

Dear Stakeholder,

We have believed that the time is always right to do what is right. At HCL, we have taken pride in pioneering developments in the Indian IT industry. And we have been rewarded for it. The leadership status that we hold in the industry today is ours by right, and we are confident of maintaining it in the times to come.

HCL has been on a consistent growth path, demonstrating a unique market vision and responsiveness to customer needs. The realignment of the company, for instance, was a decision taken with a view to focus on our core strengths. Now, our decision stands more than vindicated. We have achieved a landmark turnover of over Rs.2700 crores.

In fact, the year has been one of proud accomplishments. HCL Infosystems became the only company in India to have sold more than 50,000 PCs in a quarter. We have been able to retain the *numero uno* position in the commercial PC segment, as per IDC reports. We hope to better our performance. We successfully leveraged the telecommunications surge that hit our country last year and did our bit to take telecom to all the nook and corner of the country. Our imaging & communications business saw good growth.

In this industry, change is the only constant. The one thing that has remained unchanged for us is the importance attributed to the customer. We conduct our business according to a simple rule-of-thumb: "Will this change the life of the customer for the better?" The dream of making a difference is what propelled HCL to reach out to customers in small towns and rural markets. We have just launched a PC for below twenty thousand rupees. It brings us a step closer to realising the dream of making IT affordable to the common man.

Moving forward, we are confident of maintaining our leadership, of forging more beneficial relationships and enhancing profitability for all our stakeholders. I thank you all for the generous support you have provided to us, and hope for the same in the years to come.

Warm regards,

Ajai Chowdhry
Chairman & CEO

Innovation @ HCL Infosystems

We began our journey 27 years ago, and the very idea behind our inception was innovation. Since then this single capability has led us, inspired us, changed our world.

We innovated in our formative years to generate cash. To survive.

We innovated to put sales ahead of manufacturing to sell our first product.

We innovated to pry open new markets and to break myths.

We innovated on ways to approach a customer, forming lasting relationships as we went along.

We innovated to take the power of computing out of EDP rooms and put it on the desktop of business managers where all the action was.

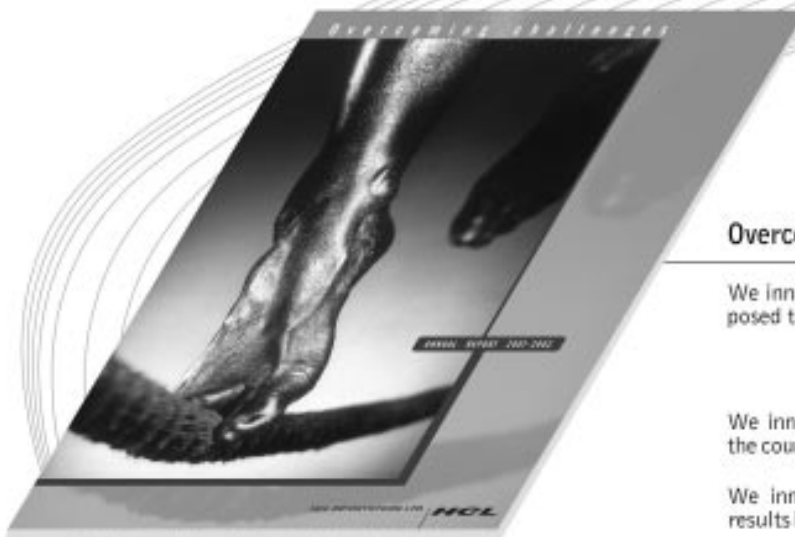
Celebrating Competition

We innovated ways to handle competition

We innovated to create new products and services.

We innovated ways to help our employees grow with us.

We innovated the way one created - and broke - benchmarks.



Overcoming challenges

We innovated practices to overcome challenges posed to us by the economy and technology.

We innovated to capitalize on the telecom boom in the country.

We innovated by realigning our business, and the results bear testimony to our decision.

We will continue innovating.

We believe our best is yet to come.

MANAGEMENT DISCUSSION AND ANALYSIS

The year that went by had its share of crests and troughs, continuing challenges and an upheaval in the international scenario. This was bound to impact both the business models and the outlook of most players. Getting aligned with reality was no longer a matter of choice. However, with twenty-seven years of experience under our belt, and having the agility to handle rapid changes in the environment and technology, we were ready for this. We realigned our business to focus on domestic IT; communications and imaging products; and related services and solutions. The decision to concentrate on our strengths, as the results prove, was a good one, helping us grow in all areas.

Information Technology Business

The focus here is to simultaneously bring the best of technology, fastest and at best value to customers. This triple advantage coupled with large pan-indian footprint of support & service gives us a formidable advantage. A wide array of products & services ensures that we become a single window for IT needs of our customers. Our product range has PCs, Laptops & Tablet PCs, Servers, Storage, Networking equipment et al. The service range has offerings like facilities management, annual maintenance services, Network installation & management services, multi-location project services, Network Security & disaster recovery solutions. The customer segments serviced are Enterprise, SMEs, SoHo & home. The company has direct selling as well as channel sales capabilities that ensure best reach to the customer across the country. The company enjoys a leadership status in desktop PC category and is among top three vendors in Laptops & servers as per IDC reports.

The company has grown well in the information technology area. According to research reports by Gartner and IDC, HCL Infosystems became the first vendor in India to sell more than 50,000 Desktop PCs in a single quarter, beating its nearest competitor by a sizeable margin. The company introduced a slew of new PC models in the market to cater to various customer segments and economic strata. The company maintained its strong hold on government, banking and finance segments. We launched a multilingual proofing tool supporting nine Indian languages on the Infiniti PCs, in partnership with Microsoft.

HCL Infosystems also forged a tie-up with AMD to launch desktop PCs, under the aegis of the EzeeBee brand. The PCs have received a warm response.

Leveraging upon its inherent strengths of understanding technology, knowledge of customers and the ability to weave together solutions, the company is now working towards consolidating its position in the System Integration space.

HCL Infosystems is currently ranked among the top ten Network Integrators in the country, according to reports in *Voice & Data*.

On the Home PC front, the initiatives focused on increasing the brand saliency for Beanstalk PC and making the product a value-for-money proposition. Several customer contact programs were undertaken to achieve this.

The company's impressive performance on the Toshiba laptop front won it many awards from the principals. We consolidated our position in the corporate and education market. Among the new models launched, one of the most innovative and popular was the Tablet PC.

In the segment of peripherals, the company widened its product portfolio as well as consolidated its position in several new markets. New products like the sleek TFT monitors, customizable information kiosks have got an encouraging response from customers.

Imaging & Communications Business

The communications & imaging business aims to compliment our IT offerings and thus making it a one-stop-shop for the customer. The ability to understand & leverage technology gives the company an edge while addressing customer requirements. Partnerships with global technology leaders have given the company an access to best products & technical know-how.

The product range includes digital copier & duplicators, multi-functional devices, mass mailing products, communication equipment for enterprise connectivity (e.g. EPABXs, Wireless LAN, VoIP, Switches, Video Conferencing), Nokia Mobile Phones. All these products aim to enhance the productivity and are known to bring in good ROI as well. The services offered are call center consulting, value-added network services, facilities management & other support services for ITES segment, call center certification & testing services, managed bandwidth services in area of application services & remote support services. The company has constantly expanded its sales & support network, thereby gaining a strategic advantage to service the customer needs.

With a renewed focus on this business, the company demonstrated a healthy performance. It was able to capitalise on the telecom surge that hit the nation, being well prepared to make most of the opportunity. With its vast reach and strong customer focus, the company was able to spread the telecommunication revolution far into the interiors of the country. Expanding the reach and continuously investing in enhancing the service and support capabilities of the Nokia distribution business kept the momentum going.

On the imaging business front, the company worked very closely with its principal Toshiba to launch a series of initiatives. It launched the first-of-its-kind retail store, Toshiba eStudio, where all products and imaging solutions are showcased for the customer to get a hands-on experience. This business, with its wide product range and vast distribution, solidified its position in the market.

Frost & Sullivan rated the company as one of the top three players in the Enterprise telephony market, for which HCL has a tie up with Ericsson.

On the Corporate Networking front, the company consolidated its position and the accent, as always, was on customer satisfaction. The efforts were recognised when HCL Insys was lauded as the best in a 'Corporate users expectation and satisfaction survey 2003', conducted by *Voice & Data* (April 2003). This survey is a research study conducted by IDC (I) Ltd on behalf of *Voice & Data*.

FINANCIAL REVIEW FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2003

During the year, the software service business (including overseas operations) was demerged to HCL Technologies Limited from the appointed date of January 1, 2003. The Technical Help Desk business of HCL Infinet Limited, a wholly owned subsidiary of HCL Infosystems Limited, was transferred to HCL Technologies BPO Limited from the appointed date of January 1, 2003. Accordingly the consolidated results for the current year include the results of these businesses only for the first six months.

The office automation & telecommunication business was transferred by HCL Infosystems Limited ("Parent") to HCL Infinet Limited, its wholly owned subsidiary, from the appointed date of January 1, 2003. Accordingly the Parent Company results for the current year exclude the results of software business and office automation & telecommunication business after the appointed date.

The results for the current year include results of these businesses for six months ended December 31, 2002 and hence are not comparable with those of the previous year.

1. Revenue:

Consolidated business income grew by 98 % to Rs. 2705.1 crores in the current financial year ended June 30, 2003, from Rs. 1367.1 crores in the previous year.

Consolidated revenue from computer systems & related services grew by 21% from Rs. 912.6 crores in the previous year to Rs. 1103.7 crores in the current year.

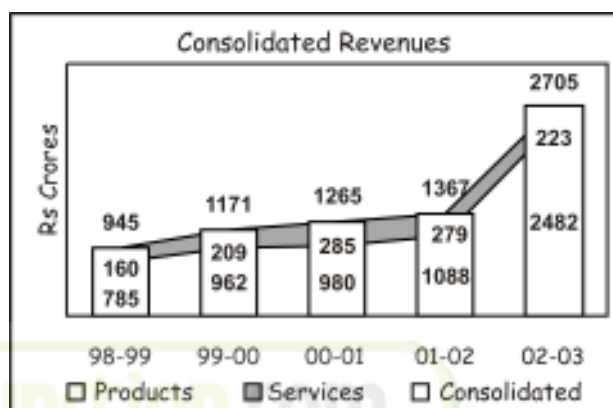
Revenue from office automation & telecommunication business for the year is Rs. 1521.6 crores as against Rs. 303.7 crores in the previous year. With the burgeoning subscriber base for cellular phones combined with aggressive marketing, the company achieved Nokia sales of Rs. 1362.0 crores as against Rs. 157.5 crores in the previous year.

Consolidated revenue from Internet related business is at Rs. 35.3 crores as against Rs. 12.9 crores in the previous year.

Consolidated revenue from demerged software business is Rs. 66.5 crores during the relevant period.

Other income is at Rs. 17.2 crores, which includes Rs. 6.0 crores of gain on foreign exchange fluctuations.

Business income for the Parent Company grew by 31% to Rs. 1651.2 crores in the current year from Rs. 1261.3 crores in the previous year.



2. Gross Margins:

Consolidated gross margins for the current financial year are at Rs. 365.8 crores as against Rs. 287.6 crores in the previous year.

Nokia gross margins are at Rs. 54.5 crores, as against Rs 9.7 crores in the previous year.

Excluding Nokia the gross margins remained at 23%, despite the demerger of software services, as the gross margins on computer systems and related services grew significantly over the previous year.

3. Personnel Costs:

Consolidated staff cost for the year is Rs. 127.7 crores as against Rs. 125.1 crores in the previous year (including for software business Rs. 39.7 crores in the current year and Rs. 51.3 crores in the previous year). Excluding the impact of demerger the increase is largely due to increase in manpower from 2738 as at June 30, 2002 to 2949 as at June 30, 2003.

Staff cost for Parent Company for the year is Rs. 86.1 crores as against Rs. 92.8 crores in the previous year.

4. Administrative, Selling & Repairs:

Consolidated Administrative, Selling & Repairs costs for the year are at Rs. 111.4 crores as against Rs. 120.1 crores in the previous year (including for software business Rs. 15.4 crores in the current year and Rs. 31.4 crores in the previous year).

Administrative, Selling & Repairs costs for Parent Company for the year are at Rs. 81.5 crores as against Rs. 96.2 crores in the previous year (including for Rs. 16.9 crores for demerged /transferred businesses in the current year till the appointed date and Rs. 35.2 crores in the previous year).

FINANCIAL REVIEW FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2003

5. Operating Profit (EBIDT):

The consolidated operating profit excluding 'Other Income' stands at Rs. 126.6 crores as against Rs. 42.4 crores in the previous year, a growth of 299%.

Operating profit for the Parent Company is at Rs. 100.1 crores as against Rs. 59.1 crore in the previous year, a growth of 69%.

6. Segment Results (consolidated) :

The segment results for computer systems & related services grew by 142% from Rs. 37.8 crores in the previous year to Rs. 91.3 crores in the current year.

Office automation & telecommunication grew by 207% from Rs. 15.6 crores in the previous year to Rs. 47.9 crores in the current year.

The loss in Internet and related services reduced from Rs. (25.9) crores in the previous year to Rs. (12.5) crores in the current year.

The loss in demerged software business is Rs. (1.5) crores for six months as against an operating profit of Rs. 12.4 crores in the previous year.

7. Finance Charges:

Net finance cost for the year is Rs. 6.6 crores as against Rs. 7.8 crores in the previous year.

Net finance cost for the Parent Company increased from Rs. 3.7 crores to Rs. 8.1 crores during the year. This is due to reductions in interest income from Term deposits and advances, consequent to restructuring of the investment portfolio.

8. Loss on Disposal of Subsidiaries of Rs. 3.3 crores represents excess of Net Asset Value of demerged overseas subsidiaries over the carrying value of Investments in those subsidiaries.

9. Profit Before Tax and Impairment (PBT):

Consolidated PBT stands at Rs. 112.1 crores in the current year, an increase of 452% over the previous year Rs. 20.3 crores.

PBT for Parent Company is Rs. 95.8 crores as against Rs. 51.5 crores in the previous year, an increase of 86%.

10. Impairment:

The Company has reviewed its norms for recognition of impairment in the value of various current assets. Consequently Rs. 33.8 crores has been charged off. Amounts subsequently realised, if any, on impaired assets shall be considered as income in those periods.

11. Taxation:

The consolidated results include a provision for Rs. 6.2 crores for current tax expense and Rs. 20.6 crores for deferred tax income.

12. Profit After Tax:

The consolidated profit after tax stands at Rs. 92.6 crores, as against Rs. 15.4 crores in the previous year.

The profit after tax for the Parent Company is Rs. 61.7 crores, as against Rs. 46.1 crores in the previous year, a growth of 34%.

13. Dividend:

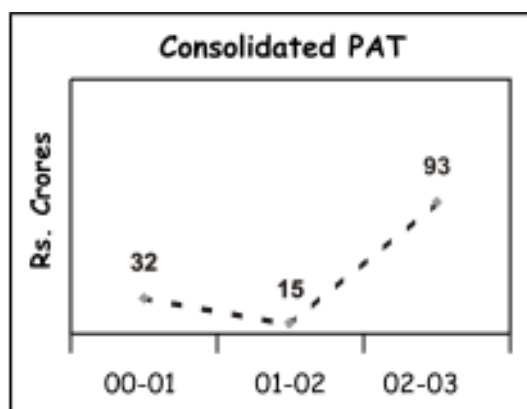
For 2002-03, the company proposes to pay a dividend of Rs. 10/- per fully paid up equity share of Rs.10/- each. This will entail an outflow of Rs. 36.0 crores, including distribution tax.

14. Earning Per Share (consolidated) (EPS) :

The consolidated EPS for the current year is Rs. 29.03 as against Rs. 4.82 in the previous year.

15. Earnings Per Share (Parent Company) (EPS) :

EPS for the current financial year is Rs. 19.35 as against Rs. 14.46 in the previous year.



FINANCIAL REVIEW FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2003

FINANCIAL CONDITIONS

1. **Shareholders Funds/Net Worth:** During the current financial year there is an addition of Rs. 56.7 crores and deductions on account of merger/demerger of Rs. 30.0 crores, taking the consolidated reserves of the company to Rs. 264.6 crores and Net Worth to Rs. 296.5 crores as on June 30, 2003.

The book value per share of the Parent Company is at Rs. 102.3 as on June 30, 2003.

2. **Borrowings:** The year-end loan balances decreased from Rs. 141.0 crores as on June 30, 2002 to Rs. 106.8 crores as on June 30, 2003.

The year-end loan balances of Parent Company decreased from Rs. 126.0 crores as on June 30, 2002 to Rs. 106.0 crores as on June 30, 2003.

3. **Fixed assets:** Gross block decreased from Rs. 155.7 crores as on June 30, 2002 to Rs. 134.7 crores as on June 30, 2003.

Gross block of Parent Company decreased from Rs. 113.0 crores as on June 30, 2002 to Rs. 100.6 crores as on June 30, 2003. The decrease is primarily due to transfer of assets of demerged/transferred businesses.

4. **Investments:** Investments in Mutual funds increased by Rs. 116.2 crores to Rs. 218.5 crores.

5. **Inventories:** Inventories increased from Rs. 115.3 crores as on June 30, 2002 to Rs. 238.1 crores as on June 30, 2003.

Inventories of Parent Company decreased from Rs. 112.3 crores as on June 30, 2002 (including Rs. 29.1 crores for demerged/transferred businesses) to Rs. 89.0 crores as on June 30, 2003. Inventory turnover (excluding demerged/transferred businesses) increased from 10.8 as at June 30, 2002 to 12.3 as at June 30, 2003.

6. **Debtors:** Consolidated debtors decreased from Rs. 267.9 crores as on June 30, 2002 to Rs. 262.7 crores as on June 30, 2003. The debtors as number of days of sales excluding Nokia reduced from 77 days as on the previous year-end to 65 days as on June 30, 2003.

Debtors of Parent Company decreased from Rs. 253.6 crores as on June 30, 2002 (including Rs. 58.6 crores for demerged/transferred businesses) to Rs. 219.3 crores as on June 30, 2003. Debtors as number of days of sales (excluding demerged/transferred businesses) reduced from 83 days as at June 30, 2002 to 73 days as at June 30, 2003.

7. **Cash and Bank balances:** Cash & Bank balances reduced from Rs. 100.6 crores as on June 30, 2002 to Rs. 95.5 crores as on June 30, 2003.

Cash and Bank balances of Parent Company decreased from Rs. 80.2 crores as on June 30, 2002 to Rs. 43.4 crores as on June 30, 2003. Term deposits with banks reduced by Rs. 28.0 crores.

8. **Other Current Assets including Loans and Advances:** Other current assets decreased from Rs. 84.9 crores as at June 30, 2002 to Rs. 79.3 crores as at June 30, 2003.

Other current assets of Parent Company decreased from Rs. 113.8 crores as at June 30, 2002 to Rs. 98.7 crores as at June 30, 2003.

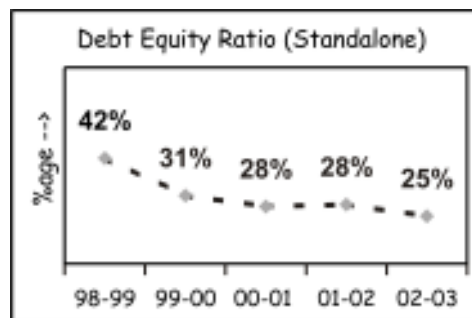
9. **Segment Capital Employed (consolidated):** Capital Employed in computer systems & related services as on June 30, 2003 is Rs.162.6 crores as against Rs. 157.8 crores as on June 30, 2002.

Capital Employed in office automation & telecommunication as on June 30, 2003 is negative Rs. 6.6 crores as against Rs. 32.3 crores as on June 30, 2002.

10. **Deferred Tax Asset (Net):** In the current year, deferred tax assets of Rs. 20.6 crores has been recognized in the consolidated results.

11. **Cash Flow:** The consolidated cash generation from operating activities increased from Rs. 57.7 crores in the previous year to Rs. 150.0 crores in the current year.

The cash generation from operating activities of the Parent Company is Rs. 63.2 crores as against Rs. 68.0 crores in the previous year



Financial Report

BOARD OF DIRECTORS

Chairman & Chief Executive Officer
Ajai Chowdhry

Whole-time Directors

T.S. Purushothaman
Ravi Thumbboochetty

Directors

R.P. Khosla
S. Bhattacharya
D.S. Puri
E.A. Kshirsagar
Anita Ramachandran

COMPANY SECRETARY

K.R. Radhakrishnan

AUDITORS

Price Waterhouse, New Delhi

BANKERS

State Bank of India
Canara Bank
HDFC Bank Ltd.
ICICI Bank Ltd.
Societe Generale
Standard Chartered Bank
State Bank of Patiala
State Bank of Saurashtra

REGISTERED OFFICE

806, Siddharth, 96, Nehru Place, New Delhi - 110 019.

CORPORATE OFFICE

E - 4, 5 & 6, Sector XI, Noida - 201 301 (U.P.)

WORKS

- RS No: 34/4 to 34/7 and Part of RS No:34/1, Sedarpet, Pondicherry-605 111.
- RS No: 105/4-5, Sedarpet, Pondicherry-605 111.
- RS No: 107/5,6,7, RS No: 108/10A, RS No: 110/3,5,11,12 and RS No: 108/9 & 13 Sedarpet, Pondicherry-605 111.
- 299 (Old No:158), Arcot Road, Vadapalani, Chennai-600 026.
- Shed S5 & S6, Tiru-vi-Ka, Industrial Estate, Guindy, Chennai-600 032.
- Spl – A2, Industrial Estate, Thattanchavadi, Pondicherry-605 009.

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FIVE YEAR FINANCIAL OVERVIEW

Revenue and Profitability

YEAR ENDED JUNE 30	2003	2002	2001	2000	Rs/ Lacs 1999
Total Revenue	166604	127003	116843	113507	95005
Operating Profit (EBIDT)	11491	6784	9005	9515	8561
Interest	805	371	193	517	957
Depreciation	1109	1268	1225	1268	1153
Effect of Impairment	3322	-	-	-	-
Profit before Tax	6255	5145	7587	7841	6451
Provision for Tax	82	532	690	535	599
Profit after Tax (PAT)	6173	4613	6897	7306	5852
Diminution in value of advances	-	-	1060	-	-
One time adjustment of Services	-	-	-	-	(2361)
Profit available for Appropriation	6173	4613	5836	7306	3491
Equity Dividend	3191**	798	2234	798	798
Earning Per Share (Rs.)*	19.4	14.5	18.3	22.9	18.3#
Operating Margin (%)	7%	5%	8%	9%	9%
Profit before Tax/ Revenue (%)	4%	4%	7%	7%	7%
Return on Net Worth (%)#	19%	14%	23%	28%	29%
Return on Capital Employed (%)#	14%	10%	17%	19%	17%
Equity Dividend (%)	100%**	25%	70%	25%	25%

* (Based on equity as on Balance Sheet date)

** (Proposed)

Calculated on "PAT"

Assets and Liabilities

AS AT JUNE 30	2003	2002	2001	2000	Rs/ Lacs 1999
Sources of Funds					
Equity Funds	3191	3191	3191	3191	3191
Reserves and Surplus	29454	29493	26431	23052	16719
Loan Funds	10603	12597	11241	11728	14551
Total	43248	45281	40863	37971	34461
Application of Funds					
Net Block	4955	5552	5171	5412	5513
Investments	21289	13668	8501	5519	4664
Current Assets	45042	55985	51401	51588	42062
Current Liabilities	27475	28920	24210	24548	17778
Net Current Assets	17567	27065	27191	27040	24284
Deferred Tax Liabilities	(563)	(1004)	-	-	-
Total	43248	45281	40863	37971	34461

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting their Seventeenth Annual Report together with the Audited Accounts for the financial year ended 30th June, 2003.

Financial Highlights

	(Rs. in Crores)	
	2002-2003	2001-2002
Sales and other income	1666.04	1270.03
Profit before Interest, Depreciation and Tax	114.91	67.84
Finance Charges	8.05	3.71
Depreciation	11.09	12.68
Impact of Impairment	33.22	-
Profit/(Loss) before Tax	62.55	51.45
Provision for Taxation:		
-Current	5.24	2.81
-Deferred	(4.42)	2.51
Net Profit after Tax	61.73	46.13
Profit available for appropriation	61.73	46.13
Appropriations		
Proposed Dividend (current year includes tax on dividend)	36.00	7.98
Transfer to General Reserve	6.17	4.61
Balance of Profit carried forward to next year	19.56	33.54

Performance

The turnover of the Company was Rs. 1666 crores as against Rs. 1270 crores in the previous year. The profit after tax was Rs. 62 crores as against Rs. 46 crores in the previous year.

Your Directors are pleased to recommend Dividend @ 100% on the fully paid-up equity shares for the financial year ended on 30th June, 2003. Dividend, if approved, will be paid to those Members whose names appear in the Register of Members on the date of the ensuing Annual General Meeting.

A Scheme of Arrangement for demerger of the Software Services Business of the Company to HCL Technologies Ltd and transfer of Office Automation and Telecommunication Division of the Company to HCL Infinet Ltd., was sanctioned by the Hon'ble High Court of Delhi.

In FY 2002-03, your Company realigned its businesses to increase focus on core strength of domestic IT, communications and imaging products, solutions and related services.

Your Company sustained its No. 1 position in desktop PC segment in 2002-2003 (July'02-June'03) according to IDC reports. It also became the first branded player in India to ship more than 50,000 PCs in a quarter according to a report by Gartner.

The unique combination of reach & access to latest technology enabled your Company to consolidate its position in the Enterprise segment. Your Company bagged large System Integration and hardware orders in Enterprise business from Vidyavahini, Canara Bank, SBI, AP Transco, NIC, DACNET, Ministry of Defence, Dept. of Posts, Sahara India Parivar, Hindustan Aeronautics, Asian Paints, Sun Pharma, BSNL, ITI & Indian Overseas Bank. Bearing testimony to HCL Infosystems' huge network allowing access to remote corners of the country, the Company implemented a prestigious order for the Government of Mizoram.

The successful partnership between HCL Infosystems and Sun Microsystems Inc. has started to show results. It garnered with two major wins - from Government of Andhra Pradesh for the complete automation of VAT services and the Oil and Natural Gas Commission (ONGC) for the installation and upgradation of Sun Systems for their projects Shramik and Kuber respectively. Besides that, large orders were also bagged from Institute of Chartered Accountants of India, Andhra Bank & Bharat Coking Coal Ltd.

On the consumer PC front, several marketing & branding initiatives were undertaken, which helped in consolidating market share in this segment too. Your Company launched a mega consumer promotion campaign named 'Khulja Sim Sim' for its home PC brand HCL Beanstalk. The Company also organized 'HCL PC Experience 2003' for the residents of several cities e.g. Bhubaneswar, Bareilly, Varanasi, Ludhiana, Agra, Madurai and Salem. This event was organized for the users to experience a home theatre system on affordable technology at the HCL Beanstalk PC. The focus has been to increase the penetration deeper in the country and to expand the market.

The Company has recently launched new products in enterprise security area – namely HCL Infowall (personal firewall) & HCL SecuMon (Security Monitoring Tool).

DIRECTORS' REPORT

Your Company also won Symantec's 'Best New Partner Award' for the efforts in taking Enterprise High End Solutions to unexplored markets and approach towards positioning Symantec security solutions in India.

Your Company was also rated as one of the Top 10 Network Integrators in the country as per a survey conducted by Voice & Data Magazine.

In the Peripherals business, the Company launched a slew of new models & new products that included CRT monitors & TFT LCD monitors, Thin clients embedded with various technologies, Multilingual keyboards, Ethernet Switches, Structured cabling components and Touch screen enabled information kiosks that are customized.

HCL Infinet

This year saw HCL Infinet consolidating its market position and the Company acquired many blue chip Indian corporate customers like: HDFC, ITC, Fenner, Madura Coates, Madura Garments, LG Electronics, Department of Bio Technology, Computer Age Management Services, Bank of Rajasthan.

HCL Infinet won "gold award" from Toshiba for the year 2002 for sales and marketing performance of Copier and Multifunction Products in India and "Platinum award" for winning gold awards continuously for the years 2000, 2001 & 2002.

HCL Infinet also Won "Strategic Partner in excellence" award from Infocus Corporation for the overall performance towards the sales of Multimedia Projectors in India.

Focus on key processes like Customer Support, Help Desk and Project Management has helped the Company deliver outstanding and consistent customer service. Recently, IDC has rated HCL Infinet as the Best in "Quality of Services" & "Customer Care" and for the "Overall Best Customer Satisfaction" for Broadband & Internet Leased Line Services in India.

The Company is currently consolidating its market focus by addressing the IT enabled service & BPO, Banking & Finance, Government, Manufacturing and Service Segments. An array of services; Networking (for Data, Voice and Video), Internet Gateways, International Telephony, Co-location, Contact Center Infrastructure has helped the Company address the Enterprise Networking and Value added service requirements within the CUG and with their extended partners.

For its Nokia GSM distribution business, the subsidiary focused on increasing its existing reach and this resulted in better leveraging of opportunity that has emerged in Indian Telecom scenario.

Quality Initiatives

Continuing our Quality journey at HCL Infosystems, last year we achieved several significant milestones. The Professional Service Organisation of the Company was formally recognised to be at the highest maturity level (CMM Level 5) in Software Development practices being followed for the units at Kolkata, Chennai and Noida. Only about 120 companies worldwide have achieved such a distinction.

The Professional Service Organisation of the Company was also awarded ISO 9001-2000 certification for the Software development center at Kolkata.

The Infrastructure Service Organisation which provides services such as Consultancy, Implementation, Support, Audit and Management Services for Information Technology solutions in the domain of Networking, Security, Facility Management and System Integration received ISO 9001-2000 certification.

The first Customer Perception Survey was conducted during 2002 with the help of an independent party, to capture our customer's and non-customer's awareness on HCL's Products, Services and Brands. Based on the feedback from the survey, various actions have been initiated to improve customer's perception. One such action we have taken to improve the perception is to send monthly reports giving status on Uptime of machines installed at their offices.

Credit Ratings

The credit rating by ICRA continued at 'A1+' rating indicating highest safety to the Company's Commercial Paper program of Rs. 75 crores.

Fixed Deposits

As on 30th June, 2003, 103 persons, whose deposits amounting to Rs.12,61,000/- had become due for repayment, did not claim their deposits. During the year net fixed deposits repaid amounted to Rs. 24,77,000/-.

There has been no delay in making the payment of Fixed Deposits on maturity and in fulfilment of the terms and conditions of the Company's scheme.

Directors

In accordance with the Articles of Association of the Company, Mr.D.S.Puri, Mr. E.A. Kshirsagar and Ms. Anita Ramachandran, Directors will retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.