SCHEDULE 20 - CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

1. GROUP COMPANIES

HCL Infosystems Limited (The Company) has three wholly owned subsidiary companies and Joint venture (JV) (The Group), as given in the following table.

Name of the Subsidiary/JV Company	Country of Incorporation	Extent of holding (%) as at June 30	
		2009	2008
HCL Infinet Ltd. (formerly known as Microcomp Limited)	India	**100**	100
HCL Infocom Limited (Refer Note 14 on schedule No. 21)	India	**100**	-
HCL Security Limited	India	**100**	100
Natural Technologies Private Limited ("NTPL") (Refer Note 15 on schedule No. 21)	India	-	100
Scout Mobile Internet Services Limited (Refer Note 14 on schedule No. 21)	India	**49**	-

2. BASIS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Group have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the accounting principles generally accepted in India and comply with the mandatory Accounting Standards notified under section 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.

Financial statements of the Company and the subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances/ transactions in full as per Accounting Standard 21 on Consolidated Financial Statements.

All unrealized surpluses and deficits on transactions between the Group companies are eliminated.

Accounting policies between the Group companies are consistent to the extent practicable. Appropriate disclosure is made of significant deviations from the company accounting policies, which have not been adjusted.

3. FIXED ASSETS

Fixed Assets including in-house capitalisation and Capital Work-in-Progress are stated at cost except those which are revalued from time to time on the basis of current replacement cost / value to the Group, net of accumulated depreciation.

Assets taken on finance lease on or after 1.4.2001 are stated at fair value of the assets or present value of minimum lease payments whichever is lower.

Intangible Assets are stated at cost net of amortization.

4. DEPRECIATION

(i) Depreciation has been calculated as under:

a) Depreciation on fixed assets is provided on a prorata basis using the straight–line method based on economic useful life determined by way of periodical technical evaluation:

Economic useful lives which are not exceeding those stipulated in Schedule XIV of the Companies Act, 1956 are as under:

Plant and Machinery		4-6 years
Building	- Factory	25-28 years
	- Others	50-58 years
	- Capitalised prior to 1.5.1986	As per Section 205(2)(b) of the Companies Act, 1956
	- Acquired on or after 1.5.1986 and before 16.12.1993	At the rates specified in Schedule XIV of the Companies (Amendment) Act, 1988
Furniture & Fixture		4-6 years
Air Conditioners		3-6 years