	27.05.2010	13	Wipro Technologies Ltd.	Architect	Jan.04
10	Anil Verma	44	Associate Vice President	PGD - Marketing Management	2,238,171	17.09.2007	22	Xansa India Ltd.	Vice President	Feb.2000
11	Anupam Chandra	33	Senior Manager	MBA - Finance	236,253	03.09.2007	12	NIIT Technologies Ltd.	Senior Business Manager	Jun.05
12	Arun Nirmala	39	Senior Project Manager	B. Sc	458,656	14.07.2003	7	Baehal Software	Project Leader	Feb.03
13	Arunachalam Venkataraman	38	Global Operations Director	MBA	1,021,046	10.03.2010	16	Cerner	Senior Program Manager	Aug.07
14	Asha Subramanian	39	Operations Director	MA - Statistics	1,240,525	30.12.2009	17	Cranes Software	Consultant	Sep.07
15	Ashish Puri	44	General Manager- Converse	MCA - I.T. / Computer Science	1,032,614	10.05.2007	6	IBM India Pvt.Ltd.	Deputy General Manager	May.06
16	Atul Gupta	36	Manager-Shared Services	BA - General	203,719	01.10.2002	15	Indus Creative	Creative Consultant	Mar.02
17	Badrinath Krishna	53	Client Director	MBA	562,944	19.12.2005	31	Synergy Log-In Systems Ltd.	Whole Time Director	Apr.93

ANNEXURE 4 TO THE DIRECTORS' REPORT (Contd.)

Information for Director's Report U/S 217(2A) of the Companies Act, 1956

B. EMPLOYED FOR PART OF THE FINANCIAL YEAR - 2009-10

Sr. No.	Name	Age (in yrs.)	Designation	Educational Qualification	Remuneration (in Rs.)	Date of Joining	Experience in Yrs.	Previous Employment	Designation held in previous employment	Previous Employment held since
18	Bala Chander D M	47	General Manager - Internal Audit	CA, CS, ICWA	1,241,874	03.01.2005	23	Lovelock & Lewes - Chartered Accountants	Senior Manager	Jan.95
19	Bhaskaran Radhakrishnan	53	Group Project Manager	ICWA	281,454	26.07.2007	29	Intell Group As	Manager	Jul.03
20	Bholanath Pal	56	Vice President - OEM Operations	MBA - Finance	2,067,503	16.11.2009	31	Motorola	Director - GSG	Feb.98
21	Bibhuti Das	55	General Manager - Quality	MSc. - Electronics	1,027,893	28.10.1997	32	Altos India Ltd.	Assistant General Manager	Dec.86
22	Bijay Dasgupta	30	Manager-Finance & Account	B.Com - Finance	244,846	27.01.2004	6	M/s Kaushal & Associates	Articled Clerk	Aug.03
23	Dakshina Murthy Chaganti	56	Associate Vice President	MA, PGDM	2,338,364	01.05.2003	32	HCL Infosystems Ltd.	Associate Vice President	Dec.78
24	Debabrata Bhattacharyya	52	Global Operations Director	B.Tech - Computer Science	434,313	03.05.2010	26	Tata Consultancy Services Ltd.	Principal Consultant	Feb.94
25	Debasis Dash	42	Global Operations Director	MBA	1,293,930	02.02.2010	18	CNSI India	Associate Vice President	Apr.09
26	Deval Shah	43	Global Operations Director	BE - Electronics, MS-Computer Science	2,415,230	03.12.2001	18	HPS	Project Director	Mar.2000
27	Durga Kancherla	41	Operations Director	MBA - Finance	1,396,013	07.05.2008	17	Miracle Software Systems Ltd.	Vice President	Mar.07
28	Ganesan Subramanian	56	Lead Specialist	B.Com	1,081,714	27.02.2001	33	Indian Bank	Manager	Feb.77
29	Gautam Sehgal	44	Associate Vice President	CA	1,116,241	15.03.2010	16	Xerox India Ltd.	Associate Director	Nov.05
30	Harbinder Bindra	44	Vice President & Practice Head - HRO	MBA - Finance	2,572,332	04.01.2010	21	Mphasis	Director	Jul.06
31	Hitesh Jain	39	Vice President	BE - Electronics Engineering	3,048,144	03.12.2009	14	IBM Malaysia	Leader MBPS - Asean	Mar.09
32	Indumathy Mayuranathan	34	Project Manager	BE- Computer Science	224,096	25.07.2003	12	Broadline Computer Systems Ltd.	Programmer	Sep.98
33	Jai Yeshwanth Shamraj	42	Associate Vice President	B.Tech, PGD - Business Administration	713,165	29.03.2010	20	Satyam Computer Services Ltd.	Associate Vice Presedent	Feb.06
34	Jaiveer Singh Chand	36	Associate General Manager	Post Graduation-MBA	407,174	22.09.2008	4	RMSI	Manager	Apr.06
35	Janardanan Ramachandran	46	Senior Vice President	M.Tech - Aeronautical Engineering	2,285,426	25.03.2010	24	Birlasoft	CEO	Jul.96
36	Jasmohan Mamak	48	Associate Vice President	CA	587,141	01.10.2007	29	Saksoft Ltd.	Global Sales Director	Mar.06
37	Kamna Ramashankar Prasad	34	Associate General Manager	PGD - Marketing Management	343,151	01.05.2000	10	None	N.A.	N.A.
38	KGY Narayan	56	Deputy General Manager-BU	BTech - Mechanical Engineering, M.Sc- Engineering Mechanics	1,315,391	02.06.2003	33	Sasken Communication Technologies Ltd.	Vice President	May.2000
39	Krishna Sathyarayanan	44	Practice Director	PGD - Marketing Management	206,936	26.05.2010	24	Wipro Technologies Ltd.	Principal Consultant	Oct.05
40	Krishnan Muralidharan	48	Deputy General Manager	MBA - I.T. / Computer Science	256,910	06.10.2008	21	Systems Adviser	Professional Services Manager	Oct.05
41	Lakshyintina Lakshmanan	40	Group Manager - Product	MBA - Finance	602,745	11.12.2006	15	ABN Amro Bank	Assistant Manager-Relationship	Jul.99
42	Madhan Muruganantham	37	Engineering Manager-BIOS	MCA - I.T. / Computer Science	1,696,910	23.07.2008	15	Adaptec India Pvt. Ltd.	BIOS Manager	Feb.05
43	Manav Sehgal	36	General Manager	BE -Computer Science	441,272	01.05.2008	18	The 5Th Medium Ltd.	Vice President	Sep.07
44	Manickavasagam Ramalingam	54	Associate Vice President	MSc.	1,909,479	01.08.2008	27	NIIT Technologies Ltd.	Vice President	May.06
45	Manish Kumar	41	Deputy General Manager	MTech - Electronics & communication engineering	1,453,271	29.05.2008	17	Tata Consultancy Services Ltd.	Senior Consultant	Jul.94
46	Fazzullah	37	Contract Retainer	BE- Computer Science	1,869,430	03.04.2009	7	Westpac-BT Financial Group	Manager of Testing	Mar.03
47	Mohammed Salman	49	Vice President	MBA - Marketing Management	1,771,625	10.11.2006	25	Perot Systems Ltd.	General Manager	Jun.03
48	Muhammad Haneef A R	44	Project Manager	MCA - I.T. / Computer Science	339,736	26.09.2001	20	Electronic Systems Punjab Ltd.	Senior Engineer	Aug.90
49	Nagabushan Chitagudigi	53	Global Operations Director	BSc - Physics	319,054	15.06.2010	28	Wachovia Corporation	Chief Architect/IT Project Lead (Vice President)	Mar.06
50	Nandakumar Nachimuthu	37	Senior Technical Specialist	BE. Agricultural Engineering	300,198	24.05.2010	14	Cosmosys Software	Senior Architect	Oct.08
51	Nikhil Datar	38	General Manager	MBA - Information Systems	714,726	02.11.2009	16	Quinnox Consultants	Head - Global Bi Practice	Apr.09
52	Pankaj Modi	49	Vice President	MBA - Marketing Management	1,325,059	04.01.2010	26	Satyam Computer Services Ltd.	Vice President	Mar.98
53	Payal Misra	34	General Manager - HR	MBA - HR & IR	850,770	15.02.2010	14	ICICI Prudential	Assistant Vice President	Aug.07
54	Porres Soosaimichael	59	Group Manager	MBA - Marketing Management	656,168	01.12.2000	36	Metamor Global	Manager	Apr.97
55	Pushpak Banerjee	40	General Manager	BE - Mechanical	290,376	15.11.2007	17	Infosys Technologies Ltd.	Group Project Manager	Dec.02
56	Rahul Singh	47	Corporate VP & President - Business Services	MBA - Finance	4,378,934	03.05.2010	24	TCS - e-Serve Limited	CEO & Managing Director	Apr.08

ANNEXURE 4 TO THE DIRECTORS' REPORT (Contd.)

Information for Director's Report U/S 217(2A) of the Companies Act, 1956

B. EMPLOYED FOR PART OF THE FINANCIAL YEAR - 2009-10

Sr. No.	Name	Age (in yrs.)	Designation	Educational Qualification	Remuneration (in Rs.)	Date of Joining	Experience in Yrs.	Previous Employment	Designation held in previous employment	Previous Employment held since
57	Rajashree S C	41	Deputy General Manager	BE Electronics	1,169,776	26.09.2001	16	Electronic Calculations & Company Ltd.	Assistant Manager	Aug.95
58	Rajesh Gupta	50	Vice President - Taxation	CA	1,452,302	17.03.2010	24	JSL Limited	VP Taxation	May.09
59	Ramachandra Kerur	58	Program Director	M.Tech - Electronics	1,779,531	17.06.2002	33	Nuntius Systems Ltd.	Chief Executive Officer	Feb.02
60	Ramachandran Subramanyam	42	Vice President	MBA	1,298,688	15.02.2010	19	Keane India Ltd.	Senior Vice President	Feb.99
61	Ranganathan Krishnan	41	Global Practice Director	BE - Electronics & Communication	1,685,709	24.06.2002	20	E2E Technologies Pvt. Ltd.	Lead Architect	Jul.2000
62	Rao Poduri	41	Operations Director - Manufacturing	MBA - Business Administration	430,021	17.05.2010	19	CSC	Director	May.08
63	Ravi Gorremuchu	41	Associate General Manager	ME Computer Engineering	223,793	31.05.2010	17	Infosys Technologies Ltd.	Group Project Manager	Aug.07
64	Ravi Ranganathan	46	Deputy General Manager	BE/BTech - Electronics	1,280,155	27.04.1995	21	Shuttle Technologies Ltd.	Manager	Mar.95
65	Ravishankar Chandrasekaran	44	Operations Director	MCA - I.T. / Computer Science	1,078,462	08.02.2010	19	Covansys India	General Manger	Jul.08
66	Ravitta Valia	44	Vice President	MBA, CA	2,173,280	01.02.2010	21	TCS e-Serve Limited	Vice President	Nov.07
67	Ronald D'Mello	46	Associate Vice President	CS	224,534	07.06.2010	23	Syntel Limited	Legal Head	Jul.05
68	Sandeep Raizada	44	Associate Vice President	BE - Electrical Engg	929,725	19.12.2005	22	Hewlett Packard Global Soft Ltd.	Program Manager	Feb.03
69	Sanesh Kumar Kariyadan	36	Technical Specialist	MCA	518,777	16.02.2000	12	Banyan Networks	Software Engineer	Jul.99
70	Sanjay Kalra	42	Vice President	MBA - Finance	554,686	07.06.2010	20	IBM Daksh Business Process Services Pvt. Ltd.	General Manager - Business Operations	Nov.07
71	Sanjay Logabiraman	39	Global Operations Director	MBA - Business Administration	1,202,499	04.01.2010	18	United Healthcare	Senior Manager	Nov.03
72	Sanjay Sapra	45	Operations Director	B.Tech - Computer Science	1,636,351	16.02.1993	22	DCM Data Products	Senior Software Engineer	Feb.88
73	Sanjay Saroop	39	Practice Director - Data Analytic & CDM	MBBS	1,238,179	04.03.2010	14	Tata Consultancy Services Ltd.	Associate Vice President	Oct.09
74	Sashikant Mohanty	37	Associate General Manager	BTech - Mechanical Engineering	721,010	02.06.2008	13	KPMG Advisory Services Pvt. Ltd.	Manager - ERP Advisory	Jul.07
75	Satish Chandrasekaran	43	Senior Vice President-Head of Retail	MBA - Business Administration	4,312,818	14.01.2010	22	Target Corp. India Pvt. Ltd.	Vice President	Aug.07
76	Satish Gore	57	Consultant	PGD - Management	1,208,036	18.02.2010	35	Satyam Computer Services Ltd.	Senior President	Jun.03
77	Seshadri Bhoovaraghan	37	Deputy General Manager	BE- Computer Science	806,618	11.03.2010	16	Infosys Technologies Ltd.	Delivery Manager	Dec.2000
78	Siva Kumar Nuti	41	Vice President	MSc.	2,292,150	16.04.2009	20	Satyam Computer Services Ltd.	Vice President	Jun.02
79	Sridhar Kamath S	39	Senior Business Specialist	PGD - Business Administration	234,416	01.03.2004	18	Canbank Computers	Senior Programmer	Mar.92
80	Srinivas Sarva	43	Vice President	MS - Engineering, PhD.	529,280	20.05.2010	21	Sumadhura Geomatica	Chief Information Officer	Sep.09
81	Srinivas Tumuluri	40	Group Project Manager	MBA - Marketing Management	418,554	10.07.2006	13	Infotech Enterprises	Program Manager	Apr.04
82	Srinivasa Moorthy Saththenjeri Asthagi	50	Vertical Practice Head - System Engg.	MSc - Electronics	2,137,959	17.03.2003	25	Banyan Networks	Vice President-Special Projects	May.2000
83	Subir Biswas	40	Deputy General Manager	MBA - Marketing Management	599,000	27.09.2006	16	Adea Solutions	Practice Lead	Oct.05
84	Subrat Chakravarty	42	Associate Vice President	MBA - Personnel, HR & IR	3,264,976	29.10.2009	17	Hewitt Associates	Group Manager	Mar.09
85	Sujit Chakravarty	32	Technical Manager	BE/Computer Science and Engineering	280,094	03.06.2010	10	IBM	Project Manager	Apr.09
86	Sukhamoy Hazra	41	Associate General Manager	BE/Computer Science and Engineering	1,025,798	04.01.2007	12	Wyse Technology	Project Manager	Sep.05
87	Sunil Kumar	51	Associate Vice President	M.Tech (Mgt. & Systems)	2,332,463	01.08.1996	30	Tata Unisys	Group Manager	Jan.94
88	Suresh Chaudhary	44	Senior Project Manager	PGD - Marketing Management	248,165	22.10.2007	18	Tech Mahindra Ltd.	Senior Technical Architech	May.06
89	Suresh Kothandaraman	34	Group Manager	MBA - HR/Industrial relations	260,728	27.05.2010	10	Aricent Technologies Ltd.	Senior Manager - HR	May.07
90	Suresh Seetharamu	45	Associate General Manager	CS	855,973	16.09.2002	21	Satyam Computer Services Ltd.	Consultant	Sep.2000
91	Sushil Bansal	46	Associate Vice President	M.Tech	763,235	05.04.2010	22	Tata Consultancy Services Ltd.	Senior Consultant	Feb.88
92	Swaminath Ganesh Kettavarampalayam	45	General Manager	MSc.	1,068,394	22.09.2006	13	Cognizant Technologies Ltd.	Consultant	Oct.05
93	Tanmoy Roy Choudhury	40	India Head - Captive Center Business	MBA - Marketing Management	303,459	10.12.2007	19	Microsoft Corporation India Pvt.Ltd	Inside Sales Manager	Mar.06
94	Tarun Gupta	37	Deputy General Manager	BE - Electrical	611,527	04.04.2002	16	Tata Infotech Limited	Associate Consultant	Jul.94
95	Thirumalai Srinivasan	55	Group Project Manager	MSc - I.T. / Computer Science	621,343	25.07.2003	12	HCL Infosystems Ltd.	Senior Consultant	Jun.98
96	Uttama Mukherjee	43	Practice Director-Business Intelligence	BE - Electrical	2,168,659	18.01.2007	21	Patni Computers Ltd.	Senior Manager	Mar.05
97	V Sriram	42	Associate Vice President	MSW - HR & IR	317,873	26.05.2010	19	Hexaware Technologies Ltd.	Associate Vice President-HR-Head-Location	Jun.06

ANNEXURE 4 TO THE DIRECTORS' REPORT (Contd.)**Information for Director's Report U/S 217(2A) of the Companies Act, 1956****B. EMPLOYED FOR PART OF THE FINANCIAL YEAR - 2009-10**

Sr. No.	Name	Age (in yrs.)	Designation	Educational Qualification	Remuneration (in Rs.)	Date of Joining	Experience in Yrs.	Previous Employment	Designation held in previous employment	Previous Employment held since
98	V.K. Mahna	55	Senior Vice President- Global S. C. & Administration	Diploma in Electronics Engineering	936,000	01.04.2010	27	HCL Cornet Ltd.	Senior Vice President	Feb.95
99	Varinder Singh	33	Senior Technical Manager	PGD - Marketing Management	229,466	27.05.2010	11	Conexant/Ikanos	Principle Software Architect	Apr.05
100	Vasudevan Ramanujam	56	Vice President - Campus Infrastructure	CA	1,511,059	05.03.2007	31	TVS Electronics Ltd.	Vice President	Jun.2000
101	Venkatesh Patil	49	Associate Vice President	M.Tech - Computer Science	1,366,113	17.03.2010	25	Target Corporation	Director	May.06
102	Vijay Wilson	34	Senior Technical Manager	BE - Mechanical	243,572	03.06.2010	13	Sasken Communications	Lead Engineer	Nov.05
103	Vijaykumar Ganapathe	42	General Manager	MBA - Marketing Management	583,743	02.11.2000	21	Maars Software International Ltd.	Business Development Manager	Nov.98

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 2009-10

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.

Our Company is in compliance with the requirements of the revised guidelines on Corporate Governance stipulated under Clause 49 of the Listing Agreements with the Stock Exchanges.

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 its business decisions.

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

Philosophy on Code of Governance

Our Corporate Governance philosophy is based on the following 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 disclosure levels. When in doubt, disclose it.
- Make a clear distinction between personal convenience and corporate resources.
- Communicate externally, in a truthful manner, about how the Company is run internally.
- Have a simple and transparent corporate structure driven solely by business needs.
- Comply with the laws in all the countries in which we operate.
- Management is the trustee of the shareholders' capital and not the owner.

Corporate Governance is an integral part of the philosophy of the Company in its pursuit of excellence, growth and value creation.

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

Role of various entities

Board of Directors ("Board") – The primary role of the Board is that of trusteeship to protect and enhance shareholders value through strategic supervision of the Company and its subsidiaries. The Board plays a critical role in overseeing how the management serves the short and long term interests of shareholders and other stakeholders. This is reflected in our governance practices, under which we strive to maintain an active, informed and independent Board. The Board is entrusted with the ultimate responsibility of the management, general affairs, direction and performance of the Company and has been vested with the requisite powers, authorities and duties.

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

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

Independent Directors- Independent Directors play a critical role in imparting balance to the Board processes by bringing independent judgements on issues of strategy, performance, resources, standards of the Company, conduct etc.

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

Board Size and Composition

The Board of Directors 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 and Independent Non-Executive 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, 2010, 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 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 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.

Composition of the Board and the Directorships held as on June 30, 2010

Name of Director	Position 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	1	3	1	-
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	5	5	6	4
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	10	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 membership of Audit Committee and Shareholders' Grievance Committee of Indian Public Limited Companies.*

#represents Chairmanship of Audit Committee and Shareholders' Grievance Committee of Indian Public Limited Companies.

Brief Profile of the Board Members

Shiv Nadar

Mr. Shiv Nadar, aged 65 years, is an Electrical Engineer from the PSG College in Coimbatore. Mr. Shiv Nadar established HCL as a startup in 1976. Acknowledged as a visionary by the IT industry and his peers, Shiv Nadar has often made daring forays based on his conviction of the future. Albeit a more recent entrant in the software services space, HCL is already among top Indian IT software majors and a force to reckon with for global technology giants.

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. In September 2009, the UK Trade & Investment India presented Shiv Nadar the 2009 Business Person of the Year Award in acknowledgement of HCL's pioneering investment in the UK. In November 2009, he was conferred in the CNBC Asia Business Leader Award 2009 for Corporate Social Responsibility and the Asia Viewers' Choice Award; as well as the CNBC's 'The India Business Leader Award' for 2009.

Determined to give back to the society that nurtured him, Shiv Nadar has been quietly supporting many critical social

causes through the Shiv Nadar Foundation. The Foundation is committed to provide the means to empower individuals to bridge the socio-economic divide and to contribute to the creation of a more equitable, meritocracy based society, and aims to achieve this primarily through outstanding educational institutions of higher learning. The Foundation has established the not-for-profit SSN College of Engineering in Chennai, India's top ten private engineering college. Shiv Nadar is also running "VidyaGyan" public school in Uttar Pradesh that provides free, world class education to rural toppers from economically disadvantaged backgrounds. Concerned with the public health issues in India, Shiv Nadar is involved with the Public Health Foundation of India (PHFI), working to establish standards in public health education and to create a network of innovative world class India relevant institutes of public health. He is a Global Charter Member of The Indus Entrepreneurs (TIE), which works to promote entrepreneurs and entrepreneurship globally. He also supports initiatives for the girl child and the empowerment of women.

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

Mr. Shiv Nadar is a member of Shareholders' 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, 2010, he is holding 184 Equity Shares of Rs. 2/- each fully paid-up in his own name.

Mr. Vineet Nayar

Mr. Vineet Nayar, aged 48 years, has a Bachelor's degree in Technology and a Masters degree in Business Administration. Mr. Nayar started his career with HCL group in 1985. After spending about seven years of his career as engineer, product manager, sales and marketing head at HCL, he played a key role in enabling HCL to enter into the business for providing IT infrastructure and networking services and today HCL is highly placed in Remote Infrastructure Management space. He became President of HCL Technologies in April 2005 and Chief Executive Officer in October 2007. In August 2008, he was designated as CEO and Whole-time Director of the Company.

Mr. Vineet Nayar was instrumental in instituting several radical transformational programs across the organization. His mantra of "Employees First" and a strong belief in value-based leadership has been recognized globally as an example of "Organisational Innovation". The Harvard Business School has written a case study on his transformation at HCL, based on his innovation and radical leadership.

He is one of the founding members of the Asia Gender Parity Group at WEF and has also established a non-profit organization called SAMPARK in 2004 which has a vision of "creating a million smiles". The primary focus of SAMPARK is to create smiles through improving the quality, infrastructure and opportunity for education to the underprivileged. With his continued commitment to promoting eco-sustainability, Vineet is also an active member of India Council for Sustainable Development (ICSD) steering committee and one of the CEO's to endorse the Climate Policy Recommendations to G8 Leaders by World Economic Forum.

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

Mr. Vineet Nayar is a member of the Employees Stock Option Allotment Committee and Nominations Committee of the Company. As on June 30, 2010, his shareholding in the Company was 10,00,000 Equity Shares of Rs. 2/- each fully paid-up which are held in the name of family trust.

Ms. Robin Abrams

Ms. Robin Abrams, aged 59 years holds both a Bachelor of Arts and a Juris Doctor degree from the University of Nebraska. Ms. Robin Abrams was the interim CEO at ZiLOG. She had been the President of Palm Computing and Senior Vice President at 3Com Corporation.

Ms. Abrams was formerly the President and CEO at VeriFone. Before joining VeriFone in 1997, Abrams held a variety of senior management positions with Apple Computers. As Vice President and General Manager of the Americas, she oversaw sales and channel management for U.S., Canada and Latin America. Prior to that, she was the Vice President and General Manager of Apple Asia, where she was responsible for sales and marketing in the region.

Ms. Abrams spent eight years with Unisys in several senior-level positions. Her responsibilities included managing the delivery of business solutions focused on banking, airlines,

government and networking. A portion of her tenure at Unisys included a five-year stint in Asia Pacific. The first twelve years of her career were in various management positions at Wells Fargo Bank (formerly known as Norwest Bank).

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

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

Ms. Robin Abrams is the Chairperson of the Compensation Committee and member of the Audit Committee and Risk Management Committee of the Board of Directors of the Company. As on June 30, 2010, her shareholding in the Company was 1,37,000 Equity Shares of Rs. 2/- each fully paid-up in her own name.

Mr. T. S. R. Subramanian

Mr. T. S. R. Subramanian, aged 71 years, is an Ex-Cabinet Secretary to the Government of India. He obtained his first degree in Mathematics at St. Xavier's College, Kolkata and thereafter his Master's Degree at Calcutta University. He also studied at Imperial College, London where he obtained his diploma and has a Master's Degree in Public Administration from Harvard University, specializing in economics.

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

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

Mr. T. S. R. Subramanian is the Chairman of the Audit Committee, Risk Management Committee and the Shareholders' Committee of the Company. He is also a member of the Employees Stock Option Allotment Committee and Nominations Committee of the Company. As on June 30, 2010, his shareholding in the Company was 4,600 Equity Shares of Rs.2/- each fully paid-up in his own name.

Mr. Ajai Chowdhry

Mr. Ajai Chowdhry, aged 59 years, has a bachelor's degree in electronics and communication engineering, and has attended the Executive Program at the School of Business Administration at the University of Michigan in the US. Mr. Ajai Chowdhry is the Chairman & CEO of HCL Infosystems Ltd. He is also responsible for the significant international growth of HCL Infosystems Ltd. and brings with him substantial experience of the South East Asian markets including Malaysia, Thailand, Hong Kong, Indonesia, People's Republic of China and Singapore. He was also part of the IT Task Force set up by the Prime Minister of India, to give shape to India's IT strategy.

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

Mr. Ajai Chowdhry is a member of the Shareholders’ Committee of the Company. As on June 30, 2010, his shareholding in the Company was 19,420 Equity Shares of Rs.2/- each fully paid-up in his own name.

Mr. Subroto Bhattacharya

Mr. Subroto Bhattacharya, aged 69 years, is a Chartered Accountant. He spent his early career with DCM Limited where he rose to the position of a Director on its board. In the late eighties, he joined the HCL Group and subsequently joined the Board of the flagship company HCL Limited.

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

Mr. Subroto Bhattacharya is a member of the Audit Committee, Shareholders’ Committee, Employee Stock Options Allotment Committee and Risk Management Committee of the Company. As on June 30, 2010, his shareholding in the Company was nil.

Mr. Amal Ganguli

Mr. Amal Ganguli, aged 70 years, is a Chartered Accountant. He was earlier associated with Price Waterhouse Coopers, India as its Senior Partner. In a distinguished career spanning nearly four decades, Mr. Ganguli was involved with the India practice of Price Waterhouse Coopers and has an authority on matters related to audit, taxation, mergers and acquisitions and corporate restructuring.

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

Mr. Amal Ganguli is a member of the Audit Committee and Risk Management Committee of the Company. As on June 30, 2010, his shareholding in the Company was nil.

Mr. P. C. Sen

Mr. P. C. Sen, aged 66 years, is a graduate of St. Stephens College, Delhi and a post graduation in M.A. (History) and Diploma in Social Anthropology from King’s College, Cambridge U.K. and M.Sc. (Economics) from University of Swansea, U.K. He joined the Indian Administrative Service in Madhya Pradesh Cadre in 1967. He has held a variety of assignments both with the Government of Madhya Pradesh and the Government of India. He was the Director of Archaeology and Museums, M.P., Managing Director of M.P. State Tourism Corporation, Principal Secretary of Housing and Environment, Principal Secretary of Commerce and Industry and IT in the Government of M.P., Director General of Civil Aviation, Chairman and Managing Director of Indian Airlines and Chairman of Air India. He retired as Secretary General, National Human Rights Commission in April 2003. He held the position of Director of India International Centre from May 2003.

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

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

Mr. P. C. Sen is a member of the Compensation Committee of the Company. As on June 30, 2010, his shareholding in the Company was nil.

The names of the other companies/ entities in which the current directors are interested being a director/committee member(s) as on June 30, 2010 are as under:

1. Mr. Shiv Nadar

S. No.	Name of the Company/ Entity in which interested	Nature of Interest (Directorships/ Committee Memberships)
1.	HCL Corporation Limited	<ul style="list-style-type: none"> • 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.	Indian School of Business	<ul style="list-style-type: none"> • Director
3.	HCL America Inc.	<ul style="list-style-type: none"> • Director
4.	Guddu Investments (Chennai) Pvt. Limited	<ul style="list-style-type: none"> • Director
5.	Vama Sundari Investments (Chennai) Pvt. Limited	<ul style="list-style-type: none"> • Director
6.	Julian Investments (Chennai) Pvt. Limited	<ul style="list-style-type: none"> • Director
7.	Blueberry Investments (Chennai) Pvt. Limited	<ul style="list-style-type: none"> • Director
8.	SKN Investments (Chennai) Pvt. Limited	<ul style="list-style-type: none"> • Director
9.	Slocum Investments (Pondi) Pvt. Limited	<ul style="list-style-type: none"> • Director

2. Mr. T. S. R. Subramanian

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

3. Mr. Subroto Bhattacharya

S. No.	Name of the Company/ Entity in which interested	Nature of Interest (Directorships/ Committee Memberships)
1.	HCL Corporation Limited	<ul style="list-style-type: none"> • Director • Chairman of Audit Committee • Member of Asset Liability Management Committee • Member of Treasury Committee • Member of Risk Management Committee
2.	HCL Infosystems Limited	<ul style="list-style-type: none"> • Director • Member of Accounts & Audit Committee • Member of Shareholders'/ Investor Grievances Committee • Member of Employees Compensation and Employees Satisfaction Committee • Member of Committee of Directors (Share Allotment) • Member of Committee of Directors (New Business)
3.	NIIT Limited	<ul style="list-style-type: none"> • Director • Chairman of Audit Committee • Chairman of Compensation/ Remuneration Committee • Member of Share Allotment Committee • Member of Debenture Allotment Committee • Member of Borrowing Committee
4.	NIIT Technologies Limited	<ul style="list-style-type: none"> • Director • Chairman of Audit Committee • Member of Compensation/ Remuneration Committee
5.	HCL Infinet Limited (formerly known as Microcomp Ltd.)	<ul style="list-style-type: none"> • Director • Chairman of Accounts and Audit Committee

4. Mr. Ajai Chowdhry

S. No.	Name of the Company/ Entity in which interested	Nature of Interest (Directorships/ Committee Memberships)
1.	Appollo Trading and Finance Pvt. Ltd.	• Director
2.	HCL Infosystems Limited	<ul style="list-style-type: none"> • Chairman & Whole-time Director • Member of Employees Compensation and Employees Satisfaction Committee • Member of Committee of Directors (Share Allotment) • Member of Committee of Directors (Securities) • Chairman of Committee of Directors (Operations) • Chairman of Committee of Directors (Customer Satisfaction)
3.	HCL Infinet Limited (formerly known as Microcomp Ltd.)	<ul style="list-style-type: none"> • Director • Member of Accounts & Audit Committee
4.	HCL Security Limited	• Director
5.	RMA Software Park Pvt. Ltd.	• Director
6.	HCL Infocom Limited	• Director
7.	BFL Investments and Financials Consultants Pvt. Ltd.	• Director

5. Ms. Robin Abrams

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

6. Mr. Amal Ganguli

S. No.	Name of the Company/ Entity in which interested	Nature of Interest (Directorships/ Committee Memberships)
1.	Hughes Communications India Ltd.	• Director • Chairman of Audit Committee
2.	Aricent Technologies (Holdings) Ltd.	• Director • Chairman of Audit Committee • Member of Remuneration Committee
3.	ML Infomap Private Limited	• Director
4.	Tube Investments of India Limited	• Director • Member of Audit Committee • Member of Remuneration Committee
5.	New Delhi Television Limited	• Director • Chairman of Audit Committee • Member of Remuneration Committee
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, 2010, Mr. Vineet Nayar does not hold directorship in any other Company.

8. Mr. P. C. Sen— As on June 30, 2010, Mr. P. C. Sen does not hold directorship in any other Company.

Independent Directors

As on June 30, 2010, 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.

The Company has adopted the above mentioned definition of Independent Director as mentioned under clause 49 of the listing agreement and all the independent directors of the Company have certified their independent status to the Board as on June 30, 2010.

The tenure of Independent Directors

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

Retirement Policy of the Board of Directors

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

Succession Planning

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

Memberships on other Boards

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

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

Directors' Responsibilities

- (a) The principal responsibility of the Board members is to oversee the management of the Company and in doing so, serve the best interests of the Company and its stakeholders. This responsibility 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.
 - Establishing a corporate environment that promotes timely and effective disclosure (including robust and appropriate controls, procedures and incentives), fiscal responsibility, high ethical standards and compliance with all applicable laws and regulations.
 - Evaluating the performance of the Company and its senior executives and taking appropriate action, including removal, where warranted.

- Evaluating the overall effectiveness of the Board and its Committees.
- To attend the Board, Committee and shareholders meetings.

- (b) **Exercise business judgment:** In discharging their fiduciary duties of care and loyalty, the directors are expected to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its stakeholders.
- (c) **Understand the Company and its business:** The directors have an obligation to remain informed about the Company and its business, including the principal operational and financial objectives, strategies and plans of the Company, relative standing of the business segments within the Company and vis-a-vis the competitors of the Company, factors that determine the Company's success, results of operations and financial condition of the Company and the significant subsidiaries and business segments.
- (d) **To establish effective systems:** The directors are responsible for determining that effective systems are in place for periodic and timely reporting to the Board on important matters concerning the Company including the following :
 - Current business and financial performance, degree of achievement of approved objectives and the need to address forward-planning issues.
 - Compliance programs to assure the company's compliance with laws and corporate policies.
 - Material litigation and governmental and regulatory matters.

Board/ Committee meetings functioning and procedure

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

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

The Board meets at least once in a quarter to review the quarterly results and other items of the agenda. Whenever necessary, additional meetings are held. In case of business exigencies or urgency of matters, resolutions are passed by circulations.

The 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.

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

The Board is given presentations covering finance, sales, marketing, major business segments and operations of the Company, global

business environment including business opportunities, business strategy and the risk management practices before taking on record the financial results of the Company.

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.

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

Discussion with Independent Directors

Independent Directors are regularly updated on performance of each line of business of the Company, business strategy going forward and new initiatives being taken/ proposed to be taken by the Company.

The independent directors meet periodically without the executive directors and the management. The independent directors also periodically have one on one meetings with the statutory auditors and internal auditors, where neither the executive directors nor any person from the management is present.

Board material distributed in advance

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

Post meeting follow-up mechanism

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

Number of Board Meetings held and the dates on which held

There were seven board meetings held during the year ended June 30, 2010. These were held on July 08, 2009, August 10, 2009, August 24-25, 2009, October 27-28, 2009, January 07, 2010, January 24-25, 2010 and April 20-21, 2010. 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	7	7	Yes
Mr. Vineet Nayar	7	7*	Yes
Mr. T. S. R. Subramanian	7	7*	Yes
Ms. Robin Abrams	7	6**	No
Mr. Ajai Chowdhry	7	4	Yes
Mr. Subroto Bhattacharya	7	7	Yes
Mr. Amal Ganguli	7	6	Yes
Mr. P. C. Sen	7	7	No

* includes one meeting attended through conference call.

**includes two meetings attended through conference call.

Independence of Statutory Auditors

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

Rotation of Statutory Auditors

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

Review of legal compliance reports

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

Re-appointment of Directors

Mr. Subroto Bhattacharya, Mr. Vineet Nayar and Mr. Amal Ganguli shall retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

The details and profile of the aforesaid directors seeking re-appointment are furnished above in this report.

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, 2010.

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 2009-10. A declaration to this effect signed by the Chairman & Chief Strategy Officer and Chief Executive Officer of the Company is provided elsewhere in the Annual Report.

Board Committees

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

Keeping in view the requirements of the Companies Act, 1956 as well as Clause 49 of the Listing Agreement, the Board decides the terms of reference of various committees and the assignment of members to various committees. The recommendations of the Committees are submitted to the 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 judgement 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 the functioning of Whistle Blower Policy

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

n) 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.

o) Reporting to Board

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

p) 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.

q) 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.

r) 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:

- August 10, 2009
- August 23, 2009
- August 24, 2009
- October 27, 2009
- December 08, 2009
- January 24, 2010
- April 20, 2010
- May 19, 2010

Attendance details of each member at the Audit Committee meetings held during the year ended June 30, 2010 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	7*
Mr. Subroto Bhattacharya	8	8
Mr. Amal Ganguli	8	8

* includes two meetings attended through conference call.

Compensation Committee

The Compensation Committee of the Board consists of following members:

- a) Ms. Robin Abrams (Chairperson)
- b) Mr. P. C. Sen

Note: Mr. Shiv Nadar ceased to be the member of the committee w.e.f. January 24, 2010.

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:

- August 24, 2009
- October 27, 2009
- January 24, 2010
- April 20, 2010

Attendance details of each member at the Compensation Committee meetings during the year ended June 30, 2010 are as follows:

Name of the Committee Member	Number of Meetings held	Number of Meetings attended
Ms. Robin Abrams	4	4
Mr. Shiv Nadar	2*	2**
Mr. P. C. Sen	4	4

*Number of meetings held till Mr. Shiv Nadar was the member of the committee.

** Number of meetings attended till Mr. Shiv Nadar was 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 Directors viz. Mr. Shiv Nadar and Mr. Vineet Nayar. During the year under review no remuneration has been paid to Mr. Shiv Nadar.

The remuneration paid to Mr. Vineet Nayar for the year ended June 30, 2010 is as under:

Particulars	Rs. in crores
Salary	1.20
Allowances and Perquisites	3.20
Contribution to Provident Fund	0.14
Total	4.54

Mr. Vineet Nayar was also granted stock options of the Company. The details of the same as on June 30, 2010 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	2,50,000
			2,50,000	01-Jul-10	Nil
24-08-2009	1,75,000	8.00	1,75,000	31-Aug-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, 2010, Mr. Vineet Nayar held 10,00,000 equity shares of Rs. 2/- each fully paid up of the Company in the name of his family trust.

Non-Executive Directors

During the year, the Company paid sitting fee to its Non-Executive Directors for attending the meetings of the Board of Directors 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.

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, 2010 Rs. in lacs	Commission for the year ended June 30, 2010 Rs. in lacs	Shareholding in the Company as on June 30, 2010
Mr. Ajai Chowdhry	0.80	Nil	19,420
Mr. Amal Ganguli	2.80	15	Nil
Mr. P. C. Sen	1.40	15	Nil
Ms. Robin Abrams	1.80	15	1,37,000
Mr. Subroto Bhattacharya	3.00	15	Nil
Mr. T. S. R Subramanian	2.80	55	4,600

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

Nominations Committee

The Nominations Committee consists of the following members:

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

Terms of Reference

The role of Nominations Committee has been defined as under:

- a) Succession planning for certain key positions in the Company viz. Chief Executive Officer (CEO), Chief Operating Officer (COO), Chief Financial Officer (CFO). The Committee to identify, screen and review candidates, inside or outside the Company and provide its recommendations to the Board.
- b) Reviewing the Company's corporate Governance guidelines periodically and recommending such amendments to the Board as it deems necessary.
- c) Review and reassess the adequacy of this charter periodically and recommend any proposed changes to the Board for approval from time to time.

During the year under review, the Committee met 2 times.

Risk Management Committee

The Risk Management Committee consists of the following members:

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

During the year under review, the Committee met 3 times.

Terms of Reference

The role of Risk Management Committee has been defined as under:

- a) Assist the Board in fulfilling its corporate governance in overseeing the responsibilities with regard to the identification, evaluation and mitigation of operational, strategic and external environmental risks.
- b) Review and approve the Risk management policy and associated framework, processes and practices of the Company.
- c) Assist the Board in taking appropriate measures to achieve prudence balance between risk and reward in both ongoing and new business activities.
- d) Evaluating significant risk exposures of the Company including business continuity planning and disaster recovery planning.
- e) Assessing management's actions in mitigating the risk exposures in a timely manner.
- f) 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.

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 this report under the shareholders information section.

During the year under review, the Committee met 10 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. Vineet Nayar, CEO & Whole-time Director
- c) Mr. T. S. R. Subramanian, Director
- d) Mr. Subroto Bhattacharya, Director
- e) Mr. Anil Chanana, Chief Financial Officer

This Committee has been formed to allot shares to the employees who have exercised their stock options under the Stock Option Plans of the Company. During the year under review, the Committee met 13 times.

Employees Council, Customers Advisory Council and Corporate Social Responsibility Council

The Company has formed councils to address the concerns of employees and customers of the Company and to enhance the Corporate Social Responsibilities of the Company. The role and work done by these councils during the year are as under:

a) Employees Councils

The Employees Councils have been formed primarily to provide a communication link between employees and the management of the Company. These councils serve as discussion forums for matters of general concern to the employees. The Company has formed few employees councils which take care of the issues relating to (a) improvement at work place; (b) awareness of the community needs; (c) enthusiasm at the work place

by organizing sports events, quizzes and various other competitions; (d) avenues for learning, self expression and display of talents; (e) health and well being of the employees.

During the year, the work done by these councils included various philanthropic initiatives such as “Teach at Office”, Meri Delhi Meri Yamuna (cleaning the Yamuna), Child Rescue & Rehabilitation Efforts etc.

b) Customers Advisory Council

The Company’s Customers Advisory Council is a collaborative forum where some of our key customers, representing a cross section of our customer base, meet on a regular basis to advise us on industry trends, business priorities, and strategic direction. This ‘Voice of the customers’ serves as the basis for business requirements and technology needs and is applied to the creation of our next generation solutions for customers across industries. The Company also works towards creating an exceptional opportunity/platform for customers and its industry peers to exchange ideas, best practices and network among themselves. The discussions are then converted into action plans which make sure that the recommendations are applied and turned into value and innovation for its customers. Currently, we have representations from most of our major customers in North America. The members comprise of key decision makers, primarily CIOs and other senior personnel. The members meet twice in a year with a definitive agenda and conclude with recommendations for directions for service offerings by the Company. This council also ensures that the customers are able to reach out to the Chief Executive Officer (CEO), if required. The said council is headed by the CEO and supported by two corporate officers of the Company.

c) Corporate Social Responsibility Council

The Company understands that for effective corporate social responsibility, it must become an integral part of the Company’s strategy and operations. The Company has become more sensitive about the impact of its business on society and the environment, and understands the concerns of all its key stakeholders. The Company defines Corporate Social Responsibility (“CSR”) as developing socially responsible products and services for customers, ensuring a low carbon footprint through Green data centers and following a robust environmental policy, engaging and empowering employees to become agents of social change, and making a commitment with significant investments into the community around it. An essential component of the Company’s CSR initiatives is to care for the community around it, and education and health have been identified as the primary objectives in the Company’s community development programs. Inspiring the lives of the underprivileged, the Company facilitates programs and gives direct assistance and resources to individuals, families and other charitable organizations. The Company endeavors to make a positive contribution to society supporting a wide range of socio-economic,

educational and health initiatives, and almost all of these projects and programs are driven by active participation from the employees of the Company.

The CSR Council led by the Chief Executive Officer and supported by two corporate officers of the Company focuses on providing leadership and resources to take greater social and environmental responsibilities within our communities while minimizing the global impact of the business of the Company.

Sexual Harassment Policy

In order to ensure an additional available mode for the employees, under the Sexual Harassment Policy, to voice their concern and bring it to the organization’s notice, a mechanism is in place for employees to have a critical direct access to the Chief Executive Officer to report any issues, abuse, etc. under the said policy of the Company.

Whistle Blower Policy

The Company has adopted a Whistle Blower Policy to provide appropriate avenues to the employees, contractors, clients, vendors, internal or external auditors, law enforcement / regulatory agencies or other third parties to bring to the attention of the management any issues which are perceived to be in violation or in conflict with the fundamental business principles of the Company. The employees are encouraged to raise any of their concerns by way of whistle blowing. All cases registered under the Whistle Blower Policy of the Company are reported directly to the CEO.

Corporate Governance Voluntarily Guidelines 2009

During the year, Ministry of Corporate Affairs, Government of India has published the “Corporate Governance Voluntarily Guidelines 2009” which is recommendatory in nature. The Corporate sector has been advised to voluntarily adopt these guidelines with the objective of using better corporate governance practices which the Ministry believes will enable the Indian corporate sector to enhance not only the economic value of the Company but also the value for every shareholder who has contributed in the success of the Company. These guidelines broadly focus on the areas like Board of Directors, responsibilities of the Board, Audit Committee’s functions, roles and responsibilities, appointment of auditors, Compliances and a mechanism for Whistle Blower support. The Company is already majorly in compliance with these guidelines and some other recommendations are being reviewed.

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

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

General Body Meetings

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

Year	Date	Venue	Time	Special Resolution
Annual General Meetings				
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.	<ul style="list-style-type: none"> Approval u/s 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 u/s 372A of the Companies Act, 1956 to make investment(s) from time to time by way of subscription, purchase and/or otherwise in the securities of any other body corporate as the Board may in its absolute discretion deem beneficial and in the interest of the Company, upto Rs. 4,000 Crores (Rupees Four Thousand Crores) over and above the limits that are specified under section 372A of the Companies Act, 1956.
2008-2009	December 8, 2009	FICCI Auditorium, Federation House, Tansen Marg, New Delhi.	11.00 A.M.	<ul style="list-style-type: none"> Approval u/s 198, 269, 309, and all other applicable provisions of the Companies Act, 1956, (Act) read with Schedule XIII to the said Act, to re-appoint Mr. Shiv Nadar, Chairman & Chief Strategy Officer as Managing Director of the Company for a period of 5 years w.e.f. September 13, 2009 with the designation of Chairman & Chief Strategy Officer or such other designation as the Board/ Compensation Committee may decide from time to time.

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 was placed before the Board along with the financial statements for the year ended June 30, 2010 and the Board reviewed the same. The said Certificate is provided elsewhere in the Annual Report.

Disclosures
a) Related party transactions

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

b) Compliances by the Company

The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three

years. No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or any other statutory authorities relating to the above.

c) Material transactions with senior managerial personnel

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

d) Other Disclosures

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

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

Means of Communication

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

b) Website: Company's corporate website www.hcltech.com provides comprehensive information on company's portfolio of businesses. The website has entire section dedicated to Company's profile, its core values, corporate governance, business lines and industry sections. An exclusive section on 'Investors' enables them to access information at their convenience. The entire Reports as well as quarterly, half yearly, annual financial statements, releases and

shareholding patterns are available in downloadable format as a measure of added convenience to the investors.

- c) **News Releases, Presentations, etc.:** Official news releases, detailed presentations made to media, analysts, institutional investors, etc. are displayed on the Company’s website www.hcltech.com. Official media releases are also sent to the Stock Exchanges.
- d) **Annual Report:** Annual Report containing, inter alia, Audited Annual Accounts, Consolidated Financial Statements, Directors’ Report, Auditor’s Report and other important information is circulated to members and others entitled thereto. The Annual Report of the Company is available on the Company’s website in a user- friendly and downloadable form.
- e) **Management Discussion and Analysis:** The Management’s Discussion and Analysis (MD & A) Report forms part of the Annual Report.
- f) **Intimation to the Stock Exchanges:** The Company intimates the Stock Exchanges all price sensitive information or such other matters which in its opinion are material and of relevance to the Shareholders.
- g) **Corporate Filing and Dissemination System (CFDS):** Pursuant to clause 52 of the Listing Agreement, the Company during the year has uploaded financial information like annual and quarterly financial statements, segment-wise results and shareholding pattern on the CFDS website www.corpfiling.co.in.
- h) **National ECS facility:** As per RBI notification, with effect from October 1, 2009, the remittance of money through ECS is replaced by National Electronic Clearing Services (NECS) and banks have been instructed to move to the NECS platform.

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

The Company is using NECS mandate for remittance of dividend either through NECS or other electronic modes failing which the bank details available with Depository

Participants are printed on the dividend warrant. All the arrangements are subject to RBI guidelines, issued from time to time.

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

Code for Prevention of Insider Trading

The Company has comprehensive guidelines on prevention of insider trading in line with the SEBI (Prohibition of Insider Trading) Regulations, 1992. The Code for prevention of Insider Trading inter-alia prohibits purchase/sale of shares of the Company by employees/directors while in possession of unpublished price sensitive information in relation to the Company.

Investor Relations-Boosting Investor Confidence

In today’s challenging and competitive business environment, corporates recognize the necessity and responsibility to develop direct contact with market participants as the operating economic environment has become more reliant on global private capital flows.

We understand that global investors are concerned about geopolitics, global business environment, micro aspects of our performance, both business and financials and also our governance structure. They need timely, accurate and relevant information that helps them in making informed investment decisions.

We have put in place a consistent, visible and proactive Investor Relations programme that helps to build a fabric of familiarity and trust between us and the global investment community that can contribute to stability during the periods of stress. Investors Relations (“IR”) helps in creating two way active interactive forums with all the market participants across the world that enables better understanding of the Company’s objectives, business strategies and overall performance.

To deliver effective financial communication, our IR uses effective tools like the Annual Report; Quarterly Earnings Investor Release; Conference Calls, Investor Meets, Annual General Meetings and Internet (Web Investor Page). In addition, press releases, frequent conversation with investors, etc. are also part of the communication link and are used effectively to stay in touch with the investors.

Shareholders’ Information

a) General Information

Dates of book closure	October 26, 2010 to October 28, 2010 (both days inclusive)
Date, time and venue of the ensuing Annual General Meeting	October 28, 2010, 11.00 A.M. FICCI Auditorium, Federation House, 1, Tansen Marg, New Delhi 110 001
Dividend Payment Date (subject to the approval of the shareholders)	On or before November 27, 2010
Listing of Equity Shares on stock exchanges in India at	The National Stock Exchange of India Ltd. (NSE) Exchange Plaza, 5th Floor, Plot No. C/1 G Block, Bandra Kurla Complex, Bandra East, Mumbai – 400 051, India. Tel.: +91-22-26598236, Fax: +91-22-26598237

Listing of Non-Convertible Debentures on stock exchanges in India at	The Bombay Stock Exchange Ltd. (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001, India Tel.: +91-22-22721233, Fax: +91-22-22723121
Listing fees	The Wholesale Debt Market Segment of NSE.
Stock Code	Paid to all the above stock exchanges for the Year 2010-2011.
Registered Office	National Stock Exchange – “HCLTECH” Bombay Stock Exchange – “532281”
Registrar & Shares Transfer Agent	806, Siddharth, 96, Nehru Place, New Delhi – 110 019, India Tel.: +91-11-26444812, Fax: +91-11-26436336 Homepage: www.hcltech.com
Debenture Trustee	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
	IDBI Trusteeship Services Limited Asian Building, Ground Floor, 17, R Kamani Marg, Ballard Estate Mumbai 400 023

b) Share Transfer System

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

The shares sent for physical transfer are generally registered and returned within a period of 15-20 days from the date of receipt of request, if the documents are complete in all respects. As per the requirements of clause 47(c) of the Listing Agreement with the Stock Exchanges, the Company has obtained half-yearly certificates from Practising Company Secretary for due compliance of share transfer formalities.

c) 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, 2010 was carried out. The audit report confirms 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, 2010, about 99.93% of the equity shares issued by the Company are held in dematerialized form.

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

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

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

Dividend

The Board of Directors at their meeting held on July 27-29, 2010 recommended a final dividend of Re. 1/- each on equity

shares of face value of Rs. 2/- each, for approval of the shareholders at the Annual General Meeting. Together with the 3 interim dividends of Re. 1 per share each time on equity shares of face value of Rs. 2/- each, the total dividend for the year works out to Rs. 4/-. The final dividend, if approved by the shareholders, will be paid on or before November 27, 2010.

Dates of transfer of Unclaimed Dividend to Investor Education and Protection Fund (IEPF)

Pursuant to section 205A of the Companies Act, 1956, unclaimed balance of the dividends lying in the dividend

accounts till April, 2003 have been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. The dividends for the following years, which remain unclaimed for seven years, will be transferred to the IEPF in accordance with the schedule given below. Shareholders who have not encashed their dividend warrants relating to the dividend specified in table below are requested to immediately send their request for issue of duplicate warrants. Once unclaimed dividend is transferred to the IEPF, no claim shall lie in respect thereof either with the Company or IEPF.

Financial Year	Type of Dividend	Date of Declaration	Due Date for transfer to IEPF
2002-03	Final	December 20, 2003	January 19, 2011
2003-04	1 st Interim	October 31, 2003	November 30, 2010
	2 nd Interim	January 29, 2004	February 28, 2011
	3 rd Interim	April 26, 2004	May 26, 2011
	Final	December 17, 2004	January 16, 2012
2004-05	1 st Interim	October 25, 2004	November 24, 2011
	2 nd Interim	January 25, 2005	February 24, 2012
	3 rd Interim	April 25, 2005	May 25, 2012
	Final	December 16, 2005	January 15, 2013
2005-06	1 st Interim	October 25, 2005	November 24, 2012
	2 nd Interim	January 18, 2006	February 17, 2013
	3 rd Interim	April 19, 2006	May 19, 2013
	Final	December 14, 2006	January 13, 2014
2006-07	1 st Interim	October 16, 2006	November 15, 2013
	2 nd Interim	January 15, 2007	February 14, 2014
	3 rd Interim	April 17, 2007	May 17, 2014
	Final	December 13, 2007	January 12, 2015
2007-08	1 st Interim	October 16, 2007	November 15, 2014
	2 nd Interim	January 17, 2008	February 16, 2015
	3 rd Interim	April 15, 2008	May 15, 2015
	Final	October 22, 2008	November 21, 2015
2008-09	1 st Interim	October 15, 2008	November 14, 2015
	2 nd Interim	January 23, 2009	February 22, 2016
	3 rd Interim	April 22, 2009	May 22, 2016
	Final	December 08, 2009	January 07, 2017
2009-10	1 st Interim	October 28, 2009	November 27, 2016
	2 nd Interim	January 25, 2010	February 24, 2017
	3 rd Interim	April 21, 2010	May 21, 2017

e) Distribution of shareholding as on June 30, 2010

Number of Equity Shares held	No. of Shareholders	Shareholders (%)	No. of Shares	Shares (%)
1 – 100	59,382	74.88	2,117,155	0.31
101 – 200	9,479	11.95	1,676,705	0.25
201 – 500	4,882	6.16	1,715,246	0.25
501 – 1000	1,770	2.23	1,353,983	0.20
1001 – 5000	2,435	3.07	5,947,423	0.88
5001 – 10000	576	0.73	4,127,889	0.61
10001 and above	774	0.98	661,845,411	97.50
Total	79,298	100.00	670,256,600	100.00

f) Categories of shareholders as on June 30, 2010

Category	Number of shares held	Voting Strength (%)
Promoters	443,356,864	65.32
Mutual Funds/ UTI	19,358,047	2.85
Financial Institutions/ Banks	446,254	0.07
Insurance Companies	15,784,045	2.33
Foreign Institutional Investors	144,355,150	21.27
Foreign Banks	1,244	0.00
Bodies Corporate	19,911,475	2.93
Individuals	23,001,210	3.39
NRIs / OCBs	11,096,534	1.63
Foreign Nationals	229,088	0.03
Trusts	35,783	0.01
HUF	180,644	0.03
Clearing Members	1,027,474	0.15
Grand Total	678,783,812	100.00

g) Stock market data

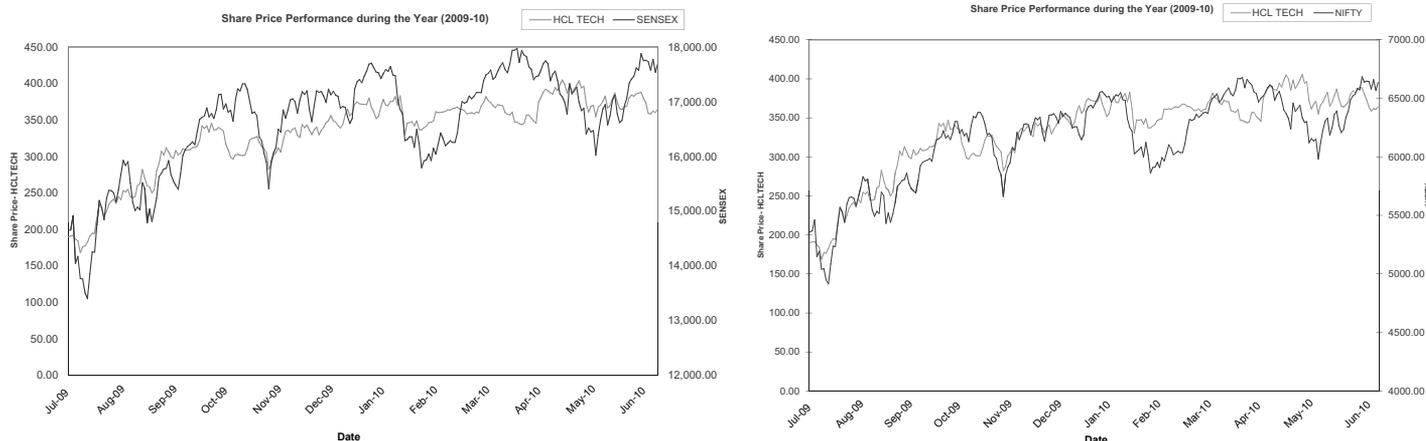
Monthly high and low quotations, as well as the volume of shares traded at the National Stock Exchange of India Limited (“NSE”) and the Bombay Stock Exchange Limited (“BSE”), for fiscal year are as follows:

Month	NSE			BSE		
	High (Rs.)	Low (Rs.)	Volume (Number)	High (Rs.)	Low (Rs.)	Volume (Number)
July 2009	257.00	162.25	29,209,769	257.00	163.50	4,354,410
August 2009	319.90	239.10	41,866,187	315.40	240.00	7,137,306
September 2009	352.20	290.00	28,966,318	350.50	290.00	5,540,279
October 2009	345.80	290.05	27,036,892	347.00	294.15	4,100,862
November 2009	355.95	275.00	21,656,671	350.00	276.50	3,488,735
December 2009	388.00	323.30	25,727,432	377.45	327.90	4,552,885
January 2010	388.90	318.90	28,868,801	388.00	318.30	3,916,804
February 2010	371.75	317.55	16,259,060	371.70	324.50	1,597,174
March 2010	385.00	351.30	12,747,306	383.25	350.10	1,214,319
April 2010	398.00	340.00	29,755,296	398.55	338.00	3,690,327
May 2010	410.00	349.10	18,231,118	448.80	349.50	2,225,480
June 2010	398.00	353.00	23,161,325	396.75	347.00	32,143,499

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 (g) titled ‘Stock Market Data’.

i) Share price performance in comparison to broad based Indices



j) Shareholders Services

(i) Complaints received during the year 2009-2010

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	58	58
Through SEBI, Stock Exchanges, etc.	8	8
Total	66	66

(ii) Share Transfers – As on June 30, 2010, No equity share was pending for transfer.

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

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

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, 2010	October 19-20, 2010
Financial reporting for the second quarter ending December 31, 2010	January 18-19, 2011
Financial reporting for the third quarter ending March 31, 2011	April 19-20, 2011
Financial reporting for the year ending June 30, 2011	July 29, 2011
Annual General Meeting for the year ending June 30, 2011	October / November 2011

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
Fax: +91-120-2526907
E-mail: investors@hcl.com

n) Compliance Certificate on the Corporate Governance from the Auditors

The certificate dated July 29, 2010 obtained from Statutory Auditors of the Company, M/s. S.R. Batliboi & Co., confirming compliance with the Corporate Governance requirements as stipulated under clause 49 of the Listing Agreement, is annexed hereto.

o) Centers' Locations

Chennai – Centers

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

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

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

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

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

No.184-188, 190,192 & 196
Arcot Road, Vadapalani
Chennai- 600 026, India
Tel. : +(91) 44 2372 8366
Fax :+(91) 44 24806640

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

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

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

No. 51, J.N. Road,
Guindy (GUINDY-1)
Chennai- 600 097, India
Tel. : +(91) 44 2231 960/65
Fax :+(91) 44 2234 4256

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

Chennai SEZ

HCL Technologies Ltd.
ETA- Techno Park Block I
SPECIAL ECONOMIC ZONE
33, Rajiv Gandhi Salai, Navallur Village
and Panchayat
Thiruporur Panchayat Union,
Chengalpet Taluk
Kanchipuram Distt.
Chennai- 603 103
Tel : +(91) 44 4746 1000

HCL Technologies Limited
ELCOT – SEZ Unit -I
Special Economic Zone
602/3, 138, Shollinganallur Village
Shollinganallur - Medavakkam High Road
Tambaram Taluk,
Kancheepuram (Dist)
Chennai- 600 119
Tamilnadu, India
Tel : +(91) 44 6105 0000

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

94, South Phase
Ambattur Industrial Estate
Ambattur (AMB-4)
Chennai- 600 058, India
Tel: +(91) 44 4226 2222
Fax:+ (91) 444215 3333

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

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

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) 044 6630 1000

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.
ETA- Techno Park Block IV
SPECIAL ECONOMIC ZONE
33, Rajiv Gandhi Salai, Navallur Village and Panchayat
Thiruporur Panchayat Union, Chengalpet Taluk
Kanchipuram Dist, Chennai- 603 103
Tel : +(91) 44 4746 4000

HCL Technologies Limited
ELCOT – SEZ Unit -II
Special Economic Zone
602/3, 138, Shollinganallur Village
Shollinganallur - Medavakkam High Road
Kancheepuram (Dist)
Chennai- 600 119
Tamilnadu, India
Tel : +(91) 44 6105 0000

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

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

49-50, Nelson
Manickam Road
Chennai- 600 029, India
Tel. : +(91) 44 2374 1939
Fax :+(91) 44 2374 103

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

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

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

Mumbai Center

Unit No.181 B,
SDF 6, First Floor
SEEPZ, Andheri (East)
Mumbai- 400 096, India
Tel:+(91) 22 2829 1440
Tel:+(91) 22 2829 2665
Fax:+(91) 22 2829 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

Kolkata Centers

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

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

HCL Technologies Ltd. - SEZ Unit
M/s. Unitech Hi-Tech Structures Ltd.
Special Economic Zone – IT/ITES
Plot No.1, Block No. A2, 3rd & 4th Floor
DH Street, 316 New Town
Rajarhat, Distt. North 24 Parganas
Kolkata- 700 156, India
Tel : +(91) 33 3027 2350

Noida Centers

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

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

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

Plot No 1 & 2
Noida Express Highway
Sector-125,
Noida- 201301
U.P., India
Tel: +(91) 120 4046000

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

Fax :+(91) 120 4258946
A- 8 & 9, Sector 60
Noida- 201 301,
U.P., India
Tel. : +(91) 120 4384000
Fax :+(91) 120 2582915

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

C-39, Sector 59
Noida- 201301
U.P., India
Tel: +(91) 120 2589690
Fax: +(91) 120 2589688

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

A - 22, Sector 60
Noida- 201301
U.P., India
Tel: +(91) 120 2589690
Fax:+(91) 120 4347485

C-23, Sector 58
Noida 201301
U.P., India
Tel: +(91) 120 4364500
Fax :+(91) 120 2490428

B-34 / 3, Sector 59
Noida 201301
U.P., India
Tel: +(91) 120 4364488
Fax: +(91) 120 2589688

Noida SEZ

HCL Technologies Ltd.
Noida Technology Hub (SEZ)
Plot No: 3A, Sector-126
Noida- 201303
U.P., India
Ph: +(91) 120 4683000
Fax:+(91) 120 4683030

Hyderabad Centers

Ground & First Floor
Jayabheri Silicon Towers
Madhapur Road, Kondapur
Hyderabad- 500 032, India
Tel :+(91) 40 4430 2222
Fax +(91) 40 4430 1500

Ascendas IT park
The V, First Floor, Auriga Block
Plot No.17, Software Units Layout
Madhapur
Hyderabad- 5000 081, India
Tel: +(91) 40 4461 3557
Fax: +(91) 40 4461 3567

Tower: H08, Phoenix Infocity Pvt. Ltd.
(SEZ)
HITEC CITY 2 -Survey No.30, 34, 35 &
38
Hyderabad- 500 081, India
Tel: +(91) 40 3094 1000
Fax: +(91) 40 4027 3333

Bangalore – Centers

Vertex Tech Park
#564, Pattandur Agrahara Road
Off Whitefield Road , Next to ITPL
Bangalore- 560066, India
Tel : +(91) 80 4187 3000
Fax : +(91) 80 4115 7474

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

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

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

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

HCL EAI Services Ltd.
#6, A.S. Chambers
80 Feet Road
6th Block, Koramangala
Bangalore- 560095, India
Ph: +(91) 80 6644 1000
Fax: +(91) 80 6644 1117

Bangalore SEZ

HCL Technologies Limited (SEZ)
No. 129, Jigani Bommasandra
Link Road , Jigani Industrial Area
Bangalore- 562106, India
Ph: +(91) 80 6781 0000
Fax: + (91) 80 6631 1111

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

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

The clause further states that the non-mandatory requirements may be implemented as per the discretion of the Company. We comply with the following non-mandatory requirements:

1. The tenor of Independent Directors

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. Compensation Committee

The Compensation Committee of the Company is in existence from September, 1999. Ms. Robin Abrams, an independent non-executive director of the Company is the Chairperson of the Compensation Committee. The details of the Compensation Committee are provided in the Annual Report.

3. Shareholders Rights

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

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

We also leverage the internet in communicating with our investors' base. After the announcement of the quarterly results, a business television channel in India telecasts discussions with our Management. This enables a large number of retail investors in India to understand our operations better. The announcement of quarterly results is followed by media briefing in press

conferences and earning conference calls. The earning calls are also webcast live on the internet. Further, transcripts of the earnings calls are posted on the website www.hcltech.com. We also publish our quarterly results in English and Hindi daily newspapers.

4. Audit Qualifications

It is always the Company's endeavor to present unqualified financial statements. There is no audit qualification in the Company's financial statements for the year ended June 30, 2010.

5. Training to Board Members

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

The 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. The non-executive directors are regularly updated on performance of each line of business of the Company, business strategy going forward and new initiatives being taken/ proposed to be taken by the Company.

6. Whistle Blower mechanism

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

AUDITORS' CERTIFICATE**REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE****To the Members of HCL Technologies Limited**

We have examined the compliance of conditions of corporate governance by HCL Technologies Limited (the 'Company'), for the year ended on June 30, 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

For S.R. BATLIBOI & CO.

Firm registration number: 301003E

Chartered Accountants

per Tridibes Basu

Partner

Membership No.: 17401

Gurgaon (Haryana)

July 29, 2010

**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, 2010, received from its Board members as well as senior management personnel affirmation as to compliance with the Code of Conduct.

Noida (U.P.), India
July 29, 2010

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, Anil Chanana, Chief Financial Officer, Sandip Gupta, Deputy Chief Financial Officer, Prahlad Rai Bansal, Corporate Vice President- Finance and Mr. Raj Kumar Walia, Senior Vice President- Finance & Accounts of HCL Technologies Limited (“the Company”) certify that:

1. We have reviewed the financial statements and the Cash Flow Statement of the Company for the year ended June 30, 2010 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

Sandip Gupta
Deputy Chief Financial Officer

Noida (U.P.), India
July 29, 2010

Prahlad Rai Bansal
Corporate Vice President- Finance

Raj Kumar Walia
Senior Vice President- Finance & Accounts

Financial Statements

AUDITORS' REPORT

To the Members of HCL Technologies Limited

1. We have audited the attached balance sheet of HCL Technologies Limited (the 'Company') as at June 30, 2010 and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (as amended) (the 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (the 'Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - v. On the basis of the written representations received from the directors, as on June 30, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on June 30, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- (a) in the case of the balance sheet, of the state of affairs of the Company as at June 30, 2010;
- (b) in the case of the profit and loss account, of the profit for the year ended on that date; and
- (c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For S.R. Batliboi & Co.

Firm registration number: 301003E

Chartered Accountants

per Tridibes Basu

Partner

Membership No.: 17401

Gurgaon (India)

July 29, 2010

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

- (i)
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
 - (c) There was no substantial disposal of fixed assets during the year.
- (ii)
 - (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
 - (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification carried out at the end of the year.
- (iii)
 - (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, paragraph 4 (iii) (a) to 4 (iii) (d) of the Order is not applicable.
 - (b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, paragraph 4 (iii) (e) to 4 (iii) (g) of the Order is not applicable.

- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the company.
- (v) According to the information and explanations provided by the management, we are of the opinion that there are no contracts and arrangements that need to be entered into the register maintained under Section 301 of the Act. Accordingly, paragraph 4 (v) of the Order is not applicable.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act for the products of the Company.
- (ix) (a) The Company is generally regular in depositing with appropriate authorities 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. Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the Statute	Nature of Dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	1,855,000	2001-02	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	77,174,922	2005-06	Commissioner of Income Tax (Appeals)

Name of the Statute	Nature of Dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	9,746,639	2005-06	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	4,185,346	2001-02	Delhi High Court
Income Tax Act, 1961	Income Tax	8,551,814	2001-02	Karnataka High Court
Income Tax Act, 1961	Income Tax	56,228,452	2002-03	Karnataka High Court
Income Tax Act, 1961	Income Tax	24,964,535	2003-04	Delhi High Court
Income Tax Act, 1961	Income Tax	56,228,452	2002-03	Karnataka High Court
Income Tax Act, 1961	Income Tax	24,964,535	2003-04	Delhi High Court
Income Tax Act, 1961	Income Tax	49,270,874	2003-04	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	11,130,000	2003-04	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	17,381,669	2004-05	Delhi High Court
Income Tax Act, 1961	Income Tax	1,060,000	2004-05	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	100,675,157	2005-06	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	2,927,358	1997-98	Delhi High Court
Income Tax Act, 1961	Income Tax	3,883,789	1998-99	Delhi High Court
Income Tax Act, 1961	Income Tax	5,195,742	2002-03	Delhi High Court
Income Tax Act, 1961	Income Tax	280,170,018	2004-05	Delhi High Court
Income Tax Act, 1961	Income Tax	809,215,277	2005-06	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	30,812,865	2002-03	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	355,350	2004-05	Commissioner of Income Tax (Appeals)
Central Excise and Customs Act, 1962	Custom Duty	2,018,406	2003-04	Customs, Excise, Service Tax Appellant Tribunal, Bangalore
Central Excise and Customs Act, 1962	Custom Duty	210,000	2007-08	Customs, Excise, Service Tax Appellant Tribunal, Chennai
Sales Tax	Sales Tax	2,712,000	2007-08	Sales Tax, Joint Commissioner Appeal, Bangalore.

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has given guarantees for loans taken by others from bank or financial institutions, the terms and conditions whereof in our opinion are not prima-facie prejudicial to the interest of the Company.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act.
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the Company had issued 10,000 debentures of Rs. 10 lakhs each. The Company has created security or charge in respect of debentures issued.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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

per Tridibes Basu
Partner
Membership No.: 17401

Gurgaon (India)
July 29, 2010

Balance Sheet as at 30 June 2010

(All amounts in crores of rupees)

	Schedule	As at 30 June 2010	As at 30 June 2009
Sources of Funds			
Shareholders' funds			
Share capital	1	135.76	134.05
Share application money pending allotment		2.01	0.47
Reserves and surplus	2	4,798.09	3,353.72
		4,935.86	3,488.24
Loan funds			
Secured loans	3	1,030.51	123.81
Unsecured loans	4	366.88	389.92
		1,397.39	513.73
		6,333.25	4,001.97
Application of Funds			
Fixed assets			
Gross block	5	2,293.37	1,957.86
Less: Accumulated depreciation and amortization		1,349.54	1,100.88
Net block		943.83	856.98
Capital work-in-progress (including capital advances)		477.20	417.56
		1,421.03	1,274.54
Investments			
	6	2,233.20	562.75
Deferred tax assets (net)			
	20(7)	106.16	226.00
Current assets, loans and advances			
Inventories	7	12.04	87.01
Sundry debtors	8	2,084.70	1,489.26
Cash and bank balances	9	989.43	1,365.83
Other current assets	10	408.03	323.24
Loans and advances	11	1,234.74	1,267.28
(A)		4,728.94	4,532.62
Less: Current liabilities and provisions			
Current liabilities	12	1,722.48	2,215.99
Provisions	13	433.60	377.95
(B)		2,156.08	2,593.94
Net current assets	(A-B)	2,572.86	1,938.68
		6,333.25	4,001.97

Significant accounting policies and notes to the accounts

20

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

As per our report of even date

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

per Tridibes Basu
Partner
 Membership Number: 17401

Gurgaon, India
 29 July 2010

For HCL Technologies Limited

Shiv Nadar
 Chairman and Chief Strategy Officer

Vineet Nayar
 CEO & Wholetime Director

Sandip Gupta
 Deputy Chief Financial Officer

Raj Kumar Walia
 Senior Vice President - Finance & Accounts

Noida (UP), India
 29 July 2010

T S R Subramanian
 Director

Anil Chanana
 Chief Financial Officer

Prahlad Rai Bansal
 Corporate Vice President - Finance

Manish Anand
 Deputy Company Secretary

Profit and Loss Account for the year ended 30 June 2010

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

	Schedule	Year ended 30 June 2010	Year ended 30 June 2009
Income			
Revenues	14	5,078.76	4,675.09
Other income	15	171.77	265.81
		5,250.53	4,940.90
Expenditure			
Cost of goods sold	16	85.47	-
Personnel expenses	17	2,187.66	1,930.22
Operating and other expenses	18	1,449.19	1,539.00
Finance expenses	19	101.36	28.09
Depreciation and amortization	5	274.03	251.89
		4,097.71	3,749.20
Profit before tax		1,152.82	1,191.70
Provision for tax			
- current tax		(104.98)	(208.40)
- deferred tax charges		4.97	31.88
- fringe benefit tax		3.77	(17.87)
Profit after tax		1,056.58	997.31
Balance brought forward		1,920.97	1,572.73
Profit available for appropriation		2,977.55	2,570.04
Appropriations			
Proposed final dividend [including Rs. 0.29 crores (previous year Rs. 0.87 crores) paid for previous year]		68.16	67.90
Corporate dividend tax on proposed final dividend [including Rs. 0.05 crores (previous year Rs. 0.15 crores) paid for previous year]		11.32	11.54
Interim Dividend		202.33	401.71
Corporate dividend tax on interim dividend		34.13	68.19
Transfer to general reserve		105.66	99.73
Transfer to debenture redemption reserve		295.00	-
Balance carried forward to the balance sheet		2,260.95	1,920.97
		2,977.55	2,570.04
Earnings per equity share of Rs 2-/ each			
	20(13)		
Basic		15.68	14.91
Diluted		15.33	14.73
Weighted average number of shares used in computing earnings per equity share			
Basic		673,741,835	669,016,035
Diluted		689,103,382	677,115,015

Significant accounting policies and notes to the accounts

20

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

As per our report of even date

For **HCL Technologies Limited**

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

Shiv Nadar
Chairman and Chief Strategy Officer

T S R Subramanian
Director

Vineet Nayar
CEO & Wholetime Director

Anil Chanana
Chief Financial Officer

per **Tridibes Basu**
Partner
Membership Number: 17401

Sandip Gupta
Deputy Chief Financial Officer

Prahlad Rai Bansal
Corporate Vice President - Finance

Raj Kumar Walia
Senior Vice President - Finance & Accounts

Manish Anand
Deputy Company Secretary

Gurgaon, India
29 July 2010

Noida (UP), India
29 July 2010

Cash Flow statement for the year ended 30 June 2010

(All amounts in crores of rupees)

	Year ended 30 June 2010	Year ended 30 June 2009
A Cash flows from Operating activities		
Profit before tax	1,152.82	1,191.70
Adjusted for:		
Depreciation and amortization	274.03	251.89
Interest income	(123.83)	(149.66)
Dividend Income	(27.23)	(5.36)
Profit on sale of investments	(5.58)	(107.04)
Gain on sale of fixed assets	(2.20)	(0.10)
Interest expense	82.91	16.93
Amortisation of stock compensation under Employee stock option plans	49.84	56.12
Other non cash charges	4.33	27.21
Operating profit before working capital changes	1,405.09	1,281.69
Movement in working capital		
Decrease/ (increase) in sundry debtors	(591.61)	(536.24)
Decrease/ (increase) in inventories	74.99	(87.01)
Decrease/ (increase) in loans and advances	(66.06)	(16.91)
Decrease/ (increase) in other current assets	(86.40)	(92.41)
Increase/ (decrease) in current liabilities and provisions	177.73	133.60
Cash generated from operations	913.74	682.72
Direct taxes paid (net of refunds)	(174.48)	(92.59)
Net cash from operating activities	739.26	590.13
B Cash flows from Investing activities		
Proceeds from / (Investment in) fixed deposits (net)	297.24	(697.83)
Purchase of investments in mutual funds	(10,428.29)	(644.96)
Proceeds from sale of investment in mutual funds	9,705.64	1,952.12
Investment in bonds	(50.00)	(23.00)
Proceeds from bonds	20.00	15.00
Deposits placed with body corporate	(100.00)	-
Proceeds from redemption of Preference Shares of subsidiaries	-	45.00
Investment in subsidiaries	(912.93)	(2.56)
Loans given to subsidiaries	(63.92)	(835.57)
Proceeds from repayment of loans given to subsidiaries	332.52	159.88
Purchase of fixed assets (including capital advances)	(400.33)	(365.62)
Proceeds from sale of fixed assets	5.95	1.79
Dividend and Interest income	208.56	75.70
Taxes paid	(13.55)	(61.08)
Net cash used for investing activities	(1,399.11)	(381.13)
C Cash flows from Financing activities		
Proceeds from issue of share capital	103.99	20.11
Proceeds from secured loans	11.42	678.49
Repayment of secured loans	(108.35)	(581.64)
Proceeds from Issue of Debentures	1,000.00	-
Proceeds from unsecured loans	500.75	389.92
Repayment of unsecured loans	(530.00)	-
Dividends paid (including corporate dividend tax)	(315.18)	(704.43)
Interest paid	(72.99)	(18.28)
Principal payment on finance lease obligations	(6.26)	(12.05)
Net cash from (used for) financing activities	583.38	(227.88)
Exchange differences on translation of foreign currency cash and cash equivalents	(2.69)	-
Net increase in cash and cash equivalents (A+B+C)	(76.47)	(18.88)
Cash and cash equivalents at the beginning of the year	144.00	162.88
Cash and cash equivalents at the end of the year	64.84	144.00
Cash and Bank Balances as per Schedule - 9(refer note 1 below)	989.43	1,365.83
Less: Fixed Deposits greater than three months	(924.59)	(1,221.83)
Cash and cash equivalents in cash flow statement	64.84	144.00

Cash Flow statement for the year ended 30 June 2010

(All amounts in crores of rupees)

Notes:

- 1 Cash and bank balance includes the following, which are not available for use by the Company:
- | | | |
|---|------|--------|
| Investor education and Protection fund - Unclaimed dividend | 2.35 | 2.32 |
| Bank Guarantees margin | 0.01 | 0.01 |
| Fixed deposits pledged with banks | - | 586.95 |
- 2 The previous year's figures have been re-classified/re-grouped to conform to current year's classification
-

As per our report of even date

For **HCL Technologies Limited**

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

Shiv Nadar
 Chairman and Chief Strategy Officer

T S R Subramanian
 Director

Vineet Nayar
 CEO & Wholetime Director

Anil Chanana
 Chief Financial Officer

per Tridibes Basu
Partner
 Membership Number: 17401

Sandip Gupta
 Deputy Chief Financial Officer

Prahlad Rai Bansal
 Corporate Vice President - Finance

Raj Kumar Walia
 Senior Vice President - Finance & Accounts

Manish Anand
 Deputy Company Secretary

Gurgaon, India
 29 July 2010

Noida (UP), India
 29 July 2010

Schedules to the accounts

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

Schedule 1: Share capital	As at 30 June 2010	As at 30 June 2009
Authorised		
750,000,000 (Previous year 750,000,000) equity shares of Rs. 2 each	150.00	150.00
Issued, subscribed and paid up		
678,783,812 (Previous year 670,256,600) equity shares of Rs. 2 each, fully paid up	135.76	134.05
	135.76	134.05

Notes:

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

Schedule 2: Reserve and Surplus	Year Ended 30 June 2010	Year Ended 30 June 2009
Securities Premium Account		
Opening Balance	1,273.08	1,209.94
Add: Exercise of stock options by employees	165.91	63.14
	1,438.99	1,273.08
Foreign currency translation reserve		
Opening Balance	0.01	-
Add: Exchange difference during the year on net investment in Non-integral operations	1.13	0.01
	1.14	0.01
General Reserve		
Opening Balance	588.67	488.94
Add: Transferred from profit and loss account	105.66	99.73
	694.33	588.67
Debenture Redemption Reserve		
Opening Balance	-	-
Add: Transferred from profit and loss account	295.00	-
	295.00	-
Hedging Reserve account (net of deferred tax)		
Opening Balance	(642.79)	(411.85)
Movement during the year (net)	550.33	(230.94)
	(92.46)	(642.79)
Employee Stock Options Outstanding		
Less: Deferred employee compensation	16.09	45.63
	200.14	213.78
Profit and Loss Account		
	2,260.95	1,920.97
Total	4,798.09	3,353.72

Schedules to the accounts

(All amounts in crores of rupees)

Schedule 3: Secured Loans	As at 30 June 2010	As at 30 June 2009
Debentures (refer Note 1 below)		
7.55% Secured redeemable non convertible debentures of Rs 10 lacs each	170.00	-
8.20% Secured redeemable non convertible debentures of Rs 10 lacs each	330.00	-
8.80% Secured redeemable non convertible debentures of Rs 10 lacs each	500.00	-
From Banks		
Short Term Loans (refer Note 2 below)	-	96.94
From Others		
-Obligation under finance lease (refer Note 3 below and Note 3(i) of Schedule 20)	30.51	26.87
	1,030.51	123.81

Notes:

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

Debenture - Series

Maturity Date

7.55% Redeemable non convertible debentures

August 25, 2011

8.20% Redeemable non convertible debentures

August 25, 2012

8.80% Redeemable non convertible debentures

September 10, 2014

2. Rs. Nil crores (Previous Year: Rs 96.94 crores) secured by fixed deposits pledged with banks of Rs. Nil Crore (Previous Year: Rs 586.95 crores)

3. Obligation under finance lease are secured by fixed assets taken on lease.

Schedule 4: Unsecured Loans	As at 30 June 2010	As at 30 June 2009
Commercial Paper (Short term) [Maximum amount raised at anytime during the year Rs. Nil crores (Previous year Rs. 150 crores)]	-	150.00
Short term loans		
-From Banks	366.88	239.90
Other loan		
-From financial institution [Due within one year Rs. Nil crores (Previous year Rs. 0.02 crores)]	-	0.02
	366.88	389.92

Schedule 5: Fixed assets												
Refer Note 1(d), (e) and (f) of Schedule 20												
PARTICULARS	GROSS BLOCK					ACCUMULATED DEPRECIATION AND AMORTIZATION					NET BLOCK	
	As at 1 July 2009	Additions	Deletion	Translation exchange differences	As at 30 June 2010	As at 1 July 2009	Charge for the year	Deletion	Translation exchange differences	As at 30 June 2010	As at 30 June 2010	As at 30 June 2009
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	8.65	-	-	120.36	6.35	1.32	-	-	7.67	112.69	105.36
Buildings	290.12	131.10	-	-	421.22	41.16	18.23	-	-	59.39	361.83	248.96
Plant and machinery	366.65	70.83	5.15	(0.04)	432.29	233.13	67.91	4.86	-	296.18	136.11	133.52
Computers	505.46	64.10	9.91	(0.02)	559.63	400.10	69.54	8.18	-	461.46	98.17	105.36
Software	246.14	63.44	-	(0.01)	309.57	147.83	62.03	-	-	209.86	99.71	98.31
Furniture and fittings	313.83	16.54	5.74	(0.08)	324.55	248.12	42.20	5.70	(0.01)	284.61	39.94	65.71
Vehicles - owned	5.41	0.12	0.08	-	5.45	3.51	0.72	0.07	-	4.16	1.29	1.90
- leased [refer Note 3 (i) of schedule 20]	52.92	11.96	10.20	-	54.68	18.72	12.08	6.55	-	24.25	30.43	34.20
	1,957.86	366.74	31.08	(0.15)	2,293.37	1,100.88	274.03	25.36	(0.01)	1,349.54	943.83	856.98
Previous year	1,599.61	390.22	31.97	-	1,957.86	874.32	251.89	25.33	-	1,100.88		725.29
Capital work-in-progress (including capital advances)											477.20	417.56

Schedules to the accounts

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

Schedule 6: Investments	As at 30 June 2010	As at 30 June 2009
A) Long Term Investments (At cost)		
(i) In subsidiary companies Trade (Unquoted), fully paid up		
12,796,404 (Previous year 12,796,404) equity shares of Rs. 10 each, in HCL Comnet Systems and Services Limited	23.71	23.71
292,670,582 (Previous year 113,170,582) equity shares of USD 1 each, in HCL Bermuda Limited, Bermuda	1,386.94	476.41
939,440 (Previous year 939,440) equity shares of SGD 1 each, in HCL Singapore Pte. Limited	5.25	5.25
4,900 (Previous year 4,900) equity shares of SGD 1 each, in DSI Financial Solutions Pte Limited, Singapore	0.23	0.23
1 (Previous year 1) equity shares of Euro 100 each, in HCL GmbH	0.11	0.11
1,000,000 (Previous year 1,000,000) equity shares of Rs. 10 each, in HCL Technoparks Limited	1.00	1.00
HCL Technologies (Shanghai) Limited	7.68	5.26
	1,424.92	511.97
(ii) In Joint venture Trade (Unquoted), fully paid up		
10,780,000 (Previous year 10,780,000) shares of Rs. 10 each, in NEC HCL System Technologies Limited	10.78	10.78
(iii) Other than trade (Unquoted)		
Investments in bonds (refer Note 12 (i) of Schedule 20)	50.00	20.00
Investments in mutual funds (refer Note 1 below & 12 (ii) of Schedule 20)	-	20.00
Total long term investments	1,485.70	562.75
B) Current Investments (At lower of cost and market value) (unquoted)		
Investments in mutual funds (refer Note 2 below & 12 (iii) of Schedule 20)	748.23	-
less:- Diminution in the value of investment	0.73	-
Total current investments	747.50	-
	2,233.20	562.75

Notes:

1. Net asset value of long term investment in mutual funds as on 30 June 2010 Rs. Nil crores (Previous year Rs. 21.99 crores).
2. Net asset value of current investment in mutual funds as on 30 June 2010 Rs 749.60 crores (Previous year Rs. Nil crores).

Schedule 7: Inventories (at lower of cost and net realisable value)	As at 30 June 2010	As at 30 June 2009
Finished goods	4.49	87.01
Store and spares	7.55	-
	12.04	87.01

Schedules to the accounts

(All amounts in crores of rupees)

Schedule 8: Sundry Debtors	As at 30 June 2010	As at 30 June 2009
Debts Outstanding for a period exceeding six months		
- Unsecured, considered good	303.81	131.24
- Unsecured, considered doubtful	21.32	25.22
	325.13	156.46
Other debts		
- Unsecured, considered good	1,780.89	1,358.02
- Unsecured, considered doubtful	2.48	8.19
	2,108.50	1,522.67
Less: Provision for doubtful debts	23.80	33.41
	2,084.70	1,489.26

Note:

Sundry debtors include Rs. 1,550.64 crores (Previous year Rs. 984.51 crores) recoverable from subsidiaries of the company.

Schedule 9: Cash and Bank balances	As at 30 June 2010	As at 30 June 2009
Cash in hand	0.01	0.01
Cheques in hand	-	12.51
Remittances in transit	38.13	120.51
Balances with scheduled banks		
- On current accounts	16.56	8.27
- On fixed deposit accounts (refer Note below)	924.60	1,221.83
- On unpaid dividend account	2.35	2.32
	981.65	1,365.45
Balance with other banks (refer Note 9 of Schedule 20)		
- On current accounts	7.78	0.38
	989.43	1,365.83

Note:

Pledged with banks as security for loan Rs. Nil crores (Previous year Rs 586.95 crores) and for guarantees Rs. 0.01 crores (Previous year Rs. 0.01 crores).

Schedule 10: Other current assets	As at 30 June 2010	As at 30 June 2009
Unbilled revenue (refer Note below)	217.13	179.72
Deferred Cost	187.48	143.10
Unrealised gain on derivative financial instruments	3.42	-
Dividend receivable from subsidiary	-	0.42
	408.03	323.24

Note:

Includes Rs. 111.55 crores (Previous year Rs. 105.15 crores) unbilled revenue in respect of subsidiary Companies

Schedules to the accounts

(All amounts in crores of rupees)

Schedule 11: Loans and advances (Unsecured and considered good, unless otherwise stated)	As at 30 June 2010	As at 30 June 2009
Advances recoverable in cash or in kind or for value to be received		
- Considered good (refer Note 1 below)	481.05	418.71
- Considered doubtful	1.42	1.34
Loans to subsidiaries (refer Note 6 of schedule 20)	426.30	692.05
Inter corporate deposits with HDFC Limited	100.00	-
MAT credit entitlement	179.39	53.35
Interest receivable (refer Note 2 below)	46.08	103.17
Advance fringe benefit tax (refer Note 3 below)	1.92	-
	1,236.16	1,268.62
Less: Provision for doubtful advances	1.42	1.34
	1,234.74	1,267.28

Notes:

1. Includes Rs. 217.17 crores (Previous year Rs. 136.39 crores) recoverable from subsidiaries of the company.
2. Includes Rs. 21.29 crores (Previous year Rs. 38.23 crores) recoverable from subsidiaries of the company.
3. Net of provision for fringe benefit tax of Rs. 85.01 crores (Previous year Rs. Nil crores).

Schedule 12: Current liabilities	As at 30 June 2010	As at 30 June 2009
Sundry creditors	645.60	804.75
Subsidiary companies (refer Note 5 of Schedule 20)	544.95	556.41
Unrealised loss on derivative financial instruments	145.93	614.85
Unearned revenue (refer Note 1 below)	303.36	200.86
Advance from customers (refer Note 2 below)	59.96	4.98
Investor Education and Protection Fund shall be credited by following amounts (as and when due)		
- Unclaimed Dividend	2.35	2.32
Interest accrued but not due on short term loans	9.89	-
Other liabilities	10.44	31.82
	1,722.48	2,215.99

Notes:

1. Includes Rs. 138.30 crores (Previous year Rs. 69.94 crores) pertaining to the subsidiaries of the company.
2. Includes Rs. 5.30 crores (Previous year Rs. 4.98 crores) pertaining to the subsidiaries of the company.

Schedules to the accounts

(All amounts in crores of rupees)

Schedule 13: Provisions	As at 30 June 2010	As at 30 June 2009
Provision for other staff benefits	144.76	129.32
Provision for Income tax (refer Note 1 below)	207.90	165.07
Provision for Fringe benefit tax (refer Note 2 below)	-	3.64
Provision for Wealth tax (refer Note 3 below)	1.80	1.50
Proposed Dividend	67.87	67.03
Tax on proposed dividend	11.27	11.39
	433.60	377.95

Notes:

1. Net of advance income tax of Rs. 557.92 crores (Previous year Rs. 366.58 crores).
2. Net of fringe benefit advance tax of Rs. Nil crores (Previous year Rs. 88.28 crores).
3. Net of advance wealth tax of Rs. 1.56 crores (Previous year Rs 0.72 crores).

Schedule 14: Revenue	Year ended 30 June 2010	Year ended 30 June 2009
Sale of hardware and software	110.89	-
Services	4,967.87	4,675.09
	5,078.76	4,675.09

Schedule 15: Other income	Year ended 30 June 2010	Year ended 30 June 2009
Interest		
- On fixed deposits [Includes, Tax deducted at source Rs. 19.81 crores (Previous year Rs.15.38 crores)]	73.66	108.88
- On investments (other than trade)	2.35	2.54
- On loans	47.82	38.25
Dividend Income		
- from subsidiary companies (trade investments)	-	0.42
- On investments (other than trade)	27.23	4.94
Profit on sale of investments (other than trade)	5.58	107.04
Profit on sale of fixed assets (refer Note below)	2.20	0.10
Provision for doubtful debts written back	8.73	-
Miscellaneous income	4.20	3.64
	171.77	265.81

Note:

Net of loss on sale of fixed assets Rs.1.67 crores (Previous year Rs. 0.69 crores)

Schedule 16: Cost of goods sold	Year ended 30 June 2010	Year ended 30 June 2009
Opening Stock	87.01	-
Add: Purchases made during the year	51.06	87.01
Less: Stock transferred to deferred cost	(48.11)	-
Less: Closing Stock	(4.49)	87.01
	85.47	-

Schedules to the accounts

(All amounts in crores of rupees)

Schedule 17: Personnel expenses	Year ended 30 June 2010	Year ended 30 June 2009
Salaries, wages and bonus	2,043.99	1,789.38
Contribution to provident and other funds	74.36	62.20
Staff welfare expenses	19.47	22.52
Employee stock compensation expense	49.84	56.12
	2,187.66	1,930.22

Schedule 18: Operating and other expenses	Year ended 30 June 2010	Year ended 30 June 2009
Rent	158.62	155.79
Power and fuel	86.93	100.28
Insurance	7.13	7.29
Repairs and maintenance		
- Plant and machinery	29.99	30.33
- Building	33.42	35.30
- Others	24.69	29.03
Communication costs	44.20	56.62
Travel and conveyance	388.74	290.01
Business promotion	9.46	11.00
Legal and professional charges	39.32	26.07
Outsourcing cost	404.78	462.06
Software licence fee	63.96	60.82
Printing and stationery	6.75	7.25
Rates and taxes	8.46	11.45
Advertising and publicity	10.39	3.83
Books and periodicals	5.63	3.22
Recruitment, training and development	18.65	23.14
Provision for doubtful debts	-	27.40
Bad debts/ advances written off	3.26	-
Provision for doubtful advances	0.30	0.18
Donations	0.01	-
Loss on sale of investment	-	0.03
Exchange differences	47.75	174.29
Diminution in the value of investment	0.73	-
Miscellaneous expenses	56.02	23.61
	1,449.19	1,539.00

Schedule 19: Finance expenses	Year ended 30 June 2010	Year ended 30 June 2009
Interest		
- on debentures	69.32	-
- on bank loan	13.59	9.45
- on lease assets	6.20	4.77
- others	8.66	11.16
Bank charges	3.59	2.71
	101.36	28.09

Schedules forming part of the accounts

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

Schedule 20: 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. The Company leverages an extensive offshore infrastructure and its global network of offices in various countries and professionals to deliver solutions across select verticals including Retail, Aerospace and defense, Automotive, Telecom, Financial Services, Government, Hi-tech, Media and Entertainment, Travel, Transportation and Logistics, Energy and utilities, Life Sciences and Healthcare.

I. Statement of Significant accounting policies**a) Basis of preparation**

The financial statements have been prepared to comply with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

b) Use of estimates

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

c) Revenue recognition**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.

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.

Schedules forming part of the accounts

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

Schedule 20: Significant accounting policies and notes to the accounts (Contd.)
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. Dividend from subsidiaries is recognised even if same are declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of schedule VI of the Companies Act, 1956.

d) Fixed assets

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

e) Depreciation and amortization

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

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

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

f) Impairment of assets:

(i) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

g) Leases
Where the Company is the lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income.

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

h) Investments

Trade investments are the investments made to enhance the Company's business interests. Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments

Schedules forming part of the accounts

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

Schedule 20: Significant accounting policies and notes to the accounts (Contd.)

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

i) Foreign exchange transactions

i) Initial Recognition

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

ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

iii) Exchange Differences

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

iv) Forward Exchange Contracts and options not intended for trading or speculation purposes

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.

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

v) Translation of Integral and Non-integral foreign operation

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

In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at monthly weighted average rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

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

Schedules forming part of the accounts

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

Schedule 20: Significant accounting policies and notes to the accounts (Contd.)**j) Inventories**

Finished goods are valued at lower of cost and net realisable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Cost of goods that are procured for specific projects is assigned by specific identification of their individual costs. Cost of goods that are interchangeable and not specific to any project is determined using weighted average cost formula.

k) Employee stock compensation cost

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

l) Taxation

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available

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

m) Employee benefits

- i)** Contributions to provident fund, a defined benefit plan are deposited with a recognised provident fund trust, set up by the Company. The interest rate payable by the trust to the beneficiaries every year is notified by the government and the Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.
- ii)** The Company makes contributions to a scheme administered by an insurance company in respect of superannuation for applicable employees and such contribution are charged to Profit and loss account. The Company has no further obligations to the superannuation plan beyond its monthly contributions.
- iii)** Gratuity liability is defined benefit obligations and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- iv)** Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation at the year end. The actuarial valuation is done as per projected unit credit method.
- v)** Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.
- vi)** The Company's contribution to State Plans namely Employee State Insurance Fund and Employees Pension Scheme are charged to Profit and loss account.

Schedules forming part of the accounts

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

Schedule 20: Significant accounting policies and notes to the accounts (Contd.)**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

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

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

p) Borrowing cost

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

q) Provisions

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

r) Cash and cash equivalents

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

2. Employee stock option plan (ESOP)

The Company has provided various share-based payment schemes to its employees. During the year ended 30 June, 2010, the following schemes were in operation:

	ESOP 1999	ESOP 2000	ESOP 2004
Number of options approved under the scheme	20,000,000	15,000,000	20,000,000
Method of Settlement (Cash/Equity)	Equity	Equity	Equity
Vesting Period (maximum)	110 months	104 months	84 months
Exercise Period from the date of vesting (maximum)	5 Years	5 Years	5 Years
Vesting Conditions	Service period	Service period	Service period

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

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

ESOP 1999	Year ended 30 June			
	2010		2009	
	No of options	Weighted average exercise price (Rs.)	No of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	2,399,885	765.33	2,822,430	773.81
Add: Granted during the year	-	-	-	-
Less: Forfeited during the year	(420)	636.00	(79,280)	657.09
Exercised during the year	(588,774)	730.38	(107,314)	650.26
Expired during the year	(287,834)	899.31	(235,951)	955.41
Options outstanding at the end of the year	1,522,857	753.56	2,399,885	765.33
Options exercisable at the end of the year	1,522,857		1,673,925	

The weighted average share price for stock options exercised during the year was Rs.1,422.88.

Schedules forming part of the accounts

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

Schedule 20: Significant accounting policies and notes to the accounts (Contd.)

ESOP 2000	Year ended 30 June			
	2010		2009	
	No of options	Weighted average exercise price (Rs.)	No of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	3,473,285	649.37	4,091,441	648.06
Add: Granted during the year	-	-	-	-
Less: Forfeited during the year	(1,100)	525.55	(156,680)	614.87
Exercised during the year	(922,102)	619.63	(231,716)	587.12
Expired during the year	(198,903)	789.97	(229,760)	712.26
Options outstanding at the end of the year	2,351,180	649.20	3,473,285	649.37
Options exercisable at the end of the year	2,351,180		2,107,570	

The weighted average share price for stock options exercised during the year was Rs. 1,400.89

ESOP 2004	Year ended 30 June			
	2010		2009	
	No of options	Weighted average exercise price (Rs.)	No of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	2,545,431	39.21	3,325,543	36.17
Add: Granted during the year	240,000	8.00	-	-
Less: Forfeited during the year	(57,925)	20.65	(124,520)	45.87
Exercised during the year	(620,927)	37.20	(640,052)	12.00
Expired during the year	(27,467)	294.97	(15,540)	455.74
Options outstanding at the end of the year	2,079,112	33.34	2,545,431	39.21
Options exercisable at the end of the year	679,935		496,610	

The weighted average share price for stock options exercised during the year was Rs. 1,323.60

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

Name of the Plan	Range of exercise prices	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price(Rs.)
Employee Stock Option Plan - 1999	Rs.240-Rs.750	1,082,747	3.34	648.97
	Rs.985-Rs.2,444	440,110	0.10	1,010.87
Employee Stock Option Plan - 2000	Rs.260-Rs.470	109,880	1.50	406.30
	Rs.483-Rs.823	2,109,285	3.14	629.34
	Rs.1,016-Rs.1,312	132,015	0.59	1,168.72
Employee Stock Option Plan - 2004	Rs.8.00	2,001,617	4.85	8.00
	Rs.642-Rs.741	77,495	3.32	687.87

The details of exercise price for stock options outstanding at the end of the year 30 June, 2009 are:

Name of the Plan	Range of exercise prices	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price(Rs.)
Employee Stock Option Plan - 1999	Rs.240-Rs.750	1,612,881	3.95	640.83
	Rs.985-Rs.2,444	787,004	0.89	1,020.48
Employee Stock Option Plan - 2000	Rs.260-Rs.470	177,035	2.27	407.42
	Rs.483-Rs.823	3,083,766	4.11	627.44
	Rs.1,016-Rs.1,312	212,484	1.31	1,169.25
Employee Stock Option Plan - 2004	Rs.8.00	2,427,963	5.59	8.00
	Rs.642-Rs.741	117,468	4.30	684.22

Schedules forming part of the accounts

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

Schedule 20: Significant accounting policies and notes to the accounts (Contd.)

The weighted average fair value of stock options granted during the year was Rs. 1,204.21. The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	2010	2009
Weighted average share price	288.94	NIL
Exercise Price	2.00	NIL
Expected Volatility	37.76%	NIL
Historical Volatility	37.76%	NIL
Life of the options granted (Vesting and exercise period) in years	1.02 – 5.01 years	NIL
Expected dividends	Rs.4	NIL
Average risk-free interest rate	7.00%	NIL
Expected dividend rate	1.38%	NIL

The group has calculated the compensation cost based on the intrinsic value method i.e. the excess of market price of underlying equity shares on the date of the grant of options over the exercise price of the options 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 30 June 2010	Year ended 30 June 2009
Net income – As reported	1,056.58	997.31
Add:-Employee stock compensation under intrinsic value method	49.84	55.87
Less:-Employee stock compensation under fair value method	83.54	63.23
Net income – Proforma	1,022.88	989.95
Earnings per share (refer note 13)		
Basic - As reported	15.68	14.91
- Proforma	15.18	14.80
Diluted - As reported	15.33	14.73
- Proforma	14.84	14.62

3. Leases**In case assets taken on lease****i) Finance leases**

The Company has acquired vehicles on finance leases. The lease term is 4 years, total minimum lease payments and maturity profile of finance leases at the balance sheet date, the element of interest included in such payments, and the present value of the minimum lease payments as of 30 June, 2010 are as follows:

	Total minimum lease payments outstanding	Interest included in minimum lease payments	Present value of minimum lease payments
30 June, 2010			
Not later than one year	15.53	3.24	12.29
Later than one year and not later than five years	20.76	2.54	18.22
Total	36.29	5.78	30.51
30 June, 2009			
Not later than one year	13.36	3.78	9.58
Later than one year and not later than five years	20.97	3.68	17.29
Total	34.33	7.46	26.87

Schedules forming part of the accounts

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

Schedule 20: Significant accounting policies and notes to the accounts (Contd.)
ii) Operating Leases

The Company leases office spaces and accommodation for its employees under operating lease agreements. The lease rental expense recognised in the profit and loss account for the year is Rs. 151.69 crores (previous year Rs. 149.58 crores). The escalation amount for non-cancellable operating lease payable in future years and accounted for by the company is Rs. 50.24 crores. Future minimum lease payments and payment profile of non-cancellable operating leases are as follows:

	Year ended 30 June	
	2010	2009
Not later than one year	139.58	126.92
Later than one year but not later than five years	346.57	350.29
Later than five years	302.06	328.84
	788.21	806.05

4. Segment reporting

Identification of Segments

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

i) Business Segments

The operations of the Company 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 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

Schedules forming part of the accounts

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

Schedule 20: Significant accounting policies and notes to the accounts (Contd.)

other income. Segment expenses do not include premium amortized on bonds, diminution allowance in respect of current and trade investments, other than temporary diminution in the value of long term investment, charge taken for stock options issued to employees, corporate expenses and finance cost.

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

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

Schedules forming part of the accounts

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

Schedule 20: 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	1,090.76	114.33	28.78	1,233.87
Unallocated corporate expenses				(279.89)
Finance Expense				(28.09)
Other Income				116.14
Interest Income				149.67
Net profit before taxes				1,191.70
Tax Expense				194.39
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

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

	Year ended 30 June 2010	Year ended 30 June 2009
America	3,376.72	3072.20
Europe	1,205.75	1230.26
Others	496.29	372.63
	5,078.76	4675.09

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

	Carrying amount of segment assets and Intangible assets	
	30 June 2010	30 June 2009
America	1,655.09	1,190.79
Europe	600.11	477.68
Others	1,648.10	1,597.18
	3,903.30	3,265.65

Schedules forming part of the accounts

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

Schedule 20: Significant accounting policies and notes to the accounts (Contd.)**5. Related party transactions****a) Related parties where control exists****Subsidiaries**

HCL Comnet Systems and Services Limited
HCL Bermuda Limited
HCL Technologies (Shanghai) Limited
HCL Technoparks Limited
HCL Great Britain Limited
HCL (Netherlands) BV
HCL GmbH
HCL Belgium NV
HCL Sweden AB
HCL Italy SLR
HCL Australia Services Pty. Limited
HCL (New Zealand) Limited
HCL Hong Kong SAR Limited
HCL Japan Limited
HCL Comnet Limited
HCL America Inc.
HCL Holdings GmbH
Intelicent India Limited
DSI Financial Solutions Pte. Limited
HCL BPO Services (NI) Limited
HCL Jones Technologies LLC
HCL Singapore Pte. Limited
HCL (Malaysia) Sdn. Bhd.
HCL EAI Services Limited
HCL Poland sp. z o.o
Capital Stream, Inc.
HCL EAS Limited
HCL Insurance BPO Services Limited
HCL Expense Management Services Inc.
Axon Group Limited. *(formerly Axon Group Plc.)*
Axon EBT Trustee Limited
Axon Solutions (Canada) Inc.
Bywater Limited
Axon Solutions Schweiz GmbH
Axon International Limited
Axon Solutions Pty. Limited
Axon Solutions Inc.
Axon Acquisition Company, Inc.
Axon Solutions Limited
Axon Solutions Sdn. Bhd.
Axon Solutions Singapore Pte. Limited
Axon Solutions (Shanghai) Co. Limited
HCL Axon (Proprietary) Limited
JSPC- I Solutions Sdn. Bhd.
JSP Consulting Sdn. Bhd.
Aspire Solutions Sdn. Bhd.
HCL Technologies Canada Inc.
HCL Argentina s.a.
HCL Mexico S. de R.L.
HCL Technologies Romania s.r.l.
HCL Hungary Limited
HCL Latin America Holding LLC
HCL (Brazil) Tecnologia da informacao Ltda.

Schedules forming part of the accounts

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

Schedule 20: Significant accounting policies and notes to the accounts (Contd.)

HCL Retail Solutions Australia Pty Limited
HCL Technologies Denmark Apps
HCL Technologies Norway AS

Employee benefit trusts

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

Jointly controlled entities

NEC HCL System Technologies Limited, India
Axon Balance LLC, United States of America
Axon Puerto Rico Inc., Puerto Rico

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

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

Jointly controlled entities

NEC HCL System Technologies Limited, India

Others (Significant influence)

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

*HCL Corporation ceases to be holding company from 24 June, 2010. As on June 30, 2010 HCL Corporation held 323,082,542 shares in the Company being 47.6% holding in HCL Technologies Limited

Schedules forming part of the accounts

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

Schedule 20: Significant accounting policies and notes to the accounts (Contd.)**c) Key Management Personnel**

Shiv Nadar, Chairman and Chief Strategy Officer

Vineet Nayar, Chief Executive Officer and Whole-time Director

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

Particulars	Revenues Year ended 30 June		Operating & Other Expenses Year ended 30 June		Interest Expenses Year ended 30 June		Interest Income Year ended 30 June		Others Year ended 30 June	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Subsidiaries										
-HCL America Inc.	2462.85	1904.39	273.32	379.47	1.18	7.48	-	-	2.31	0.47
-HCL Great Britain Limited	352.45	460.18	44.70	20.39	-	-	-	-	3.16	3.44
-HCL Bermuda Limited	-	-	-	-	-	-	38.66	36.51	-	-
-HCL Insurance BPO Services Limited	-	-	-	-	-	-	-	-	12.63	8.87
-HCL Comnet Limited	-	-	28.33	20.76	-	-	-	-	-	5.11
-HCL EAS Limited	-	-	-	-	0.40	-	-	-	-	-
-HCL Technopark Limited	-	-	-	-	-	-	6.84	-	-	-
-HCL Expenses Management Service Inc.	-	-	-	-	-	-	-	-	9.78	-
-Others	356.00	267.78	75.53	38.39	-	-	-	1.25	0.92	4.64
Total (A)	3171.30	2632.35	421.88	459.01	1.58	7.48	45.50	37.76	28.80	22.53
Jointly controlled entities										
-NEC HCL System Technologies Limited	3.64	3.54	-	-	-	-	-	-	-	-
Total (B)	3.64	3.54	-	-	-	-	-	-	-	-
Others (Significant influence)										
-HCL Infosystems Limited	17.26	4.89	40.11	35.54	-	-	-	-	1.38	-
-Others	-	-	1.67	1.24	-	-	-	-	-	-
Total (C)	17.26	4.89	41.78	36.78	-	-	-	-	-	-
Total (A+B+C)	3192.20	2640.78	463.66	495.79	1.58	7.48	45.50	37.76	30.18	22.53

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

Particulars	Dividend income Year ended 30 June		Purchase of capital equipments Year ended 30 June		Redemption of Preference Shares Year ended 30 June		Investments Year ended 30 June	
	2010	2009	2010	2009	2010	2009	2010	2009
-HCL Comnet Systems and Services Limited	-	0.42	-	-	-	45.00	-	0.06
-HCL Technologies (Shanghai) Limited	-	-	-	-	-	-	2.42	2.49
-HCL Comnet Limited	-	-	0.20	2.96	-	-	-	-
-HCL Bermuda Limited	-	-	-	-	-	-	910.51	-
-HCL Singapore Pte. Limited	-	-	9.09	10.43	-	-	-	-
Total (A)	-	0.42	9.29	13.39	-	45.00	912.93	2.55
Others (Significant influence)								
-HCL Infosystems Limited	-	-	22.91	21.13	-	-	-	-
-Others	-	-	0.25	2.19	-	-	-	-
Total (B)	-	-	23.16	23.32	-	-	-	-
Total (A+B)	-	0.42	32.45	36.71	-	45.00	912.93	2.55

Schedules forming part of the accounts

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

Schedule 20: Significant accounting policies and notes to the accounts (Contd.)
f) Transactions with related parties during the year in the ordinary course of business (Continued)

Particulars	Loans Given (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 Given Year ended 30 June	
	2010	2009	2010	2009	2010	2009	2010	2009
-HCL America Inc.	-	-	-	-	-	-	76.18	19.16
-HCL Great Britain Limited	-	-	-	-	-	-	6.97	-
-HCL Comnet Limited	-	-	-	0.26	0.90	2.19	-	-
HCL Comnet Systems and Services Limited	-	-	-	-	7.70	-	-	-
-HCL Bermuda Limited	292.15	644.05	-	-	-	-	69.73	79.48
-HCL Technoparks Limited	(26.40)	31.65	-	-	-	-	-	-
-HCL EAS Limited	-	-	-	-	-	-	1,602.18	2,754.25
-HCL Japan Limited	-	-	-	-	-	-	130.03	71.85
-HCL Insurance BPO Services Limited	-	-	-	-	-	-	251.03	-
-HCL Jones Technologies LLC	-	-	-	-	-	-	6.97	-
-HCL BPO Services (NI) Limited	-	-	-	-	-	-	38.14	-
-HCL Great Britain Limited	-	-	-	-	-	-	38.21	-
Total (A)	265.75	675.70	-	0.26	8.60	2.19	2,219.44	2,924.74
Others (Significant influence)								
-HCL Infosystems Limited	-	-	1.28	1.83	-	-	-	-
-HCL Peripherals Limited.	-	-	0.57	-	-	-	-	-
Total (B)	-	-	1.85	1.83	-	-	-	-
Total (A+B)	265.75	675.70	1.85	2.09	8.60	2.19	2,219.44	2,924.74

The remuneration to Chief Executive Officer and Whole-time Director is Rs 4.54 crores (Previous year Rs. 4.25 crores) excludes provision for encashable leave and gratuity

g) Outstanding balances with related parties

Particulars	Sundry Debtors As at 30 June		Creditors As at 30 June		Unearned revenue As at 30 June	
	2010	2009	2010	2009	2010	2009
Subsidiaries						
-HCL America Inc.	1215.43	701.55	138.76	262.97	123.68	65.27
-HCL Great Britain Limited	224.37	201.89	114.23	144.78	14.06	3.19
-HCL GmbH	0.72	5.28	8.05	60.71	0.43	0.40
-HCL Comnet Systems and Services Limited	2.65	-	84.98	-	-	-
- HCL Bermuda Limited	-	-	45.39	-	-	-
-Others	107.47	75.79	153.54	87.95	0.13	1.08
Total (A)	1550.64	984.51	544.95	556.41	138.30	69.94
Jointly controlled entities						
-NEC HCL System Technologies Limited	0.66	0.75	-	-	-	-
Total (B)	0.66	0.75	-	-	-	-
Others (Significant influence)						
-HCL Infosystems Limited	2.62	2.36	9.37	7.48	10.24	1.46
-Others	0.09	0.15	0.98	0.10	-	-
Total (C)	2.71	2.51	10.35	7.58	10.24	1.46
Total (A+B+C)	1,554.01	987.77	555.30	563.99	148.54	71.40

Schedules forming part of the accounts

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

Schedule 20: Significant accounting policies and notes to the accounts (Contd.)**h) Outstanding balances with related parties - Continued**

Particulars	Loans outstanding As at 30 June		Advance received As at 30 June		Other receivables As at 30 June	
	2010	2009	2010	2009	2010	2009
Subsidiaries						
-HCL America Inc.	-	-	1.67	-	64.19	135.18
-HCL Great Britain Limited	-	-	-	-	14.13	29.74
-HCL Bermuda Limited	351.90	644.05	-	-	-	36.51
-HCL Technoparks Limited	74.40	48.00	-	-	-	1.25
-HCL Comnet Limited	-	-	-	0.10	32.80	30.16
-HCL Gmbh	-	-	-	-	1.32	1.40
-HCL (New Zealand) Limited	-	-	1.96	3.38	-	-
-HCL EAI Services Limited	-	-	1.50	1.50	-	-
-HCL Comnet Systems and Services Limited	-	-	-	-	50.41	-
-Others	-	-	0.17	-	58.47	45.95
Total (A)	426.30	692.05	5.30	4.98	221.32	280.19
Jointly controlled entities						
- NEC HCL System Technologies Limited	-	-	-	-	0.19	0.35
Total (B)	-	-	-	-	0.19	0.35
Others (Significant influence)						
- HCL Infosystems Limited	-	-	-	-	1.46	3.21
- Others	-	-	-	-	0.48	0.13
Total (C)	-	-	-	-	1.94	3.34
Total (A+B+C)	426.30	692.05	5.30	4.98	223.45	283.88

6. Loans and advances in the nature of loans to subsidiaries and others

Name of the company	Amount of loan	Rate of Interest	Maximum amount outstanding during the year
HCL Technoparks Limited	74.40	11%	122.40
	(48.00)	(11%)	(50.20)
HCL Bermuda Limited	351.90	5% - 9.50%	1445.19
	(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 2010	As at 30 June 2009
Deferred Tax Assets		
Depreciation	59.91	56.56
Accrued employee costs	30.25	29.25
Unrealised loss on derivative instruments	7.51	132.30
Others	10.02	9.34
Total (A)	107.69	227.45
Deferred Tax Liability		
Leased vehicles	1.53	1.45
Total (B)	1.53	1.45
Net Deferred Tax Assets / (Liabilities) (A-B)	106.16	226.00

8. Research and Development Expenditure

	Year ended 30 June 2010	Year ended 30 June 2009
Revenue	40.53	40.86
Capital	-	-
	40.53	40.86

Schedules forming part of the accounts

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

Schedule 20: Significant accounting policies and notes to the accounts (Contd.)
9. Closing Balance and Maximum balances outstanding with non scheduled banks are as follows:

Non-scheduled banks	Closing Balance		Maximum Balance	
	As at 30 June 2010	As at 30 June 2009	Year ended 30 June 2010	Year ended 30 June 2009
- On Current account				
Citi Bank N.A. Singapore-SGD	-	-	-	0.24
Citi Bank N.A. Singapore-USD	-	-	-	0.24
Deutsche Bank, London -Euro	0.02	0.03	0.03	0.03
Deutsche Bank, Singapore -SGD	0.06	-	0.22	0.79
Bank of America, New York -USD	-	-	-	0.19
Deutsche Bank, London -GBP	0.02	-	0.03	0.03
Deutsche Bank, New York -USD	0.12	-	0.12	2.59
BNP Paribas, Israel- ILS	0.50	-	8.63	-
Citi Bank, New York - USD	-	0.34	0.34	0.34
Citi Bank Europe plc, Czech Republic - CZK	0.32	0.01	1.61	0.56
Citibank , N.A – UAE- AED	5.89	-	5.89	-
BNP Paribas,Ireland- EUR	0.11	-	0.18	-
BNP Paribas, Switzerland - CHF	0.22	-	1.64	-
BNP Paribas, Portugal- EUR	0.21	-	0.27	-
BNP Paribas Zao, Russia- RUB	0.03	-	0.08	-
BNP Paribas Zao, Russia- USD	0.17	-	0.24	-
BNP Paribas, Israel- USD	0.11	-	9.73	-
Total	7.78	0.38		

10. Commitments and Contingent liabilities

	As at 30 June 2010	As at 30 June 2009
i) Capital and other commitments		
a) Capital commitments		
Estimated amount of unexecuted capital contracts (net of advances)	274.15	244.09
b) Outstanding letter of credit	1.76	21.20
	275.91	265.29

ii) Contingent Liabilities

- 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. 2,219.44 crores (previous year Rs. 3,063.38 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.
- Bank guarantees of Rs. 6.39 crores (previous year Rs. 11.34 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.
- Income Tax demands (excluding interest) of Rs. 9.99 crores (previous year Rs. 9.99 crores)
- Indirect Tax demands of Rs 1.63 crores (previous year Rs Nil 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.

- 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

Schedules forming part of the accounts

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

Schedule 20: Significant accounting policies and notes to the accounts (Contd.)

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.

II. 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 twelve 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: -

Foreign Currency	As at 30 June 2010	As at 30 June 2009
Sell Covers	Rupee Equivalent	
U.S. Dollar/INR	1,314.22	3,703.90
Sterling Pound/INR	65.09	66.98
Euro/INR	58.19	76.29
	1,437.50	3,847.17
Buy Covers		
U.S. Dollar/INR	366.88	-
	366.88	-

Options	As at 30 June 2010	As at 30 June 2009
	Rupee Equivalent	
Purchase Options		
U.S. Dollar	65.02	-
Range Options		
U.S. Dollar	139.32	-
Euro/INR	28.52	-
Total	232.86	-

The following table summarizes activity in the Hedging Reserve related to all derivatives classified as cash flow hedges during the years ended 30 June 2010 and 2009.

Particulars	Year ended 30 June 2010	Year ended 30 June 2009
Loss as at the beginning of the year	(775.09)	(490.63)
Unrealized gain/ (losses) on cash flow hedging derivatives during the year	197.05	(591.68)
Net losses reclassified into net income on occurrence of hedged transactions	478.07	244.52
Net losses reclassified into net income as hedged transactions are not likely to occur	-	62.70
Loss as at the end of the year (refer note 1 and 2 below)	(99.97)	(775.09)

Schedules forming part of the accounts

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

Schedule 20: Significant accounting policies and notes to the accounts (Contd.)

As of the balance sheet date, the Company's net foreign currency exposure that is not hedged is Rs. 3,754.76 (30 June 2009 – Rs. 2,332.10).

Notes:

- Balance as at year end is gross of deferred tax assets of Rs. 7.51 crores (previous year Rs. 132.30 crores).
- At 30 June 2010, 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. 99.97 crores [previous year Rs. (609.34) 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 2010		Balance as at 30 June 2009	
		Units	Amount	Units	Amount
10.75% Exim Bank Bonds 2008-09 (Series L-01)	1000000	-	-	100	10.00
11.10% Exim Bank Bonds 2008-09 (Series L-01)	1000000	-	-	100	10.00
IRFC Tax Free Bonds (Series 68)	100000	5,000	50.00		
Total		5,000	50.00		20.00

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

Particulars	Face Value	Balance as at 30 June 2010		Balance as at 30 June 2009	
		Units	Amount	Units	Amount
DSPML FMP- 12 M -Series 1 Growth	10	-	-	10,000,000	10.00
DSPML FMP- 12 M -Series 3 Growth	10	-	-	10,000,000	10.00
Total			-		20.00

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

Particulars	Face Value	Balance as at 30 June 2010		Balance as at 30 June 2009	
		Units	Amount	Units	Amount
Growth					
ICICI Prudential Medium Term Plan-Prem Plus	10	94,513,918	95.00	-	-
Daily Dividend					
IDFC Cash Fund Plan-C	10	4,414	0.00	-	-
Weekly Dividend					
ICICI Prudential Banking & PSU Debt Fund	10	25,030,125	25.08	-	-
Fortnightly Dividend					
HDFC High Interest Fund-Short Term Plan	10	48,197,379	51.06	-	-
Monthly dividend					
Birla Sun Life Dynamic Bond Fund	10	83,300,723	86.66	-	-
Birla Sunlife Medium Term Plan	10	50,057,242	50.50	-	-
Birla Sunlife Saving Fund-Institutional	10	49,275,015	50.46	-	-
HDFC Cash Management Fund-Treasury Advantage Plan -Whole sale	10	100,534,368	101.06	-	-
HDFC Short Term Fund	10	14,791,788	15.28	-	-
ICICI Prudential Short Term Plan IP	10	20,809,636	25.18	-	-
IDFC Money Manager Fund-Investment Plan IP Plan B	10	101,566,031	102.03	-	-
Reliance Short Term Fund	10	66,649,228	70.91	-	-
SBI Short Horizon Debt Fund-Short Term	10	23,332,055	25.26	-	-
TATA Liquid Fund-Super High Investment Plan	1000	80,761	9.00	-	-
Tata Fixed Income Portfolio Fund SchemeA3	10	15,017,853	15.02	-	-
Reliance Quarterly Interval Fund Series III	10	24,993,796	25.00	-	-
TOTAL			747.50		

Schedules forming part of the accounts

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

Schedule 20: Significant accounting policies and notes to the accounts (Contd.)

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

A. Details of units of mutual funds	Face Value	Purchased During the Year		Sale/ Redemption Proceeds During the Year	
		Units	Amount	Units	Amount
Daily Dividend					
Birla Sunlife Cash Plus -Inst Prem	10	625,895,420	627.12	625,895,420	627.12
Birla Sunlife Saving Fund-Institutional	10	279,331,436	279.52	279,331,436	279.52
Birla Sunlife Short term fund-Inst	10	60,041,435	60.07	60,041,435	60.07
DSP BlackRock Liquidity Fund-IP	1000	249,945	25.00	249,945	25.00
HDFC Cash Management Fund-Treasury Advantage Plan -Whole sale	10	749,598,739	751.96	749,598,739	751.96
HDFC Liquid Fund -Premium Plan	10	801,099,201	982.13	801,099,201	982.13
ICICI Prudential Flexible Income Plan Premium	100	259,318,788	617.49	259,318,788	617.49
ICICI Prudential Inst Liquid Plan -Super IP	10	666,824,399	909.10	666,824,399	909.10
IDFC Cash Fund Plan-C	10	855,633,904	855.85	855,629,490	855.84
IDFC Cash Fund-Plan B	10	292,063,839	309.05	292,063,839	309.05
IDFC Money manager fund- treasury plan- Inst Plan B	10	206,888,935	208.34	206,888,935	208.34
IDFC Money manager fund- treasury plan- Super Plan C	10	239,282,381	239.32	239,282,381	239.32
Reliance Liquidity Fund Daily Dividend reinvestment option	10	742,127,162	742.40	742,127,162	742.40
Reliance Medium Term Fund Daily Dividend Plan	10	155,852,253	266.44	155,852,253	266.44
Reliance Money Manager Fund-Institutional Option	1000	2,683,618	268.68	2,683,618	268.68
SBI Premier Liquid Fund Super IP	10	24,921,466	25.00	24,921,466	25.00
TATA Floater Fund	10	191,647,179	192.33	191,647,179	192.33
TATA Liquid Fund-Super High Investment Plan	1000	3,419,511	381.11	3,338,750	372.11
UTI Liquid Fund-Cash Plan	1000	5,679,393	578.98	5,679,393	578.98
UTI Treasury Advantage Fund-IP	1000	3,020,886	302.15	3,020,886	302.15
Weekly Dividend					
ICICI Prudential Banking & PSU Debt Fund	10	25,030,125	25.08		-
ICICI Prudential Flexible Income Plan Premium	100	10,816,786	114.06	10,816,786	114.06
Fortnightly Dividend					
HDFC High Interest Fund-Short Term Plan	10	48,197,379	51.06		-
Monthly dividend					
Birla Sun Life Dynamic Bond Fund	10	83,300,723	86.66		-
Birla Sunlife Medium Term Plan	10	50,057,242	50.50		-
Birla Sunlife Saving Fund-Institutional	10	49,275,015	50.46		-
DSP BlackRock Short Term Fund	10	23,355,308	25.18	23,355,308	25.09
HDFC Cash Management Fund-Treasury Advantage Plan -Whole sale	10	100,534,368	101.05		-
HDFC Short Term Fund	10	14,791,788	15.28		-
ICICI Prudential Short Term Plan IP	10	20,809,636	25.25		-
IDFC Money Manager Fund-Investment Plan IP Plan B	10	101,566,031	102.47		-

Schedules forming part of the accounts

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

Schedule 20: Significant accounting policies and notes to the accounts (Contd.)

A. Details of units of mutual funds	Face Value	Purchased During the Year		Sale/ Redemption Proceeds During the Year	
		Units	Amount	Units	Amount
IDFC Money manager fund- treasury plan- super inst Plan C	10	125,442,417	125.81	125,442,417	125.79
Reliance Money Manager Fund-Institutional Option	1000	150,062	15.16	150,062	15.12
Reliance Quarterly Interval Fund Series III Inst	10	24,993,796	25.00		-
Reliance Short Term Fund	10	66,649,228	71.12		-
SBI Short Horizon Debt Fund-Short Term-IP	10	23,332,055	25.26		-
Tata Fixed Income Portfolio Fund Scheme A3	10	15,017,853	15.02		-
UTI Treasury Advantage Fund-IP	1000	904,996	90.83	904,996	90.72
Growth					
Birla Sun Life Dynamic Bond Fund	10	55,354,828	85.00	55,354,828	85.76
Birla Sunlife Medium Term Plan	10	4,889,115	5.00	4,889,115	5.03
Birla Sunlife Saving Fund-Institutional	10	28,762,080	50.00	28,762,080	50.26
DSPML FMP- 12 M -Series 1	10	-	-	10,000,000	11.04
DSPML FMP- 12 M -Series 3	10	-	-	10,000,000	11.14
HDFC Cash Management Fund-Treasury Advantage Plan -Whole sale	10	49,776,999	100.00	49,776,999	100.45
HDFC Liquid Fund -Premium Plus Plan	10	22,298,408	40.00	22,298,408	40.01
HDFC Short Term Fund	10	8,413,354	15.00	8,413,354	15.13
ICICI Prudential Flexible Income Plan Premium	100	3,287,363	56.00	3,287,363	56.28
ICICI Prudential Medium Term Plan-Prem Plus	10	94,513,918	95.00		-
IDFC Money Manager Fund-Investment Plan IP Plan B	10	70,183,309	100.00	70,183,309	100.56
IDFC Money manager fund- treasury plan- super inst Plan C	10	96,609,752	105.00	96,609,752	105.45
Reliance Short Term Fund	10	28,943,091	50.00	28,943,091	50.33
UTI Treasury Advantage Fund-IP	1000	731,090	90.00	731,090	90.39
Total (A)			10,428.29		9,705.64

B. Details of units of Bonds	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)	1000000	-	-	100	10.00
11.10% Exim Bank Bonds 2008-09 (Series L-01)	1000000	-	-	100	10.00
IRFC Tax Free Bonds (Series 68)	100000	5000	50.00	-	-
Total (B)			50.00		20.00
Total (A+B)			10,478.29		9,725.64

Schedules forming part of the accounts

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

Schedule 20: Significant accounting policies and notes to the accounts (Contd.)**13. Earnings per equity share (EPS)**

	Year ended 30 June 2010	Year ended 30 June 2009
Net profit as per Profit and Loss Account for computation of EPS	1,056.58	997.31
Weighted average number of shares outstanding in computation of basic EPS	673,741,835	669,016,035
Dilutive effect of stock options outstanding	15,361,547	8,098,980
Weighted average number of equity shares and equity equivalent shares outstanding in computing diluted EPS	689,103,382	677,115,015
Nominal value of equity shares (in Rs.)	2	2
Earnings per equity share (in Rs.)		
- Basic	15.68	14.91
- Diluted	15.33	14.73

14. 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" as at 30 June 2009 and 2010 is Rs Nil crores.

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

15. Employee Benefit Plans

The Company has calculated the various benefits provided to employees as under:

A. Defined Contribution Plans and State Plans

Superannuation Fund

Employer's contribution to Employee's State Insurance

Employer's contribution to Employee's Pension Scheme.

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

	Year ended 30 June 2010	Year ended 30 June 2009
Superannuation Fund	2.11	2.20
Employer's contribution to Employee's State Insurance	0.58	0.32
Employer's contribution to Employee's Pension Scheme.	23.54	22.39
Total	26.23	24.91

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):

Profit and Loss Account

Net employee benefit expense (recognised in Employee Cost)

	Year ended 30 June 2010	Year ended 30 June 2009
Current Service cost	17.06	13.33
Interest cost on benefit obligation	5.07	4.80
Expected return on plan assets	-	-
Net Actuarial (gain)/loss recognised in the year	(3.25)	2.63
Past Service cost	-	-
Net benefit expense	18.88	20.76

Schedules forming part of the accounts

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

Schedule 20: Significant accounting policies and notes to the accounts (Contd.)
Balance Sheet

Details of Provision for Gratuity

	Year ended 30 June 2010	Year ended 30 June 2009
Defined benefit obligations	85.00	71.19
Fair value of plan assets	-	-
	85.00	71.19
Less: Unrecognised past service cost	-	-
Plan (asset) / liability	85.00	71.19

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

Particulars	Year ended 30 June 2010	Year ended 30 June 2009
Opening defined benefit obligations	71.19	53.90
Current service cost	17.06	13.33
Interest cost	5.07	4.80
Actuarial (gain)/loss on obligation	(3.25)	2.63
Benefits paid	(5.07)	(3.47)
Closing defined benefit obligations	85.00	71.19

Changes in fair value of the plan assets are as follows:

Particulars	Year ended 30 June 2010	Year ended 30 June 2009
Opening fair value of planned assets	-	-
Expected returns	-	-
Contribution by employer	0.89	-
Benefits paid	(0.89)	-
Actuarial (gain)/loss	-	-
Closing fair value of plan assets	-	-

The company expects to contribute Rs. 2.86 crores to gratuity in 2010-11

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

	Year ended 30 June 2010	Year ended 30 June 2009
Discount rate	7.15%	6.40%
Estimated Rate of salary increases	6%-10%	6%-10%
Employee Turnover	18%	18%
Expected rate of return on assets	N.A	N.A

Amounts for the current and previous year are as follows:

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

The company has adopted AS 15 (Revised) from 1 July 2007 and thereby has not given disclosures of the above for the year ended 30 June 2007 and 2006.

Schedules forming part of the accounts

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

Schedule 20: Significant accounting policies and notes to the accounts (Contd.)**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 2010, the Company has contributed Rs. 48.13 crores (Previous year Rs. 35.78 crores) towards Employers' contribution to the Provident Fund.

16. Joint Venture

The group 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 group in the above jointly controlled entities are given hereunder:

Particulars	Year ended 30 June 2010	Year ended 30 June 2009
Revenue from software services	41.44	21.22
Other income	0.58	0.60
Total	42.02	21.82
Personnel expenses	21.48	7.00
Other Expenses	15.86	9.99
Depreciation and Amortization	0.90	0.47
Total	38.24	17.46
Profit Before Tax	3.78	4.36
Provision for tax	(0.58)	0.09
Net profit after tax	4.36	4.27

Particulars	As at 30 June 2010	As at 30 June 2009
Assets		
Fixed assets	10.89	2.04
Investments	-	0.03
Sundry Debtors	7.09	8.23
Cash and Bank Balances	11.10	18.74
Other Current Assets	3.49	2.55
Liabilities		
Current liabilities and provisions	15.17	15.17

Notes:

- NEC HCL System Technologies Limited financial statements are for the year ended 31 March, 2010 and 2009 respectively.
- Axon Puerto Rico Inc. financial statements are for the period ended 31 December, 2009 and 2008 respectively.

Schedules forming part of the accounts

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

Schedule 20: Significant accounting policies and notes to the accounts (Contd.)
17. Additional information pursuant to the provisions of paragraphs 3, 4, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956
17.1 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	-	-	-	29.83	-	-
	(-)	(-)	(-)	(32.24)	(-)	(-)	(-)	(32.24)
Servers	225	22.15	-	-	225	20.50	-	-
	(-)	(-)	(225)	(22.15)	(-)	(-)	(225)	(22.15)
Storage devices	107	20.06	-	-	107	18.56	-	-
	(-)	(-)	(107)	(20.06)	(-)	(-)	(107)	(20.06)
Others*	51	12.56	119,968	51.06	95,373	42.00	24,646	4.49
	(-)	(-)	(51)	(12.56)	(-)	(-)	(51)	(12.56)
Total	383	87.01	119,968	51.06	95,705	110.89	24,646	4.49
	(-)	(-)	(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

17.2 Managerial remuneration

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

	Year Ended June 2010	Year Ended June 2009
Profit before Tax as per Profit and Loss Account	1,152.82	1,193.92
Add:		
Depreciation as per books of accounts	274.03	251.89
Provision for doubtful debts/ advances	(8.43)	27.58
	265.60	279.47
Less:		
Depreciation under section 350 of the Companies Act, 1956	274.03	251.89
Profit on sale of fixed assets (net)	2.20	0.10
Profit on sale of Investments (net)	4.85	107.04
	281.08	359.03
Profit as per section 349	1,137.34	1,114.36
Add:		
Commission to non- executive directors	1.15	1.15
Profit as per section 198	1,138.49	1,115.51
Commission payable to non whole-time directors:		
Maximum commission under Section 309 of the Companies Act, 1956 @ 1%	11.38	11.15
Commission approved by the board	1.15	1.15

Schedules forming part of the accounts

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

Schedule 20: Significant accounting policies and notes to the accounts (Contd.)

b) Managerial remuneration comprises:

	Year ended 30 June 2010	Year ended 30 June 2009
Salaries and allowances	4.40	4.12
Contribution to provident fund	0.14	0.13
Sitting fees	0.13	0.11
Commission to non-executive directors	1.15	1.15
	5.82	5.51

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 2010	Year ended 30 June 2009
Remuneration paid to executive director	4.76	4.87
	4.76	4.87

	Year ended 30 June 2010	Year ended 30 June 2009
17.3 CIF value of imports		
Capital goods	114.91	108.03
	114.91	108.03
17.4 Auditors' remuneration *		
As Auditors		
Statutory audit	1.80	1.42
Tax audit fees	0.26	0.26
	2.06	1.68
* excluding service tax		
17.5 Expenditure in foreign currency (on accrual basis unless otherwise stated)		
Software development expenses	319.77	421.36
Interest	4.64	7.48
Travel (on cash basis)	198.08	187.74
Rates and taxes	4.95	8.06
Software License Fee	4.07	11.79
Communication costs	2.48	3.36
Professional fees	7.21	23.95
Personnel Expenses	74.14	22.90
Others	73.16	15.65
	688.50	702.29
17.6 Earnings in foreign currency (on accrual basis)		
Income from Services	4,968.24	4,572.53
	4,968.24	4,572.53

Schedules forming part of the accounts

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

Schedule 20: Significant accounting policies and notes to the accounts (Contd.)

17.7	Dividend remitted in foreign currency	Year ended 30 June 2010	Year ended 30 June 2009
	Final dividend		
	Number of non-resident shareholders	81	89
	Number of shares held	121,961,684	122,925,158
	Amount remitted in INR (net of tax)	12.20	36.88
	Amount remitted FCY	\$2,614,286	\$7,819,261
	Year to which it relates	2008-09	2007-08
	1st Interim dividend		
	Number of non-resident shareholders	84	89
	Number of shares held	121,998,748	122,925,158
	Amount remitted in INR (net of tax)	12.20	36.88
	Amount remitted FCY	\$2,623,065	\$7,760,498
	Year to which it relates	2009-10	2008-09
	2nd Interim dividend		
	Number of non-resident shareholders	79	90
	Number of shares held	120,920,184	122,910,522
	Amount remitted in INR (net of tax)	12.09	24.58
	Amount remitted FCY	\$2,584,317	\$5,042,753
	Year to which it relates	2009-10	2008-09
	3rd Interim dividend		
	Number of non-resident shareholders	74	90
	Number of shares held	120,947,704	123,074,122
	Amount remitted in INR (net of tax)	12.09	12.31
	Amount remitted FCY	\$2,709,402	\$2,484,088
	Year to which it relates	2009-10	2008-09

18. Previous year comparatives

The figures of previous year were audited by a firm of chartered accountants other than S.R. Batliboi & Co. The previous year's figures have been re-classified/re-grouped to conform to current year's classification.

As per our report of even date

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

per Tridibes Basu
Partner
 Membership Number: 17401

Gurgaon, India
 29 July 2010

For HCL Technologies Limited

Shiv Nadar
 Chairman and Chief Strategy Officer

Vineet Nayar
 CEO & Wholetime Director

Sandip Gupta
 Deputy Chief Financial Officer

Raj Kumar Walia
 Senior Vice President - Finance & Accounts

Noida (UP), India
 29 July 2010

T S R Subramanian
 Director

Anil Chanana
 Chief Financial Officer

Prahlad Rai Bansal
 Corporate Vice President - Finance

Manish Anand
 Deputy Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

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

I. Registration details

Registration No.	55-46369	State Code	55
Balance Sheet Date	30 June 2010		

II. Capital raised during the year

Public issue	Nil	Rights issue	Nil
Bonus issue	Nil	Private Placement	1,691,513

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

III. Position of mobilization and deployment of funds

Total liabilities	63,332,541	Total assets	63,332,541
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Sources of funds

Paid-up capital	1,377,702*	Reserves and surplus	47,980,905
Secured loans	10,305,141	Unsecured loans	3,668,793

* Includes Rs. 20,135 in respect of share application money.

Application of funds

Net fixed assets	14,210,301 **	Investments	22,331,986
Net current assets	25,728,627	Misc. Expenditure	Nil
Accumulated losses	Nil	Deferred tax	1,061,627

** Includes Rs. 4,772,049 thousands in respect of capital work-in-progress.

IV. Performance of company

Turnover	52,505,337	Total expenditure	40,977,112
Profit before tax	11,528,225	Profit after tax	10,565,826
Earnings per share (in Rs.)	15.68 (Basic)	Dividend rate %	200%
	15.33 (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

Vineet Nayar

CEO & Wholetime Director

Sandip Gupta

Deputy Chief Financial Officer

Raj Kumar Walia

Senior Vice President - Finance & Accounts

T S R Subramanian

Director

Anil Chanana

Chief Financial Officer

Prahlad Rai Bansal

Corporate Vice President - Finance

Manish Anand

Deputy Company Secretary

Noida (UP), India

29 July 2010

Consolidated Statements

AUDITORS' REPORT**The Board of Directors
HCL Technologies Limited**

We have audited the attached consolidated balance sheet of HCL Technologies Limited, its subsidiaries and joint ventures (together refer to as 'Group'), as at June 30, 2010, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements and Accounting Standard (AS) 27, Financial Reporting of Interests in Joint Ventures [notified pursuant to the Companies (Accounting Standards) Rules, 2006, (as amended)].

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at June 30, 2010;
- (b) in the case of the consolidated profit and loss account, of the profit for the year ended on that date; and
- (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

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

per Tridibes Basu
Partner
Membership No.: 17401

Gurgaon (India)
July 29, 2010

Consolidated Balance Sheet

(All amounts in crores of rupees)

	Schedule	As at 30 June 2010	As at 30 June 2009
Sources of Funds			
Shareholders' funds			
Share capital	1	135.76	134.05
Share application money pending allotment		2.01	0.47
Reserves and surplus	2	6,151.06	4,808.28
		6,288.83	4,942.80
Minority interest		3.68	2.97
Loan funds			
Secured Loans	3	2,345.90	2,595.37
Unsecured loans	4	378.34	420.85
		2,724.24	3,016.22
		9,016.75	7,961.99
Application of funds			
Fixed assets	5		
Gross block		7,061.60	6,779.64
Less : Accumulated depreciation and amortisation		2,221.98	1,863.87
Net block		4,839.62	4,915.77
Capital work-in-progress (including capital advances)		609.13	489.13
		5,448.75	5,404.90
Investments	6	831.70	40.34
Deferred tax assets (net)	20 (7)	375.67	456.52
Current assets, loans and advances			
Inventories	7	65.17	169.56
Sundry debtors	8	2,521.06	2,175.05
Cash and bank balances	9	1,580.37	1,898.70
Other current assets	10	946.21	940.54
Loans and advances	11	833.79	677.86
(A)		5,946.60	5,861.71
Less: Current liabilities and Provisions			
Current liabilities	12	2,979.93	3,278.00
Provisions	13	606.04	523.48
(B)		3,585.97	3,801.48
Net current assets (A-B)		2,360.63	2,060.23
		9,016.75	7,961.99

Significant accounting policies and notes to accounts

20

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

As per our report of even date

 For **HCL Technologies Limited**

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

Shiv Nadar
 Chairman and Chief Strategy Officer

T S R Subramanian
 Director

Vineet Nayar
 CEO & Wholetime Director

Anil Chanana
 Chief Financial Officer

per **Tridibes Basu**
Partner
 Membership Number: 17401

Sandip Gupta
 Deputy Chief Financial Officer

Prahlad Rai Bansal
 Corporate Vice President - Finance

Raj Kumar Walia
 Senior Vice President - Finance & Accounts

Manish Anand
 Deputy Company Secretary

Gurgaon, India
 29 July 2010

Noida (UP), India
 29 July 2010

Consolidated Profit and Loss Account

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

	Schedule	Year Ended 30 June 2010	Year Ended 30 June 2009
Income			
Revenue	14	12,136.29	10,229.41
Other income	15	154.12	262.20
		12,290.41	10,491.61
Expenditure			
Cost of goods sold	16	443.55	205.47
Personnel expenses	17	6,253.70	5,194.38
Operating and other expenses	18	3,498.48	3,000.06
Finance expenses	19	204.14	112.44
Depreciation and amortisation	5	418.11	375.47
		10,817.98	8,887.82
Profit before tax and minority interest		1,472.43	1,603.79
Provision for Tax			
- current tax		(270.22)	(319.20)
- deferred tax charges		53.02	56.72
- fringe benefit tax		3.77	(21.86)
Profit after tax and before minority interest		1,259.00	1,319.45
Share of minority interest		0.19	0.18
Net Profit after tax and minority interest		1,259.19	1,319.63
Balance in profit and loss account brought forward		2,992.55	2,366.99
Profit available for appropriation		4,251.74	3,686.62
Appropriations			
Proposed final dividend [including Rs. 0.29 crores (Previous year Rs.0.87 crores) paid for previous year]		68.16	67.90
Corporate dividend tax on proposed final dividend [including Rs. 0.05 crores (Previous year Rs.0.87 crores) paid for previous year]		11.32	11.54
Interim dividend		202.33	401.71
Corporate dividend tax on interim dividend		34.13	68.19
Transfer to general reserve		105.66	99.73
Transfer to debenture redemption reserve		295.00	-
Transfer to capital redemption reserve (refer note 1 of Schedule 2)		-	45.00
Balance carried forward to the Balance Sheet		3,535.14	2,992.55
		4,251.74	3,686.62
Earnings per equity share of Rs. 2 each	20 (12)		
Basic		18.69	19.72
Diluted		18.27	19.49
Weighted average number of equity shares used in computing earnings per equity share			
Basic		673,741,835	669,016,035
Diluted		689,103,382	677,115,015

Significant accounting policies and notes to accounts

20

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

As per our report of even date

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

Chartered Accountants

per Tridibes Basu**Partner**

Membership Number: 17401

Gurgaon, India

29 July 2010

For HCL Technologies Limited**Shiv Nadar**

Chairman and Chief Strategy Officer

Vineet Nayar

CEO & Wholetime Director

Sandip Gupta

Deputy Chief Financial Officer

Raj Kumar Walia

Senior Vice President - Finance & Accounts

Noida (UP), India

29 July 2010

T S R Subramanian

Director

Anil Chanana

Chief Financial Officer

Prahlad Rai Bansal

Corporate Vice President - Finance

Manish Anand

Deputy Company Secretary

Consolidated Cash flow statement

(All amounts in crores of rupees)

	Year ended 30 June 2010	Year ended 30 June 2009
A. Cash flows from operating activities		
Profit before tax and minority interest	1,472.43	1,603.79
Adjusted for:		
Depreciation and amortization	418.11	375.47
Interest Income	(98.80)	(130.86)
Dividend income	(27.65)	(5.25)
Profit on sale of investments (net)	(5.59)	(117.73)
Interest Expenses	147.54	42.07
Gain on sale of fixed assets	(2.38)	-
Amortisation of stock compensation under Employee stock option plans	49.84	56.12
Other non cash charges	2.17	35.36
Operating profit before working capital changes	1,955.67	1,858.97
Movement in Working Capital		
Increase in sundry debtors	(417.82)	(248.75)
Decrease / (Increase) in inventories	104.33	(102.39)
Decrease / (Increase) in loans & advances	8.64	(134.04)
Increase in other assets	(38.23)	(208.03)
Increase in current liabilities and provisions	513.65	110.21
Cash generated from operations	2,126.24	1,275.97
Direct taxes paid (net of refunds)	(335.06)	(158.22)
Net cash from operating activities	1,791.18	1,117.75
B. Cash flows from investing activities		
Proceeds from / (Investments in) fixed deposits (net)	397.40	(954.34)
Purchase of investments in mutual funds	(10,628.44)	(654.48)
Proceeds from sale of mutual funds	9,871.92	2,119.46
Investment in bonds	(50.00)	(23.00)
Proceeds from sale of bonds	20.00	15.00
Deposits with body corporate	(100.00)	-
Purchase of fixed assets (including capital advances)	(646.82)	(638.77)
Proceeds from sale of fixed assets	14.82	7.78
Stake acquired from minority	-	(0.06)
Payment for business acquisition (net of cash acquired)	(50.82)	(3,368.30)
Income from dividend and interest	171.45	85.23
Taxes paid	(13.62)	(61.08)
Net cash (used for) investing activities	(1,014.11)	(3,472.56)
C. Cash flows from financing activities		
Proceeds from issue of share capital	103.99	20.11
Proceeds from Issue of Debentures	1,000.00	-
Proceeds from secured loans	1,243.51	3,536.95
Repayment of secured loans	(2,488.99)	(1,020.39)
Proceeds from unsecured loans	496.88	484.35
Repayment of unsecured loans	(610.53)	(8.74)

Consolidated Cash flow statement

(All amounts in crores of rupees)

	Year ended 30 June 2010	Year ended 30 June 2009
Interest on loans	(141.31)	(40.14)
Dividend paid to minority shareholders of consolidated subsidiaries	-	(4.48)
Dividends paid (including corporate dividend tax)	(315.18)	(704.42)
Principal payment for capital lease obligations	(16.21)	(13.35)
Cash flows (used for) financing activities	(727.84)	2,249.89
Effect of exchange rates on cash and cash equivalents held in foreign currency	29.83	38.04
Net increase / (decrease) in cash and cash equivalents (A+B+C)	49.23	(104.92)
Cash and cash equivalents at the beginning of the year	404.26	471.14
Cash and cash equivalents at the end of the year	483.32	404.26
Cash and Bank Balances as per Schedule - 9 (refer note 1 below)	1,580.37	1,898.70
Less: Fixed Deposits greater than three months	(1,097.05)	(1,494.44)
Cash and cash equivalents in cash flow statement	483.32	404.26

Notes:

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

Investor Education and Protection Fund-Unclaimed dividend	2.35	2.32
Bank Guarantees margin	11.87	12.54
Fixed deposit pledged with Bank	-	586.95

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

As per our report of even date.

For **HCL Technologies Limited**

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

Shiv Nadar
Chairman and Chief Strategy Officer

T S R Subramanian
Director

Vineet Nayar
CEO & Wholetime Director

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Membership Number: 17401

Sandip Gupta
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Prahlad Rai Bansal
Corporate Vice President - Finance

Raj Kumar Walia
Senior Vice President - Finance & Accounts

Manish Anand
Deputy Company Secretary

Gurgaon, India
29 July 2010

Noida (UP), India
29 July 2010

Schedules to the consolidated accounts

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

Schedule 1: Share Capital	As at 30 June 2010	As at 30 June 2009
Authorised		
750,000,000 (Previous year 750,000,000) equity shares of Rs. 2 each	150.00	150.00
Issued, subscribed and paid up		
678,783,812 (Previous year 670,256,600) equity shares of Rs. 2 each, fully paid up	135.76	134.05
	135.76	134.05

Notes :

1 Paid up share capital includes:-

- 42,449,979 (Previous Year: 42,449,979) equity shares of Rs. 2 each allotted as fully paid up, pursuant to contracts for consideration other than cash.
- 82,986,872 (Previous Year: 82,986,872) equity shares of 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.

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

Schedule 2: Reserve and Surplus		Year ended 30 June 2010	Year ended 30 June 2009
1	Securities Premium Account		
	Opening balance	1,273.08	1,209.94
	Exercise of stock option by employees	165.91	63.14
		1,438.99	1,273.08
2	Foreign currency translation reserve		
	Opening balance	118.04	(48.02)
	Exchange difference during the year on net investment in Non-integral operations	(303.07)	166.06
		(185.03)	118.04
3	General Reserve		
	Opening balance	808.62	708.89
	Add: Transferred from profit and loss Account	105.66	99.73
		914.28	808.62
4	Capital Redemption Reserve (refer Note1 below)		
	Opening balance	45.00	-
	Add: Transferred from Profit and Loss Account	-	45.00
		45.00	45.00
5	Debenture Redemption Reserve		
	Opening balance	-	-
	Add: Transferred from Profit and Loss Account	295.00	-
		295.00	-
6	Hedging Reserve account (net of deferred tax)		
	Opening balance	(642.79)	(411.85)
	Movement during the period (net)	550.33	(230.94)
		(92.46)	(642.79)
7	Employee Stock Options Outstanding		
	Less: Deferred employee compensation	216.23	259.41
		16.09	45.63
		200.14	213.78
8	Profit & Loss Account		
	Total	3,535.14	2,992.55
		6,151.06	4,808.28

Notes :

- 1 During the year ended June 30, 2009, HCL Comnet Systems and Services Limited ("the subsidiary company"), a subsidiary of the Company redeemed all of its outstanding preference share capital which was owned by the Company. Pursuant to such redemption and in compliance with the provisions of the Companies Act, 1956, the subsidiary company transferred an amount of Rs. 45 Crores out of previous years profit to Capital Redemption Reserve.
- 2 The Profit and Loss Account includes profit/(loss) of Rs.4.36 Crores (Previous Year: Rs.4.27 Crores) being the company's share of profit of jointly controlled entities.

Schedules to the consolidated accounts

(All amounts in crores of rupees)

Schedule 3: Secured Loans	As at 30 June 2010	As at 30 June 2009
Debentures (refer note 1 below)		
7.55% Secured redeemable non convertible debentures of Rs. 10 Lacs each	170.00	-
8.20% Secured redeemable non convertible debentures of Rs. 10 Lacs each	330.00	-
8.80% Secured redeemable non convertible debentures of Rs. 10 Lacs each	500.00	-
From Banks		
Long Term Loans (refer Note 2 below)	1,212.08	-
Short Term Loans (refer Note 3, 4 and 5 below)	9.29	2,491.94
From Others		
-Finance Lease Obligations (refer Note 4(i) of Schedule 20 and Note 6 below)	61.03	39.10
-Others (refer Note 7 below)	63.50	64.33
	2,345.90	2,595.37

Notes :

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

Debentures are redeemable at par on following dates:-

Debenture - Series

7.55% Redeemable non convertible debentures

Maturity Date

August 25, 2011

8.20% Redeemable non convertible debentures

August 25, 2012

8.80% Redeemable non convertible debentures

September 10, 2014

2. Secured by pledge of equity shares of certain subsidiaries and corporate guarantee. Amount payable within one year is Rs.151.51 crores (Previous Year:Rs. Nil crores)
3. Rs.Nil crores (Previous Year: Rs 96.94 crores) secured by fixed deposits pledged with banks of Rs.Nil Crore (Previous Year: Rs 586.95 crores).
4. Rs. Nil crores (Previous Year: Rs 2,395 crores) secured by pledge of equity shares of a subsidiary and corporate guarantee.
5. Rs.9.29 crores (Previous Year: Rs.Nil crores) secured by fixed assets and current assets except vehicle of a subsidiary.
6. Obligations under finance lease are secured by fixed assets taken on finance lease obligations. Amount payable within one year is Rs. 24.26 crores (Previous Year: Rs 15.18 crores)
7. Rs.63.50 crores (Previous Year: Rs 64.33 crores) secured by hypothecation of gross block of fixed assets (Plant & Machinery) of Rs. 71.60 crores (Previous Year: Rs 65.41 crores) of a subsidiary. Amount payable within one year is Rs.15.43 crores (Previous Year: Rs. 13.87 crores)

Schedule 4: Unsecured Loans	As at 30 June 2010	As at 30 June 2009
Commercial Paper (short term) [Maximum amount raised at any time during the year Rs.Nil crores (Previous Year: Rs. 150 crores)]	-	150.00
Short term loans and advances		
-From Banks	367.79	264.65
Other Loans and advances		
- From financial institution [Due within one year is Rs Nil crores (Previous Year: Rs 0.02 crores)]	-	0.02
- From Others [Due within one year is Rs 3.31 crores (Previous Year: Rs 1.66 crores)]	10.55	6.18
	378.34	420.85

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

Schedule 5: Fixed Assets (refer Note I (e), (f), (g) and 4 (i) of Schedule 20)														
Particulars	Gross Block						Accumulated Depreciation / Amortisation						Net Block	
	As at 1 July 2009	Additions	Additions on Acquisition	Deletions/ Adjustments	Translation change differences	As at 30 June 2010	As at 1 July 2009	Charge for the year	Deletions/ Adjustments	Translation change differences	As at 30 June 2010	As at 30 June 2010	As at 30 June 2009	
Goodwill	3,862.12	-	105.57	-	(320.43)	3,647.26	132.23	-	-	(5.46)	126.77	3,520.49	3,729.89	
Freehold land	85.24	-	-	-	(0.15)	85.09	-	-	-	-	-	85.09	85.24	
Leasehold land	117.14	8.65	-	-	-	125.79	6.75	1.40	-	-	8.15	117.64	110.39	
Buildings	346.29	164.19	-	-	(3.14)	507.34	53.08	21.95	-	(0.62)	74.41	432.93	293.21	
Plant and machinery	608.53	114.88	-	5.81	(2.82)	714.78	368.22	111.50	5.52	(2.27)	471.93	242.85	240.31	
Computers - Owned	841.40	144.87	-	17.89	(15.80)	952.58	661.50	121.13	8.58	(13.32)	760.73	191.85	179.90	
- Leased	0.01	-	-	-	-	0.01	0.01	-	-	-	0.01	-	-	
Software	409.34	104.32	-	0.72	(6.52)	506.42	261.68	94.15	0.05	(5.08)	350.70	155.72	147.66	
Furniture and fittings - Owned	448.37	23.28	-	6.66	(6.37)	458.62	356.58	54.50	6.54	(5.73)	398.81	59.81	91.79	
- Leased	0.07	-	-	-	-	0.07	0.07	-	-	-	0.07	-	-	
Vehicles - Owned	6.23	0.12	-	0.08	(0.01)	6.26	4.15	0.76	0.07	(0.01)	4.83	1.43	2.08	
- Leased	54.90	12.92	-	10.44	-	57.38	19.60	12.72	6.75	-	25.57	31.81	35.30	
June 30, 2009	6,779.64	573.23	105.57	41.60	(355.24)	7,061.60	1,863.87	418.11	27.51	(32.49)	2,221.98	4,839.62	4,915.77	
Capital Work-in-progress (including capital advances)	2,538.54	822.24	3,495.37	40.35	(36.16)	6,779.64	1,410.12	473.51	32.57	12.81	1,863.87	4,915.77	1,128.42	
												609.13	489.13	

Notes:

- 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 up to 30 June 2010 and the depreciation for the year ended on that date amounted to Rs.1.48 crores (Previous Year: Rs. 1.46 crores) and Rs.0.02 crores (Previous Year: Rs. 0.10 crores) respectively.
- Additions to fixed assets and accumulated depreciation include Rs 10.83 crores (Previous Year: Rs.0.31 crores) and Rs.0.91 crores (Previous Year: Rs. 0.47 crores) respectively in respect of the Company's share of fixed assets on account of proportionate consolidation of joint ventures.
- Addition to depreciation charge for the year includes Rs. Nil crores (Previous Year: 98.04 crores) acquired on acquisition (refer Note no.2B (a),(b) and (c) of Schedule 20).

Schedules to the consolidated accounts

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

Schedule 6: Investments	As at 30 June 2010	As at 30 June 2009
A) Long Term Investments (At cost)		
<i>(Non trade and unquoted)</i> (refer Note 11 of Schedule 20)		
Investment in mutual funds (refer Note 1 below)	-	20.03
Investment in bonds	50.00	20.00
Total Long term investments (A)	50.00	40.03
B) Current Investments (At lower of cost and market value)		
<i>Unquoted</i> (refer Note 11 of Schedule 20)		
Investment in mutual fund (refer Note 2 below)	782.13	0.01
Less: Diminution in value of Investments written off	(0.73)	-
	781.40	0.01
<i>Quoted</i>		
Investment in Nil equity shares (Previous Year: 5,478 equity shares) of Technology Solution Company Inc., United States of America	-	0.10
Less: Diminution in value of Investments written off	-	(0.10)
	-	-
Investment in 7,790 equity shares (Previous Year: 7,790 equity shares) of American Commercial Lines Inc., United States of America (refer Note 3 below)	0.30	0.30
Total Current Investments (B)	781.70	0.31
Grand Total (A) + (B)	831.70	40.34

Notes:

1. Net asset value of of long term investments in mutual fund as on 30 June 2010 is Rs.Nil crores (Previous Year: Rs. 22.01crores).
2. Net asset value of current investments in mutual funds as on 30 June 2010 Rs. 784.32 crores (Previous Year: Rs. 0.01 crores).
3. The market value of the investment in shares of American Commercial Lines Inc. as on 30 June 2010 is Rs. 0.81 crores (Previous Year: Rs. 0.58 crores).

Schedule 7: Inventories (at lower of cost and net realisable value)	As at 30 June 2010	As at 30 June 2009
Finished goods	55.47	161.61
Stores and spares	7.55	-
Goods in transit	2.15	7.95
	65.17	169.56

Schedules to the consolidated accounts

(All amounts in crores of rupees)

Schedule 8: Sundry Debtors	As at 30 June 2010	As at 30 June 2009
Debts outstanding for a period exceeding six months		
- Unsecured, considered good	108.40	96.20
- Unsecured, considered doubtful	128.03	126.32
	236.43	222.52
Other debts		
- Unsecured, considered good	2,412.66	2,078.85
- Unsecured, considered doubtful	6.94	32.89
	2,419.60	2,111.74
Less: Provision for doubtful debts	134.97	159.21
	2,521.06	2,175.05

Schedule 9: Cash and Bank Balances	As at 30 June 2010	As at 30 June 2009
Cash on hand	0.12	0.12
Cheques on hand	17.14	77.51
Remittances in transit	86.80	185.33
Balances with scheduled banks		
- On current accounts	63.44	47.58
- On fixed deposit accounts (refer Note 1 below)	1,099.23	1,494.62
- On unclaimed dividend account	2.35	2.32
Balance with other banks		
- On Current accounts	301.55	78.86
- On Deposit accounts	9.74	12.36
	1,580.37	1,898.70

Note:

1. Pledged with banks as security for loan Rs.Nil crores (Previous Year: Rs. 586.95 crores) and for guarantees and letters of credit- Rs.11.87 crores (Previous Year: Rs. 12.54 crores).

Schedule 10: Other Current Assets	As at 30 June 2010	As at 30 June 2009
Unbilled revenue	532.80	546.27
Deferred cost	409.76	394.27
Unrealised gain on derivative financial instruments	3.65	-
	946.21	940.54

Schedules to the consolidated accounts

(All amounts in crores of rupees)

Schedule 11: Loans and Advances	As at 30 June 2010	As at 30 June 2009
(Unsecured and considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
- Considered good	441.51	483.93
- Considered doubtful	8.05	12.67
Interest receivable	30.48	75.47
Inter corporate deposits with HDFC Limited	100.00	-
MAT credit entitlement	196.04	77.90
Advance Fringe Benefit Tax (refer Note 1 below)	2.03	-
Finance Lease Receivables (refer Note 4 (iii) of Schedule 20)	63.73	40.56
	841.84	690.53
Less: Provision for doubtful advances	8.05	12.67
	833.79	677.86

Note:

1. Net of provision for fringe benefit tax of Rs. 89.27 crores (Previous Year: Rs. Nil crores)

Schedule 12: Current Liabilities	As at 30 June 2010	As at 30 June 2009
Current liabilities		
Sundry creditors	1,788.82	2,013.78
Unrealised loss on derivative financial instruments	145.93	617.90
Advance from customers	107.44	84.44
Unearned Revenue	816.27	445.04
Investor Education and Protection Fund shall be credited by following amounts (as and when due)		
(a) Unclaimed dividend	2.35	2.32
Interest accrued but not due on borrowings	9.82	3.76
Other liabilities	109.30	110.76
	2,979.93	3,278.00

Schedule 13: Provisions	As at 30 June 2010	As at 30 June 2009
Provisions for		
Provisions for Income Tax (refer Note 1 below)	226.41	182.80
Provisions for Fringe Benefit Tax (refer Note 2 below)	-	4.11
Provisions for Wealth Tax (refer Note 3 below)	1.80	1.50
Proposed Dividend	67.87	67.03
Tax on Proposed Dividend	11.27	11.39
Provisions for Warranty	6.37	2.99
Provisions for Other staff benefits	292.32	253.66
	606.04	523.48

Notes:

1. Net of advance income tax of Rs.799.44 crores (Previous Year: Rs 546.48 crores)
2. Net of Advance fringe benefit tax of Rs.Nil crores (Previous Year: Rs 104.73 crores).
3. Net of Advance wealth tax of Rs.1.56 crores (Previous Year: Rs 0.72 crores).

Schedule 14: Revenue	Year ended 30 June 2010	Year ended 30 June 2009
Sale of hardware and software	525.97	222.81
Services	11,610.32	10,006.60
	12,136.29	10,229.41

Schedules to the consolidated accounts

(All amounts in crores of rupees)

Schedule 15: Other Income	Year ended 30 June 2010	Year ended 30 June 2009
Interest income - gross		
- On fixed deposits [Includes, Tax deducted at source Rs.23.31 (Previous Year: Rs. 16.01 crores)]	90.16	122.38
- On investment (other than trade)	2.35	2.62
- Others	6.29	5.86
Profit on sale of investments - other than trade	5.59	117.76
Dividend from investments - other than trade	27.65	5.25
Provision for liabilities no longer required written back	7.77	4.05
Reversal of provision for doubtful debts	1.89	-
Profit on sale of Assets (refer Note 1 below)	2.38	-
Foreign exchange gain (net)	4.17	-
Miscellaneous income	5.87	4.28
	154.12	262.20

Note:

1. Net of loss on sale of fixed assets is Rs.1.75 crores (Previous year Rs. Nil crores)

Schedule 16: Cost of Goods Sold	Year ended 30 June 2010	Year ended 30 June 2009
Opening stock	161.61	53.09
Purchases	337.41	313.99
	499.02	367.08
Closing stock	(55.47)	(161.61)
	443.55	205.47

Schedule 17: Personnel expenses	Year ended 30 June 2010	Year ended 30 June 2009
Salaries, wages and bonus	5,572.63	4,604.98
Contribution to provident fund and other employee benefits	593.81	496.79
Staff welfare expenses	37.42	36.49
Employee stock compensation expense (refer Note 3 of Schedule 20)	49.84	56.12
	6,253.70	5,194.38

Schedules to the consolidated financial statements

(All amounts in crores of rupees)

Schedule 18: Operating and Other expenses	Year ended 30 June 2010	Year ended 30 June 2009
Rent	249.70	236.70
Power and fuel	118.13	123.93
Insurance	33.75	27.49
Repairs and maintenance		
- Plant and machinery	39.98	39.03
- Buildings	45.40	51.79
- Others	48.38	45.92
Communication costs	145.76	118.45
Postage and courier	5.65	15.77
Travel and conveyance	948.40	844.92
Business promotion	27.10	18.20
Legal and professional charges	111.95	106.40
Outsourcing Cost	894.75	488.94
Software license fee	88.04	87.63
Software tools	1.74	8.03
License and transponder fee	23.86	22.96
Printing and stationery	16.68	20.28
Rates and taxes	23.61	24.14
Advertising and publicity	11.37	7.64
Provision for doubtful advances / advances written off	1.10	7.53
Donations	0.12	0.30
Dues and subscription	9.53	11.15
Recruitment, training and development	66.36	52.92
Provision for doubtful debts net	-	82.68
Diminution in value of investments	0.73	0.10
Loss on sale of investments-other than trade	0.01	0.03
Exchange differences (net)	-	239.10
Miscellaneous expenses	586.38	318.03
	3,498.48	3,000.06

Schedule 19: Finance expenses	Year ended 30 June 2010	Year ended 30 June 2009
Interest		
-on debentures	69.32	-
-on banks	78.22	42.07
-on lease assets	7.10	5.09
-others	7.13	7.07
Bank charges (refer Note 1 below)	42.37	58.21
	204.14	112.44

Note:

1. Includes Rs 25.07 crores (Previous Year: Rs.48.68 crores) on account of fees paid to bank for loan taken by a subsidiary.

Schedules to the consolidated financial statements

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

Schedule 20: 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. The Group leverages an extensive offshore infrastructure and its global network of offices in various countries and professionals to deliver solutions across select verticals including Retail and consumer, Aerospace and defense, Automotive, Telecom, Financial Services, Government, Hi-tech, Media and Entertainment, Travel, Transportation and Logistics, Energy and utilities, Life Sciences and Healthcare.

1. Significant Accounting Policies
a) Basis of preparation

The financial statements have been prepared to comply with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies are consistent with those used in the previous year.

b) Use of estimates

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

c) Principles of consolidation

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

Subsidiaries of HCL Technologies Limited are as follows:-

Sr. No.	Name of the Subsidiaries	Country of Incorporation	Holding Percentage
1	HCL Comnet Systems and Services Limited	India	99.90%
2	HCL Bermuda Limited	Bermuda	100%
3	HCL Technologies (Shanghai) Limited	China	100%
4	HCL Technoparks Limited	India	100%

Step down subsidiaries of direct subsidiaries of HCL Technologies as mentioned above are as follows:-

Sr. No.	Name of the Subsidiaries	Country of Incorporation	Holding Percentage
1	HCL Great Britain Limited	UK	100%
2	HCL (Netherlands) BV	The Netherlands	100%
3	HCL GmbH	Germany	100%
4	HCL Belgium NV	Belgium	100%
5	HCL Sweden AB	Sweden	100%
6	HCL Italy SLR	Italy	100%
7	HCL Australia Services Pty. Limited	Australia	100%
8	HCL (New Zealand) Limited	New Zealand	100%
9	HCL Hong Kong SAR Limited	Hong Kong	100%
10	HCL Japan Limited	Japan	100%
11	HCL Comnet Limited	India	99.90%
12	HCL America Inc.	USA	100%
13	HCL Holdings GmbH	Austria	100%
14	Intelicent India Limited	India	100%
15	DSI Financial Solutions Pte. Limited	Singapore	100%
16	HCL BPO Services (NI) Limited	UK	100%
17	HCL Jones Technologies LLC	USA	51.00%
18	HCL Singapore Pte. Limited	Singapore	100%
19	HCL (Malaysia) Sdn. Bhd.	Malaysia	100%

Schedules to the consolidated financial statements

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

Schedule 20: Significant accounting policies and notes to the accounts (Contd.)

Sr. No.	Name of the Subsidiaries	Country of Incorporation	Holding Percentage
20	HCL EAI Services Limited	India	100%
21	HCL Poland sp. z o.o	Poland	100%
22	Capital Stream, Inc.	USA	100%
23	HCL EAS Limited	UK	100%
24	HCL Insurance BPO Services Limited *	UK	100%
25	HCL Expense Management Services Inc.**	USA	100%
26	Axon Group Limited. (formerly Axon Group Plc.)***	UK	100%
27	Axon EBT Trustee Limited ***	UK	100%
28	Axon Solutions (Canada) Inc.***	Canada	100%
29	Bywater Limited***	UK	100%
30	Axon Solutions Schweiz GmbH***	Switzerland	100%
31	Axon International Limited***	UK	100%
32	Axon Solutions Pty. Limited***	Australia	100%
33	Axon Solutions Inc.***	USA	100%
34	Axon Acquisition Company, Inc.***	USA	100%
35	Axon Solutions Limited***	UK	100%
36	Axon Solutions Sdn. Bhd.***	Malaysia	100%
37	Axon Solutions Singapore Pte. Limited ***	Singapore	100%
38	Axon Solutions (Shanghai) Co. Limited ***	China	100%
39	HCL Axon (Proprietary) Limited ***	South Africa	100%
40	JSPC- I Solutions Sdn. Bhd.	Malaysia	100%
41	JSP Consulting Sdn. Bhd.	Malaysia	100%
42	Aspire Solutions Sdn. Bhd.	Malaysia	100%
43	HCL Technologies Canada Inc.	Canada	100%
44	HCL Argentina s.a.	Argentina	100%
45	HCL Mexico S. de R.L.	Mexico	100%
46	HCL Technologies Romania s.r.l.	Romania	100%
47	HCL Hungary Limited	Hungary	100%
48	HCL Latin America Holding LLC	USA	100%
49	HCL (Brazil) Tecnologia da informacao Ltda.	Brazil	100%
50	HCL Retail Solutions Australia Pty Limited	Australia	100%
51	HCL Technologies Denmark Apps	Denmark	100%
52	HCL Technologies Norway AS	Norway	100%

* Acquired on 1 September 2008 (refer Note 2 (B) of Schedule 20)

** Acquired on 15 September 2008 (refer Note 2 (B) of Schedule 20)

*** Acquired on 15 December 2008 (refer Note 2 (B) of Schedule 20)

Sr. No.	Name of the Joint Ventures	Country of Incorporation	Holding Percentage
1	NEC HCL System Technologies Limited.	India	49%
2	Axon Balance LLC***	United States of America	50%
3	Axon Puerto Rico***	Puerto Rico	49%

*** Acquired on 15 December 2008 (refer Note 2 (B) of Schedule 20)

Subsidiary companies are those in which the Group, directly or indirectly, have an interest of more than one half of the voting power or otherwise has power to exercise control over the operations. Subsidiaries are consolidated from the date on which effective control is transferred to the Company until the date of cessation of the parent-subsidiary relationship.

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.

Schedules to the consolidated financial statements

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

Schedule 20: Significant accounting policies and notes to the accounts (Contd.)

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

Minority interest in subsidiaries represents the minority shareholders' proportionate share of net assets and the net income of HCL's majority owned subsidiaries.

Goodwill has been recorded to the extent that the cost of acquisition, comprising purchase consideration and transaction costs, exceeds the book value of net assets in each acquired company. The goodwill arising on consolidation is not amortized but tested for impairment on a periodic basis.

d) Revenue recognition

The Group derives revenues primarily from:-

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

i) Software services

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

ii) Infrastructure Services

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

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

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

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

iii) Business Process Outsourcing services

Revenue from business process outsourcing services is derived from both time based and unit-price contracts. Revenue is recognized as the related services are performed in accordance with the specific terms of the contracts with the 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 Group periodically estimates the undiscounted cash flows from the arrangement and compares it with the unamortized costs. If the unamortized costs exceed the undiscounted cash flow, a loss is recognized.

Schedules to the consolidated financial statements

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

Schedule 20: Significant accounting policies and notes to the accounts (Contd.)

The Group accounts for volume discounts and pricing incentives to customers. The discount terms in the Group's arrangements with customers generally entitle the customer to discounts, if the customer completes a specified level of revenue transactions. In some arrangements, the level of discount varies with increases in the levels of revenue transactions. The Group recognizes discount obligations as a reduction of revenue based on the 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 Group and is determined as the difference between the sales price and the then carrying value of the investment. Interest on the deployment of surplus funds is recognized using the time-proportion method, based on interest rates implicit in the transaction. Dividend income, commission, brokerage and rent are recognized when the right to receive the same is established.

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

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

f) Depreciation and amortization

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

Intangible assets other than goodwill acquired on consolidation are amortized over their respective individual estimated useful life 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

g) Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

h) Leases

Where the Company is the lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and

Schedules to the consolidated financial statements

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

Schedule 20: Significant accounting policies and notes to the accounts (Contd.)

reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income.

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

Where the Company is the lessor

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

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

i) Investments

Trade investments are the investments made to enhance the Group's business interests. Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

j) Foreign currency translation**(i) Initial Recognition**

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

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange Differences

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

(iv) Forward Exchange Contracts and options not intended for trading or speculation purposes.

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

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

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

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

Schedules to the consolidated financial statements

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

Schedule 20: Significant accounting policies and notes to the accounts (Contd.)

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

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

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

In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at monthly weighted average rates; and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

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

k) Inventory

Finished goods are valued at lower of the cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Cost of goods that are procured for specific projects is assigned by specific identification of their individual costs. Costs of goods that are interchangeable and not specific to any project is determined using weighted average cost formulae.

l) Employee stock compensation cost

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

m) Taxation

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and the tax regulations in the jurisdictions where the company conducts its business. Deferred income taxes charge or credit reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Group re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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

Schedules to the consolidated financial statements

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

Schedule 20: Significant accounting policies and notes to the accounts (Contd.)**n) Employee benefits****India**

- i Contributions to provident fund, a defined benefit plan are deposited with a recognised provident fund trust, set up by the Company. The interest rate payable by the trust to the beneficiaries every year is notified by the government and the company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.
- ii The Company made contributions to a scheme administered by an insurance company in respect of superannuation for applicable employees and such contributions are charged to profit and loss account. The Company had no further obligations to the superannuation plan beyond its monthly contributions.
- iii Gratuity liability and Post employment Medical Benefit liability are defined benefit obligations and are provided for on the basis of an actuarial valuation on projected unit method made at the end of each financial year.
- iv Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation at the year end. The actuarial valuation is done as per projected unit credit method.
- v Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.
- vi State Plans : The Company's contribution to State Plans namely Employee State Insurance Fund and Employees Pension Scheme are charged to 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.

o) 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.

p) Earnings per share

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

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

q) Borrowing Cost

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

r) Provisions

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

Schedules to the consolidated financial statements

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

Schedule 20: Significant accounting policies and notes to the accounts (Contd.)

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.

s) Cash and cash equivalent

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

2. Acquisitions / Sale

A. Current year acquisitions

a) UCS Solutions holding (pty) Limited

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

b) RKV Technologies

On March 31, 2010, the Group through its subsidiary, acquired unemployment Insurance Practice for a total cash consideration of Rs 22.17 crores (USD 5mn). The transaction has been accounted by following the purchase method and resulted in goodwill aggregating to Rs. 23.2 crores. The goodwill has been allocated to software segment

B. Previous year acquisitions

a) HCL Insurance BPO Services Limited

On September 1, 2008, the Group, 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 Group believes that the acquisition would help in providing value based back office services to its customers in insurance vertical.

b) HCL Expense Management Services Inc.

On September 15, 2008, the Group 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.

c) Axon Group Limited.

On December 15, 2008, the Group, 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.

3. Employee Stock Option Plan (ESOP)

The Group has provided various share-based payment schemes to its employees. During the year ended 30 June 2010, the following schemes were in operation:

	ESOP 1999	ESOP 2000	ESOP 2004
Date of Shareholders approved under the scheme	20,000,000	15,000,000	20,000,000
Method of Settlement (Cash/Equity)	Equity	Equity	Equity
Vesting Period (Maximum)	110 months	104 months	84 months
Exercise Period from the date of vesting (maximum)	5 years	5 years	5 years
Vesting Conditions	Service Period	Service Period	Service Period

Schedules to the consolidated financial statements

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

Schedule 20: Significant accounting policies and notes to the accounts (Contd.)

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

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

ESOP 1999	Year ended 30 June			
	2010		2009	
	No of options	Weighted average exercise price (Rs.)	No of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	23,99,885	765.33	28,22,430	773.81
Add: Granted during the year	-	-	-	-
Less: Forfeited during the year	(420)	636.00	(79,280)	657.09
Exercised during the year	(5,88,774)	730.38	(1,07,314)	650.26
Expired during the year	(2,87,834)	899.31	(2,35,951)	955.41
Options outstanding at the end of the year	1,522,857	753.56	2,399,885	765.33
Options exercisable at the end of the year	1,522,857		1,673,925	

The weighted average share price for stock options exercised during the year was Rs.1,422.88.

ESOP 2000	Year ended 30 June			
	2010		2009	
	No of options	Weighted average exercise price (Rs.)	No of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	34,73,285	649.37	40,91,441	648.06
Add: Granted during the year	-	-	-	-
Less: Forfeited during the year	(1,100)	525.55	(1,56,680)	614.87
Exercised during the year	(9,22,102)	619.63	(2,31,716)	587.12
Expired during the year	(1,98,903)	789.97	(2,29,760)	712.26
Options outstanding at the end of the year	23,51,180	649.20	34,73,285	649.37
Options exercisable at the end of the year	23,51,180		21,07,570	

The weighted average share price for stock options exercised during the year was Rs. 1,400.89

ESOP 2004	Year ended 30 June			
	2010		2009	
	No of options	Weighted average exercise price (Rs.)	No of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	25,45,431	39.21	33,25,543	36.17
Add: Granted during the year	240,000	8.00	-	-
Less: Forfeited during the year	(57,925)	20.65	(1,24,520)	45.87
Exercised during the year	(6,20,927)	37.20	(6,40,052)	12.00
Expired during the year	(27,467)	294.97	(15,540)	455.74
Options outstanding at the end of the year	20,79,112	33.34	25,45,431	39.21
Options exercisable at the end of the year	6,79,935		4,96,610	

The weighted average share price for stock options exercised during the year was Rs. 1,323.62.

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

Schedule 20: Significant accounting policies and notes to the accounts (Contd.)

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

Name of the Plan	Range of exercise prices	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (Rs.)
Employee Stock Option Plan -1999	Rs.240- Rs.750	10,82,747	3.34	648.97
	Rs.985- Rs.2,444	4,40,110	0.10	1,010.87
Employee Stock Option Plan -2000	Rs.260- Rs.470	1,09,880	1.50	406.30
	Rs.483- Rs.823	21,09,285	3.14	629.34
	Rs.1,016- Rs.1,312	1,32,015	0.59	1,168.72
Employee Stock Option Plan -2004	Rs.8.00	20,01,617	4.85	8.00
	Rs.642- Rs.741	77,495	3.32	687.87

The details of exercise price for stock options outstanding at the end of the year 30 June, 2009 are:

Name of the Plan	Range of exercise prices	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (Rs.)
Employee Stock Option Plan -1999	Rs.240- Rs. 750	16,12,881	3.95	640.83
	Rs. 985- Rs.2,444	7,87,004	0.89	1,020.48
Employee Stock Option Plan -2000	Rs.260- Rs. 470	1,77,035	2.27	407.42
	Rs.483- Rs. 823	30,83,766	4.11	627.44
	Rs.1,016-Rs.1,312	2,12,484	1.31	1,169.25
Employee Stock Option Plan -2004	Rs.8.00	24,27,963	5.59	8.00
	Rs. 642- Rs. 741	1,17,468	4.30	684.22

The weighted average fair value of stock options granted during the year was Rs. 1,204.21. The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

Particulars	Year ended 30 June	
	2010	2009
Weighted average share price	Rs. 288.94	-
Exercise Price	Rs. 2.00	-
Expected Volatility	37.76%	-
Historical Volatility	37.76%	-
Life of the options granted (Vesting and exercise period) in years	1.02 - 5.01 years	-
Expected dividends	Rs.4	-
Average risk-free interest rate	7.00%	-
Expected dividend rate	1.38%	-

The expected volatility was determined based on historical volatility data; historical volatility includes early years of the Company's life; the Company expects the volatility of its share price to reduce as it matures. To allow for the effects of early exercise, it was assumed that the employees will exercise the options after the vesting date when the share price was twice the exercise price.

The Group has calculated the compensation cost based on the intrinsic value method i.e. the excess of market price of underlying equity shares on the date of the grant of options over the exercise price of the options 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:

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

Schedule 20: Significant accounting policies and notes to the accounts (Contd.)

Particulars	Year ended 30 June	
	2010	2009
Net income- As reported	1,259.19	1,319.63
Add: Employee stock compensation under intrinsic value method	48.73	52.64
Less: Employee stock compensation under fair value method	81.68	59.58
Net income - Proforma	1,226.24	1,312.69
Earnings per share (Rs.)		
Basic - As reported	18.69	19.72
- Proforma	18.20	19.62
Diluted - As reported	18.27	19.72
- Proforma	17.79	19.62

4. Leases
Incase of assets taken on lease
i) Finance lease:

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

Particulars	Total minimum lease payments outstanding as on 30 June 2010	Interest included in minimum lease payments	Present value of minimum lease payments
Not later than one year	24.26	3.90	20.36
	(20.04)	(4.86)	(15.18)
Later than one year and not later than 5 years	43.71	3.04	40.67
	(28.69)	(4.76)	(23.93)
later than 5 years	-	-	-
	(-)	(-)	(-)
	67.97	6.94	61.03
	(48.73)	(9.63)	(39.10)

Previous year figures are in brackets.

ii) Operating Lease

a) The Group's significant leasing arrangements are in respect of operating leases for office space and accommodation for its employees. The aggregate lease rental expense recognized in the profit and loss account for the year amounts to Rs. 243.46 crores (previous year Rs. 234.24 crores). The escalation amount for non-cancellable operating lease payable in future years and accounted for by the company is Rs 51.78 crores. Future minimum lease payments and payment profile of non-cancellable operating lease are as follows:

Particulars	Year ended 30 June	
	2010	2009
Not later than one year	209.80	195.24
Later than one year and not later than 5 years	478.74	482.48
Later than five years	322.01	357.19

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

Schedule 20: Significant accounting policies and notes to the accounts (Contd.)**Incase of assets given on lease****iii) Finance Lease:**

a) The Group has given networking equipments to its customers on finance lease basis. The future lease payment receivables in respect of assets given on finance lease are as follows:

Particulars	Total minimum lease payments receivable as on 30 June 2010	Interest included in minimum lease payments receivable	Present value of minimum lease payments receivable
Not later than one year	32.42	4.77	27.65
	(11.89)	(3.21)	(8.67)
Later than one year and not later than 5 years	43.56	7.48	36.08
	(37.91)	(6.03)	(31.89)
later than 5 years	-	-	-
	(-)	(-)	(-)
	75.98	12.25	63.73
	(49.80)	(9.24)	(40.56)

Previous year figures are in brackets.

iv) Operating Lease

a) The Group 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. 5.28 crores (previous year Rs. NIL crores).

5. Segment Reporting**Identification of Segments**

The Group's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Group operate.

(i) Business Segments

The operations of the Group 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 Group, who is the Chief Strategy Officer, evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by types of service provided by the Group and geographic segmentation of customers.

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

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

(ii) Geographic Segments

Geographic segmentation is based on the location of the respective client. The principal geographical segments have been classified as America, Europe, India and others. Europe comprises business operations conducted by the Group in the United Kingdom, Sweden, Germany, Italy, Belgium, Netherlands, Northern Ireland, Finland, Poland and Switzerland. Since services provided by the Group within these European entities are subject to similar risks and returns, their operating results have been reported as one segment, namely Europe. India has been identified as a separate segment. All other customers, mainly in Japan, Australia, New Zealand, Singapore, Malaysia, Israel, South Korea, China, Czech Republic, Macau, UAE, Portugal, Russia and Hong Kong are included in others.

The Group is presenting only revenue for geographic segments.

(iii) Segment accounting policies

The accounting principles consistently used in the preparation of the financial statements and consistently applied to record revenue and expenditure in individual segments are as set out in note 1 to this schedule on significant accounting policies. The accounting policies in relation to segment accounting are as under:

Schedules to the consolidated financial statements

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

Schedule 20: Significant accounting policies and notes to the accounts (Contd.)
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, other than temporary diminution in the value of long term investments, charge taken for stock options issued to employees, corporate expenses and finance cost.

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

Particulars	Software services	Business process outsourcing services	Infrastructure services	Inter segment transactions	Total
Revenue					
- External revenue	8,427.60	950.90	2,757.79	-	12,136.29
- Internal revenue					
Total	8,427.60	950.90	2,757.79	-	12,136.29
Segment results	1,288.87	(60.87)	431.50	-	1,659.50
Unallocated corporate expenses					(135.15)
Interest Expense					(204.14)
Other Income					53.42
Interest Income					98.80
Net profit before taxes					1,472.43
Tax expense					213.43
Minority Interest					0.19
Net profit after taxes					1,259.19
Assets					
Segment assets	7,063.70	488.67	1,817.51	-	9,369.88
Unallocated assets					3,232.82
Total assets					12,602.70
Liabilities					
Segment liabilities	4,496.17	256.17	1,103.53	-	5,855.86
Unallocated liabilities					458.03
Total liabilities					6,313.89
Others					
Capital expenditure (including capital work in progress)	259.04	65.53	197.23	-	521.80
Unallocated corporate capital expenditure					110.20
Total	259.04	65.53	197.23		632.00
Significant non-cash adjustments					
Depreciation	209.73	46.13	122.54	-	378.40
Unallocated corporate depreciation					39.71
Total	209.73	46.13	122.54		418.11
Provision for doubtful debts/Advances and bad debts /advances written off					(0.79)

Schedules to the consolidated financial statements

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

Schedule 20: 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:

Particulars	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	1,401.45	119.86	272.62	-	1,793.93
Unallocated corporate expenses					(339.90)
Interest Expense					(112.44)
Other Income					131.34
Interest Income					130.86
Net profit before taxes					1,603.79
Tax expense					284.34
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					90.21

The Group has four geographic segments: America, Europe, India and Others. Revenue from the geographic segments based on domicile of the customer is as follows:

Particulars	Year ended 30 June 2010	Year ended 30 June 2009
America	6,852.19	5,568.83
Europe	3,430.52	2,986.81
India	660.75	550.88
Others	1,192.83	1,122.89
Total	12,136.29	10,229.41

Schedules to the consolidated financial statements

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

Schedule 20: Significant accounting policies and notes to the accounts (Contd.)

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

Particulars	Carrying amount of segment assets and Intangible assets	
	2010	2009
America	4,539.07	4,206.64
Europe	2,445.70	2,616.02
India	1,782.73	2,005.34
Others	602.38	411.80
Total	9,369.88	9,239.80

6. Related Parties
a) Related parties where control exists

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

Jointly controlled entities

NEC HCL System Technologies Limited
 Axon Balance LLC, United States of America
 Axon Puerto Rico Inc., Puerto Rico

b) Related parties with whom transactions have taken place during the year
Key Management Personnel

Shiv Nadar – Chairman and Chief Strategy Officer
 Vineet Nayar - CEO and Whole Time Director

Others (Significant influence)

HCL Infosystems Limited
 HCL Security Limited
 HCL Infinet Limited.

HCL Corporation Limited ceased to be the holding company from 24 June 2010. As at 30 June 2010, HCL Corporation held 323,082,542 shares in the Company being 47.6% holding in the HCL Technologies Limited.

Transactions with related parties in the normal course of business are:

Particulars	Jointly controlled entities Year ended 30 June		Others Year ended 30 June		Key management personnel Year ended 30 June	
	2010	2009	2010	2009	2010	2009
Sale of materials and services	19.99	8.72	19.37	5.88	-	-
-NEC HCL Systems Technologies Limited	13.19	8.72	-	-	-	-
- Axon Puerto Rico	6.80	-	-	-	-	-
-HCL Infosystems Limited	-	-	17.43	5.62	-	-
Others	-	-	1.94	0.26	-	-
Other Receipts	-	-	-	-	-	-
-NEC HCL Systems Technologies Limited	-	-	-	-	-	-
Purchase of materials and services	9.43	3.52	76.40	75.95	-	-
-HCL Infosystems Limited	-	-	49.31	56.80	-	-
-HCL Infinet Limited	-	-	24.63	19.15	-	-
-NEC HCL Systems Technologies Limited	-	-	-	-	-	-
-Axon Puerto Rico INC.	9.43	1.76	-	-	-	-
-Axon Balance LLC	-	1.76	-	-	-	-
-Others	-	-	2.46	-	-	-
Payment for use of facilities	-	-	-	0.01	-	-
-HCL Infosystems Limited	-	-	-	0.01	-	-
-NEC HCL Systems Technologies Limited	-	-	-	-	-	-
Purchase of capital equipments	-	-	24.66	25.23	-	-
-HCL Infosystems Limited	-	-	24.31	24.44	-	-
-Others	-	-	0.35	0.79	-	-
Remuneration	-	-	-	-	9.30	9.14
CEO & Whole Time Director*	-	-	-	-	4.54	4.25
Chairman and Chief Strategy Officer	-	-	-	-	4.76	4.89

*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 20: Significant accounting policies and notes to the accounts (Contd.)c) *Outstanding balances*

Particulars	Jointly controlled entities		Others		Key management personnel	
	As at 30 June		As at 30 June		As at 30 June	
	2010	2009	2010	2009	2010	2009
Debtors	1.45	0.48	2.80	3.09	-	-
-HCL Infosystems Limited	-	-	2.67	2.76	-	-
-HCL Infinet Limited	-	-	0.13	0.33	-	-
-NEC HCL Systems Technologies Limited	0.58	0.03	-	-	-	-
-Axon Puerto Rico INC.	0.87	0.45	-	-	-	-
Other receivables	0.19	0.24	12.30	3.64	-	-
-HCL Infosystems Limited	-	-	11.81	3.51	-	-
-Others	-	-	0.49	0.13	-	-
-NEC HCL Systems Technologies Limited	0.19	0.24	-	-	-	-
Creditors	2.22	0.64	10.94	9.70	-	-
-HCL Infosystems Limited	-	-	9.90	9.55	-	-
-Others	-	-	1.04	0.15	-	-
-NEC HCL Systems Technologies Limited	0.96	0.30	-	-	-	-
-Axon Puerto Rico INC.	1.26	0.34	-	-	-	-

7 Components of Deferred Tax Assets / Liabilities

Components of Deferred Tax Assets / Liabilities are:

Particulars	As at 30 June 2010	As at 30 June 2009
Deferred tax assets:		
Business losses	95.98	67.27
Provision for doubtful debts	33.20	27.69
Accrued employee costs	72.65	80.15
Unrealized Loss on derivative financial instruments	7.51	132.30
Depreciation and amortization	89.03	84.75
Employee stock compensation	23.81	24.92
Deferred Revenue (net of deferred costs)	33.34	32.66
Others	33.96	21.46
Gross Deferred Tax Assets	389.48	471.2
Deferred tax liabilities:		
Depreciation and amortization	3.01	4.53
Others	10.80	10.15
Gross Deferred Tax Liabilities	13.81	14.68
Net Deferred Tax Assets	375.67	456.52

8. Research and Development Expenditure

Particulars	Year ended 30 June 2010	Year ended 30 June 2009
Revenue	55.01	55.36
Capital	-	-
	55.01	55.36

Schedules to the consolidated financial statements

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

Schedule 20: Significant accounting policies and notes to the accounts (Contd.)**9. Commitments and Contingent Liabilities**

Particulars	As at 30 June 2010	As at 30 June 2009
i) Capital & Other Commitments		
a) Capital commitments		
Estimated amount of unexecuted capital contracts (net of advances)	305.56	314.97
b) Outstanding letters of credit	46.88	31.24
	352.44	346.21
ii) Contingent Liabilities		
a) Disputed Income Tax (excluding Interest)	9.99	21.24
b) Others	17.76	10.64
	27.75	31.88

- c) Guarantees have been given by the Group against credit facilities, financial assistance and office premises taken on lease amounting to Rs. 20.94 crores (previous year Rs. 27.93 crores). These guarantees have been given in the normal course of the Group's operations and are not expected to result in any loss to the Group, on the basis of the Group fulfilling its ordinary commercial obligations.
- d) The Group and its various subsidiaries are required to comply with the local transfer pricing regulations, which are contemporaneous in nature. The Group appoints independent consultants annually for conducting a Transfer pricing study to determine whether transactions with associate enterprises are undertaken, during the financial year, on an arms length basis. Adjustments, if any, arising from the transfer pricing study in the respective jurisdictions shall be accounted for as and when the study is completed for the current financial year. The management is of the opinion that its international transactions are at arms length so that aforesaid legislation will not have any impact on the financial statements.

The amounts shown in the item (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 Group or the claimants as the case may be and therefore cannot be predicted accurately. The Group engages reputed professional advisors to protect its interest and has been advised that it has strong legal positions against such disputes.

10. Derivative Financial Instruments and Hedge Accounting**(a) Foreign currency forward and option contracts**

The Group is exposed to foreign currency fluctuations on foreign currency assets / liabilities, forecasted cash flows denominated in foreign currency. The use of derivatives to hedge foreign currency forecasted cash flows is governed by the Group's strategy, which provide principles on the use of such forward contracts and currency options consistent with the Group's Risk Management Policy. The counter party in these derivative instruments is a bank and the Group considers the risks of non-performance by the counterparty as non-material. A majority of the forward foreign exchange/option contracts mature between one to 12 months and the forecasted transactions are expected to occur during the same period. The Group does not use forward covers and currency options for speculative purposes.

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

Sell Covers	As at 30 June 2010	As at 30 June 2009
Foreign Currency	Rupee Equivalent (Rs in Crores)	
U.S. Dollar/INR	1,314.22	3,703.90
Sterling Pound/INR	65.09	101.95
Euro/INR	58.66	81.36
	1,437.97	3,887.21

Buy Covers	As at 30 June 2010	As at 30 June 2009
Foreign Currency	Rupee Equivalent (Rs in Crores)	
U.S. Dollar/INR	376.16	-
Total	376.16	-

Schedules to the consolidated financial statements

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

Schedule 20: Significant accounting policies and notes to the accounts (Contd.)

Buy Covers	As at 30 June 2010	As at 30 June 2009
	Rupee Equivalent (Rs in Crores)	
Purchase Options		
U.S. Dollar	74.30	-
Range Options		
U.S. Dollar	139.32	-
Euro/INR	28.52	-
Total	242.14	-

The following table summarizes activity in the General Reserves related to all derivatives classified as cash flow hedges during the years ended 30 June, 2010:

Particulars	Year ended 30 June 2010	Year ended 30 June 2009
Loss as at the beginning of the year	(775.09)	(490.63)
Unrealized gain/ (losses) on cash flow hedging derivatives during the year	197.05	(591.68)
Net losses reclassified into net income on occurrence of hedged transactions	478.07	244.52
Net losses reclassified into net income as hedged transaction are not likely to occur	-	62.70
Loss as at the end of the year (refer note 1 and 2 below)	(99.97)	(775.09)

As of the balance sheet date, the Company's net foreign currency exposure that is not hedged is Rs. 2,443.36 crores (30 June, 2009 Rs. 2,065.29 crores).

Notes:

- Balance as at year end is gross of deferred tax assets of Rs. 7.51 crores (previous year Rs. 132.30 crores).
 - At 30 June 2010, the estimated net amount of existing gain/(loss) that is expected to be reclassified into the income statement within next twelve months is Rs. 99.97 crores [previous year Rs(609.34) crores].
11. The details of investments in mutual funds/ bonds and their movements during the year are provided below:

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

Particulars	Face Value	Balance as at 30 June 2010		Balance as at 30 June 2009	
		Units	Amount	Units	Amount
10.75% Exim Bank Bonds 2008-09 (Series L-01)	-	-	-	100	10.00
11.10% Exim Bank Bonds 2008-09 (Series L-01)	-	-	-	100	10.00
IRFC Tax Free Bonds (Series 68)	100000	5000	50.00	-	-
Total			50.00	-	20.00

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

Particulars	Face Value	Balance as at 30 June 2010		Balance as at 30 June 2009	
		Units	Amount	Units	Amount
DSPML FMP- 12 M -Series 1 Growth	-	-	-	1,00,00,000	10.03
DSPML FMP- 12 M -Series 3 Growth	-	-	-	1,00,00,000	10.00
Total					20.03

Schedules to the consolidated financial statements

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

Schedule 20: Significant accounting policies and notes to the accounts (Contd.)
iii) Details of Investments in mutual funds - Other than trade and unquoted - Current Investments

Particulars	Face Value	Balance as at 30 June 2010		Balance as at 30 June 2009	
		Units	Amount	Units	Amount
Quarterly Dividend					
Reliance Quarterly Interval Fund Series III Inst	10	2,49,93,796	25.01	-	-
Monthly Dividend					
Birla Sun Life Dynamic Bond Fund	10	8,33,00,723	86.66	-	-
Birla Sunlife Medium Term Plan	10	5,00,57,242	50.50	-	-
Birla Sunlife Saving Fund-Institutional	10	4,92,75,015	50.46	-	-
HDFC Cash Management Fund-Treasury Advantage Plan -Whole sale	10	10,05,34,368	101.05	-	-
HDFC Short Term Fund	10	14,791,788	15.28	-	-
Reliance Short Term Fund	10	66,649,228	70.91	-	-
Tata Fixed Income Portfolio Fund Scheme A3	10	15,017,853	15.02	-	-
SBI Short Horizon Debt Fund-Short Term-IP	10	23,332,055	25.26	-	-
IDFC Money Manager Fund-Investment Plan IP Plan B	10	101,566,031	102.02	-	-
Monthly Dividend					
ICICI Prudential Short Term Plan IP	10	20,809,636	25.18	-	-
Fortnightly Dividend					
HDFC High Interest Fund-Short Term Plan	10	48,197,379	51.06	-	-
Weekly Dividend					
ICICI Prudential Banking & PSU Debt Fund	10	25,030,125	25.08	-	-
Daily Dividend					
IDFC Cash Fund Plan-C	10	4,414	0.00	-	-
TATA Liquid Fund-Super High Investment Plan	1000	80,761	9.01	-	-
Birla Sun Life savings	10	26,504,129	26.52	-	-
Reliance Medium Term Fund	10	4,316,838	7.38	-	-
IDFC Money Manager Fund Investment Plan		-	-	16,138	0.01
Growth Fund					
ICICI Prudential Medium Term Plan-Prem Plus	10	94,513,918	95.00	-	-
TOTAL			781.40		0.01

12. Earning Per Share

The computation of earning per share is as follows:

Particulars	Year ended 30 June 2010	Year ended 30 June 2009
Net profit as per Profit and Loss Account for computation of EPS	1,259.19	1,319.63
Weighted average number of equity shares outstanding in calculating Basic EPS	673,741,835	669,016,035
Dilutive effect of stock options outstanding	15,361,547	8,098,980
Weighted average number of equity shares outstanding in calculating dilutive EPS	689,103,382	677,115,015
Nominal value of equity shares	2.00	2.00
Earnings per equity share		
- Basic	18.69	19.72
- Diluted	18.27	19.49

Schedules to the consolidated financial statements

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

Schedule 20: Significant accounting policies and notes to the accounts (Contd.)**13. Employee Benefit Plans**

The Group has calculated the various benefits provided to employees as under:

A. Defined Contribution Plans and State Plans

Superannuation Fund

Employer's contribution to Employees State Insurance

Employer's contribution to Employee's Pension Scheme.

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

Particulars	Year ended 30 June 2010	Year ended 30 June 2009
Superannuation Fund	2.11	2.20
Employer's contribution to Employees State Insurance	0.78	0.53
Employer's contribution to Employee's Pension Scheme.	26.97	25.81
Total	29.86	28.54

Subsidiaries in US

Total contributions made to the plan by the company, for the years ended 30 June 2010 is Rs. 16.47 crores and 30 June 2009 is Rs.13.53 crores.

Subsidiaries in Australia

Total contributions made to the plan by the company, for the years ended 30 June 2010 is Rs. 13.35 crores and 30 June 2009 is Rs.9.2 crores.

Subsidiaries in Europe

Total contributions made to the plan by the company, for the years ended 30 June 2010 is Rs. 25.81 crores and 30 June 2009 is Rs.14.33 crores.

Subsidiaries in Asia (excluding India)

Total contributions made to the plan by the company, for the years ended 30 June 2010 is Rs. 20.67 crores and 30 June 2009 is Rs.10.74 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):

Profit and Loss Account

Net employee benefit expense (recognised in Employee Cost)

Particulars	Year ended 30 June 2010	Year ended 30 June 2009
Current Service cost	19.52	14.92
Interest cost on benefit obligation	5.74	5.20
Expected return on plan assets	-	-
Net Actuarial (gain)/loss recognised in the year	(4.40)	4.49
Past Service cost	-	-
Net benefit expense	20.86	24.61

Balance Sheet

Details of Provision for Gratuity

Particulars	Year ended 30 June 2010	Year ended 30 June 2009
Defined benefit obligations	94.36	78.70
Fair value of plan assets	0.05	-
	94.41	78.70
Less: Unrecognised past service cost	-	-
Plan (asset) / liability	94.41	78.70

Schedules to the consolidated financial statements

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

Schedule 20: Significant accounting policies and notes to the accounts (Contd.)

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

Particulars	Year ended 30 June 2010	Year ended 30 June 2009
Opening defined benefit obligations	78.81	57.65
Current service cost	19.52	14.92
Interest cost	5.74	5.20
Actuarial (gain)/loss on obligation	(4.40)	4.49
Benefits paid	(5.31)	(3.56)
Closing defined benefit obligations	94.36	78.70

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

Particulars	Year ended 30 June 2010	Year ended 30 June 2009
Opening fair value of planned assets	-	-
Expected returns	-	-
Contribution by employer	0.05	-
Benefits paid	-	-
Actuarial (gain)/loss	-	-
Closing fair value of plan assets	0.05	-

The Group expects to contribute Rs. 3.88 crores to gratuity in 2010-11.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been significant change in expected rate of return on assets due to the improved stock market scenario.

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

Particulars	Year ended 30 June 2010	Year ended 30 June 2009
Discount rate	7.15%	6.40%
Estimated Rate of salary increases	6%-10%	6%-10%
Employee Turnover	18.00%	18.00%
Expected rate of return on assets	-	-

Amounts for the current and previous year are as follows:

Particulars	Year ended 30 June 2010	Year ended 30 June 2009	Year ended 30 June 2008
Defined benefit obligations	94.36	78.70	57.64
Plan assets	0.05	-	-
Experience adjustment on plan liabilities	(2.23)	(6.69)	5.09
Experience adjustment on plan assets	-	-	-

The Group has adopted AS-15 revised from 01 July 2007 and thereby has not given disclosures of the above for the year ended 30 June, 2007 and 2006.

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 Group's actuary has expressed an inability to reliable measure provident fund liabilities. Accordingly the Group is unable to exhibit the related information.

During the year ended 30 June 2010, the Group has contributed Rs. 72.18 crores (previous year Rs. 40.37 crores) towards Employers' contribution to the Provident Fund.

Schedules to the consolidated financial statements

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

Schedule 20: Significant accounting policies and notes to the accounts (Contd.)**14. Joint Venture**

The Group 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 Group in the above jointly controlled entities are given hereunder:

Particulars	Year ended 30 June 2010	Year ended 30 June 2009
Revenue from software services	41.44	21.22
Other income	0.58	0.60
Total	42.02	21.82
Personnel expenses	21.48	7.00
Other Expenses	15.86	9.99
Depreciation and Amortization	0.90	0.47
Total	38.24	17.46
Profit Before Tax	3.78	4.36
Provision for tax	(0.58)	0.09
Net profit after tax	4.36	4.27

Particulars	As at 30 June 2010	As at 30 June 2009
Assets		
Fixed assets	10.89	2.04
Investments	-	0.03
Sundry Debtors	7.09	8.23
Cash and Bank Balances	11.10	18.74
Other Current Assets	3.49	2.55
Liabilities		
Current liabilities and provisions	15.17	15.17

Notes:

- NEC HCL System Technologies Limited financial statements are for the year ended 31 March, 2010 and 2009 respectively.
- Axon Puerto Rico Inc. financial statements are for the period ended 31 December 2009 and 2008 respectively.

15. Previous year comparatives

The figures of previous year were audited by a firm of Chartered Accountants other than S. R. Batliboi & Co.

Previous year figures have been re-classified/re-grouped to conform to current year's classifications.

As per our report of even date

For **HCL Technologies Limited**

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

Shiv Nadar
Chairman and Chief Strategy Officer

T S R Subramanian
Director

Vineet Nayar
CEO & Wholetime Director

Anil Chanana
Chief Financial Officer

per Tridibes Basu
Partner
Membership Number: 17401

Sandip Gupta
Deputy Chief Financial Officer

Prahlad Rai Bansal
Corporate Vice President - Finance

Raj Kumar Walia
Senior Vice President - Finance & Accounts

Manish Anand
Deputy Company Secretary

Gurgaon, India
29 July 2010

Noida (UP), India
29 July 2010

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, 2010	For previous financial years of the subsidiary since it became the holding company's subsidiary	For the year ended June 30, 2010	For previous financial years of the subsidiary since it became the holding company's subsidiary
1	HCL Bermuda Limited	30-Jun-10	292,670,582	100	85,211	(1,491,760)	Nil	Nil
2	HCL America Inc.	30-Jun-10	6,089,870	100	946,406	1,676,826	Nil	Nil
3	HCL Great Britain Limited	30-Jun-10	10,568,334	100	124,956	(492,752)	Nil	Nil
4	HCL Sweden AB	30-Jun-10	10,000	100	24,579	36,816	Nil	Nil
5	HCL (Netherlands) BV	30-Jun-10	400	100	2,741	107,911	Nil	Nil
6	HCL GmbH	30-Jun-10	257	100	(39,164)	(91,586)	Nil	Nil
7	HCL Italy SLR	30-Jun-10	20,000,000	100	(17,582)	(39,490)	Nil	Nil
8	HCL Belgium NV	30-Jun-10	2,750	100	(29,813)	(24,165)	Nil	Nil
9	HCL Australia Services Pty. Limited	30-Jun-10	500,000	100	636,547	417,319	Nil	Nil
10	HCL (New Zealand) Limited	30-Jun-10	46,414	100	113,654	86,235	Nil	Nil
11	HCL Hong Kong SAR Limited	30-Jun-10	193,167	100	71,330	(52,162)	Nil	Nil
12	HCL Japan Limited	30-Jun-10	4,400	100	30,217	18,297	Nil	Nil
13	HCL Holdings GmbH	31-Dec-09	6,500,000	100	(185,247)	4,367,619	Nil	Nil
14	Intelicent India Limited	30-Jun-10	106,070	100	22,140	228,236	Nil	Nil
15	HCL Comnet Systems and Services Limited	30-Jun-10	12,796,404	99.90	1,540,553	5,099,957	Nil	19610
16	DSI Financial Solutions Pte Limited	30-Jun-10	10,000	100	(999)	(732)	Nil	Nil
17	HCL BPO Services (NI) Limited	30-Jun-10	444,445	100	(333,657)	285,791	Nil	Nil
18	HCL Comnet Limited	30-Jun-10	949,840	99.90	65,708	533,006	Nil	Nil
19	HCL Jones Technologies LLC	30-Jun-10	1,714,000	51	(4,059)	29,442	Nil	Nil
20	HCL Singapore Pte Limited	30-Jun-10	2,000,000	100	245,165	793,674	Nil	45245
21	HCL (Malaysia) Sdn. Bhd	30-Jun-10	100,000	100	27,317	228,509	Nil	Nil
22	HCL EAI Services Limited	30-Jun-10	1,050,100	100	(13,114)	55,606	Nil	Nil
23	HCL Technoparks Limited	30-Jun-10	1,000,000	100	(8,420)	(13,671)	Nil	Nil
24	HCL Poland Sp.z.o.o.	30-Jun-10	17,000	100	1,473	(45,213)	Nil	Nil
25	HCL Technologies (Shanghai) Limited	31-Dec-09	Not Applicable	100	(5,753)	(54,952)	Nil	Nil
26	Capital Stream Inc.	30-Jun-10	10,000	100	135,173	(305,124)	Nil	Nil
27	HCL Expense Management Services Inc	30-Jun-10	1	100	(299,619)	(82,075)	Nil	Nil
28	Axon Group Limited	30-Jun-10	69,601,824	100	(25,382)	(1,966)	Nil	Nil
29	Axon Solutions Inc,	30-Jun-10	3,097,000	100	152,264	(856,676)	Nil	Nil
30	Bywater Limited	30-Jun-10	1,129,982	100	1,076	3,524	Nil	Nil
31	Axon Solutions Limited	30-Jun-10	100,150	100	(223,484)	1,266	Nil	Nil
32	Axon Solutions Sdn. Bhd.	30-Jun-10	10,000,000	100	(267,353)	(325,147)	Nil	Nil
33	Axon Solutions (Shanghai) Co. Ltd.	31-Dec-09	Not Applicable	100	498	1,686	Nil	Nil
34	Axon Solutions Singapore Pte Ltd.	30-Jun-10	100,000	100	(27,241)	(4,573)	Nil	Nil
35	JSPC i-Solutions Sdn Bhd	30-Jun-10	100,000	100	(125)	386,811	Nil	Nil
36	JSP Consulting Sdn. Bhd.	30-Jun-10	500,000	100	(103)	(686)	Nil	Nil
37	Aspire Solutions Sdn. Bhd.	30-Jun-10	200,000	100	(2,581)	(87)	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, 2010	For previous financial years of the subsidiary since it became the holding company's subsidiary	For the year ended June 30, 2010	For previous financial years of the subsidiary since it became the holding company's subsidiary
38	Axon International Limited	30-Jun-10	1	100	-	-	Nil	Nil
39	Axon Solution (Canada) Inc	30-Jun-10	1,000	100	(98,257)	(123,258)	Nil	Nil
40	Axon Solutions Australia Pty Limited	30-Jun-10	627,517	100	(183,551)	(85,981)	Nil	Nil
41	Axon Solutions Schweiz GmbH	30-Jun-10	20,000	100	70	6	Nil	Nil
42	Axon Acquisition Company, Inc.	30-Jun-10	1,000	100	-	-	Nil	Nil
43	Axon EBT Trustees Ltd.	30-Jun-10	199	100	-	-	Nil	Nil
44	HCL Insurance BPO Services Ltd.	30-Jun-10	3,310,000	100	(238,127)	51,023	Nil	Nil
45	HCL Technologies Canada Inc.	30-Jun-10	180,000	100	75,188	426	Nil	Nil
46	HCL EAS Limited,	30-Jun-10	86,784,566	100	(1,039,219)	(987,041)	Nil	Nil
47	HCL Axon (Proprietary) Ltd.	30-Jun-10	100	100	53,836	185	Nil	Nil
48	HCL (Brazil) Tecnologia da informacao Ltda.	31-Dec-09	3,730,600	100	(87,139)	-	Nil	Nil
49	HCL Technologies Romania s.r.l.	31-Dec-09	5,328	100	(941)	-	Nil	Nil
50	HCL Hungary Limited	30-Jun-10	9,000,000	100	(27)	-	Nil	Nil
51	HCL Latin America Holding LLC	30-Jun-10	4,646	100	(293)	-	Nil	Nil
52	HCL Argentina s.a.	30-Jun-10	354,525	100	(746)	-	Nil	Nil
53	HCL Mexico S. de R.L.	31-Dec-09	3,000	100	-	-	Nil	Nil

Notes:

- a) In respect of the subsidiaries whose financial year do not coincide with the financial year of the company, neither there has been change in the holding company's interest in the subsidiary nor any material transaction has occurred, between the end of the financial year of such subsidiary and end of financial year of the company.

For HCL Technologies Limited

Shiv Nadar
Chairman and Chief Strategy Officer

T S R Subramanian
Director

Vineet Nayar
CEO & Wholtime Director

Anil Chanana
Chief Financial Officer

Sandip Gupta
Deputy Chief Financial Officer

Prahlad Rai Bansal
Corporate Vice President - Finance

Raj Kumar Walia
Senior Vice President - Finance & Accounts

Manish Anand
Deputy Company Secretary

Noida, UP (India)
17 September 2010

The Ministry of Company Affairs, Government of India, vide its approval letter no. 47/637/2010-CL-III dated July 16, 2010, 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, 2010. 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	Provision for tax	Profit after tax	Dividend
1	HCL Bermuda Limited	13,591,622	1,203,671	18,989,404	4,194,111	-	1,051,167	85,211	-	85,211	-
2	HCL America Inc.	282,814	4,017,811	27,284,763	22,984,139	3,004	48,497,169	1,181,812	235,406	946,406	-
3	HCL Great Britain Limited	736,903	144,968	6,180,492	5,298,620	-	9,665,652	173,697	48,741	124,956	-
4	HCL Sweden AB	599	61,275	286,371	224,497	-	1,045,335	24,579	-	24,579	-
5	HCL (Netherlands) BV	1,035	64,065	583,841	518,741	-	874,883	4,233	1,492	2,741	-
6	HCL GmbH	1,466	28,563	420,662	390,633	-	769,672	(15,211)	23,953	(39,164)	-
7	HCL Italy SLR	589	2,689	116,800	113,522	-	55,477	(17,582)	-	(17,582)	-
8	HCL Belgium NV	3,888	-	333,703	329,815	-	187,182	(29,813)	-	(29,813)	-
9	HCL Australia Services Pty. Limited	19,785	514,789	1,507,123	972,549	-	4,447,299	883,279	246,731	636,547	553,980
10	HCL (New Zealand) Limited	1,488	57,027	194,585	136,071	-	563,375	164,810	51,157	113,654	112,175
11	HCL Hong Kong SAR Limited	1,152	36,362	198,531	161,016	-	387,881	75,528	4,198	71,330	-
12	HCL Japan Limited	115,192	49,768	533,002	368,042	-	2,297,780	63,656	33,439	30,217	-
13	HCL Holdings GmbH	26,940	4,599,976	4,659,397	32,482	-	-	(181,662)	3,586	(185,247)	-
14	Intelicent India Limited	1,061	250,376	255,278	3,841	-	33,926	32,676	10,536	22,140	-
15	HCL Comnet Systems and Services Limited	128,094	6,832,296	9,539,614	2,579,224	247,011	6,674,121	2,209,153	667,057	1,542,096	-
16	DSI Financial Solutions Pte Limited	271	2,992	5,129	1,865	-	-	(999)	-	(999)	-
17	HCL BPO Services (NI) Limited	278,989	27,822	747,642	440,831	-	1,358,544	(307,159)	26,497	(333,657)	-
18	HCL Comnet Limited	9,499	1,135,352	6,989,771	5,844,920	92,011	4,706,443	106,499	40,726	65,774	-
19	HCL Jones Technologies LLC	156,075	-	173,928	17,853	-	-	(7,959)	-	(7,959)	-
20	HCL Singapore Pte Limited	66,566	776,688	1,627,120	783,865	-	2,479,425	293,239	48,074	245,165	-
21	HCL (Malaysia) Sdn. Bhd	1,435	92,485	170,538	76,618	-	325,243	37,757	10,440	27,317	-
22	HCL EAI Services Limited	10,501	74,421	115,791	30,869	-	55,899	(11,862)	1,252	(13,114)	-
23	HCL Technoparks Limited @	10,000	-	1,215,959	1,205,959	-	-	(8,420)	-	(8,420)	-
24	HCL Poland Sp.z.o.o.	11,740	-	189,803	178,063	-	244,346	1,473	-	1,473	-
25	HCL Technologies (Shanghai) Limited	82,315	-	95,537	13,222	-	93,774	(5,753)	-	(5,753)	-
26	Capital Stream Inc. #	0	1,791,183	2,166,053	374,869	-	678,526	(80,711)	(215,884)	135,173	-
27	HCL Expense Management Services Inc. #	0	718,180	1,228,381	510,201	-	882,532	(185,539)	114,080	(299,619)	-
28	Axon Group Limited.	48,532	6,449,997	6,616,512	117,983	-	-	(25,382)	-	(25,382)	-
29	Axon Solutions Inc,	2,224,940	919,721	10,196,933	7,052,272	45,511	8,388,158	249,658	97,394	152,264	-
30	Bywater Limited	3,861	115,459	119,320	-	-	-	2,710	1,633	1,076	-
31	Axon Solutions Limited	70	1,734,038	5,061,749	3,327,641	-	8,358,081	(386,163)	(162,679)	(223,484)	-
32	Axon Solutions Sdn. Bhd.	143,511	485,056	4,319,607	3,691,041	-	1,743,145	(285,628)	(18,275)	(267,353)	-
33	Axon Solutions (Shanghai) Co. Ltd.	14,170	3,651	56,340	38,519	-	148,663	498	-	498	-
34	Axon Solutions Singapore Pte Ltd.	3,328	-	116,324	112,995	-	142,557	(27,241)	-	(27,241)	-
35	JSPC i-Solutions Sdn Bhd	1,435	466,676	468,702	591	-	-	(119)	7	(125)	-
36	JSP Consulting Sdn. Bhd.	7,176	136,475	143,737	86	-	-	(103)	-	(103)	-
37	Aspire Solutions Sdn. Bhd.	2,870	-	2,870	-	-	-	(2,581)	-	(2,581)	-
38	Axon International Limited #	0	-	0	-	-	-	-	-	-	-
39	Axon Solution (Canada) Inc. #	0	-	590,217	590,217	-	579,649	(57,128)	41,129	(98,257)	-

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	Provision for tax	Profit after tax	Dividend
40	Axon Solutions Australia Pty Limited	24,831	1,301	571,109	544,977	-	251,344	(183,551)	-	(183,551)	-
41	Axon Solutions Schweiz GmbH	856	3,214	6,751	2,681	-	-	77	7	70	-
42	Axon Acquisition Company, Inc. #	0	-	0	-	-	-	-	-	-	-
43	Axon EBT Trustees Ltd. *	0	-	0	-	-	-	-	-	-	-
44	HCL Insurance BPO Services Ltd.	230,805	-	1,777,898	1,547,093	-	2,722,108	(244,891)	6,764	(238,127)	-
45	HCL Technologies Canada Inc.	9,167	75,641	167,818	83,009	-	397,692	109,909	34,722	75,188	-
46	HCL EAS Limited,	6,204,628	4,178	37,133,420	30,924,614	-	-	(1,039,219)	-	(1,039,219)	-
47	HCL Axon (Proprietary) Ltd.	1	55,840	1,026,637	970,796	-	901,189	76,902	23,066	53,836	-
48	HCL (Brazil) Tecnologia da informacao Ltda.	99,733	-	169,728	69,995	-	67,280	(87,139)	-	(87,139)	-
49	HCL Technologies Romania s.r.l.	696	-	3,594	2,898	-	4,880	(863)	78	(941)	-
50	HCL Hungary Limited	1,802	-	4,261	2,460	-	7,593	(2)	24	(27)	-
51	HCL Latin America Holding LLC	211,258	-	211,258	-	-	-	(293)	-	(293)	-
52	HCL Argentina s.a.	3,118	-	3,738	620	-	1,157	(1,649)	(577)	(1,072)	-
53	HCL Mexico S. de R.L.	11	-	11	-	-	-	-	-	-	-

Notes:

@ Scheme of Amalgamation ("Scheme") under sections 391 to 394 of the Companies Act, 1956 for amalgamation of HCL Technoparks Limited with HCL Technologies Limited was approved by the Hon'ble High Court of Delhi vide its order dated August 16, 2010. With the filing of the said order with the Registrar of Companies, NCT of Delhi & Haryana on August 27, 2010, the Scheme became effective retrospectively from April 1, 2009, the appointed date and HCL Technoparks Limited stands dissolved from the date of filing of the said order. As the accounts of HCL Technoparks Limited for the year ended 30 June 2010 were not finalized prior to the date of filing of the said order, the unaudited figures have been provided.

* Axon EBT Trustees Ltd. has been dissolved w.e.f. August 17, 2010. As the accounts of Axon EBT Trustees Ltd. for the year ended 30 June 2010 were not finalized prior to the date of dissolution, the unaudited figures have been provided. The absolute amount of share capital of Axon EBT Trustees Ltd. is Rs. 139.00.

Refer table given below for absolute amount of share capital in each of the following companies:-

Name of the Subsidiary Company	Share Capital (Rs.)
Capital Stream Inc.	464.00
HCL Expense Management Services Inc.	46.44
Axon International Limited	69.73
Axon Solution (Canada) Inc	443.00
Axon Acquisition Company, Inc.	46.44

For HCL Technologies Limited

Shiv Nadar
Chairman and Chief Strategy Officer

T S R Subramanian
Director

Vineet Nayar
CEO & Wholetime Director

Anil Chanana
Chief Financial Officer

Sandip Gupta
Deputy Chief Financial Officer

Prahlad Rai Bansal
Corporate Vice President - Finance

Raj Kumar Walia
Senior Vice President - Finance & Accounts

Manish Anand
Deputy Company Secretary

Noida, UP (India)
17 September 2010

Notes



HCL Technologies Ltd.

A-10/11, Sector - 3, Noida 201301, U.P., India.

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