

27th January, 2020

To

The General Manager Department of Corporate Relations BSE Limited Sir Phiroze Jeejeebhoy Towers Dalal Street Fort Mumbai 400 001	The Vice President Listing Department The National Stock Exchange of India Limited Exchange Plaza Bandra Kurla Complex Bandra (East) Mumbai 400 051
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Sub: Press Release.

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Dear Sirs,

We are forwarding a copy of the press release being made by HCL Infosystems Limited on the unaudited financial results of the Company for the quarter ended 31st December, 2019.

Please take this on record.

Very Truly Yours,
For HCL Infosystems Limited

SUSHIL
KUMAR JAIN

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SUSHIL KUMAR JAIN
Date: 2020.01.27
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Sushil Kumar Jain
Company Secretary & Compliance Officer

Encl: As above.

HCL Infosystems Reports Revenue of Rs. 429 Crore in Q3 FY20

January 27, 2020, New Delhi

Business Highlights

- Q3 FY20 revenue at Rs. 429 Cr vs. Rs. 582 Cr in Q2 FY20
- Distribution business revenue at Rs. 386 Cr in Q3FY20 versus Rs. 545 Cr in Q2FY20
 - Enterprise Distribution revenue at Rs. 259 Cr in Q3FY20 versus Rs. 310 Cr in Q2FY20
 - Consumer Distribution revenue at Rs. 127 Cr in Q3FY20 versus Rs. 235 Cr in Q2FY20
- Loss before interest, tax and exceptional items (from continuing operations) was Rs. 56.7 Cr in Q3FY20 vs. Rs. 25.1 Cr in Q2FY20
- Profit Before Tax & after Exceptional Items (from continuing operations and discontinued operations) was Rs. 75.3 Crore in Q3FY20 vs. loss of Rs. 39.6 Crore in Q2FY20

HCL Infosystems today announced its financial results for the quarter ended December 31st, 2019.

Mr. Rangarajan Raghavan, Managing Director, HCL Infosystems Ltd., commenting on the results' said, *"In the quarter our overall Distribution business revenue declined in comparison to the preceding quarter. These businesses continue to be impacted due to inability of the company to further invest in working capital as well as tough and competitive market environment. Our System Integration and Solutions business continues to place efforts on execution of existing contracts and collection of receivables as per plan."*

Distribution Business:

The Distribution Business reported revenue of Rs. 386 Cr in the quarter.

Enterprise Distribution registered revenue of Rs. 259 Cr in Q3FY20. There was a decline in revenue in comparison to the preceding quarter that can be attributed to weak market demand and a competitive business environment. The revenue from the channel business was the main contributor to the overall business revenue.

Consumer Distribution reported revenue of Rs. 127 Cr in the quarter. There was a decline in the revenue in comparison to the preceding quarter due to decrease in online channel sales of the Principal.

In view of the current financial stress faced by the Enterprise and Consumer Distribution businesses resulting in decline in sales and increase in losses, the Board had appointed a reputed independent consulting firm to review these businesses. Based on the report of the

consulting firm and the inputs of the management team, the Board in their meeting dated 27th January 2020 noted that because of low margin contracts, tough market conditions and the current financial position of the Company, the Distribution businesses of the Company are declining and incurring greater losses. Consequently, the Board recommended that in order to limit future financial losses, the Enterprise and Consumer Distribution Business be gradually scaled down over the next few quarters.

System Integration (SI) & Solutions:

In Q3FY20, the SI and Solutions business registered revenue of Rs. 39 Cr. The business continued to focus on efficient project execution and completion of the current order book. It also focused on customer acceptances to enable collection of receivables as projects reached milestones. The business made a collection of Rs. 40 Cr in the quarter. The SI & Solutions team continues to work in mission critical projects of the Government and Defense sectors. As on 1st January 2020, the total order book of the business stood at Rs. 471 Cr.

As stated in our earlier communications, we continue to face inordinate delays with certain customer acceptances and payments, especially in the Power Sector. We are constantly engaging with customers for expediting the resolution of outstanding issues and settlement of the payables, but the progress has been very slow. During the quarter, we have provided for Rs. 37 Cr on account of SI receivables.

Others:

On 6th August, 2019, the company had approved the sale of shares of HCL Insys Pte. Ltd, Singapore to PCCW Solutions Limited, Hong Kong. Pursuant to this, on 15th November, 2019, the company concluded the sale of the entire shareholding of HCL Insys Pte. Ltd. to PCCW for a consideration of SGD 57.6 mn (Rs. 303.4 Cr). This transaction was in line with the Company's strategy to focus on rationalization and monetizing of its businesses and assets to reduce its debt obligations.

As at December 31, 2019, the Company and its subsidiaries had net current liabilities of Rs. 339.6 Cr and a loss of Rs. 65.39 Cr for the nine-month period ending on that date. The losses have resulted in reduction of shareholders' equity to Rs 29 Cr. The losses are primarily as a result of delayed receipts on certain SI contracts, certain historical low margin contracts, slow-down of Distribution businesses and finance costs. The Company's management is pursuing strategies which include scale down of loss making businesses, sale of certain non-core properties and reduction in outstanding debts.

To ensure the necessary financial support for its operations the Company has an overall financial assistance limit (in the form of Corporate Guarantee or unsecured loan) by HCL Corporation Private Limited to the extent of Rs. 1,500 Cr of which Rs 250 Cr, is currently utilized. The Company's Board of Directors have a reasonable expectation that the Company will be able to meet all its contractual obligations and liabilities as they fall due in the near future.

About HCL Infosystems

HCL Infosystems is a Distribution, IT Services, and Solutions Company, enabling organizations attain and sustain competitive advantage by leveraging Information and Communication Technologies. It offers a portfolio of capabilities spanning IT & System Integration services to value-added distribution of technology, mobility and consumer products. For more information, please visit us at www.hclinfosystems.in

About HCL

Founded in 1976 as one of India's original IT garage start-ups, HCL is a pioneer of modern computing with many firsts to its credit, including the introduction of the 8-bit microprocessor-based computer in 1978 well before its global peers. Today, the HCL enterprise has a presence across varied sectors that include technology, healthcare and talent management solutions and comprises three companies – HCL Infosystems, HCL Technologies and HCL Healthcare. The enterprise generates annual revenues of over US \$ 9.6 billion with more than 149,000 employees from 140 nationalities operating across 45 countries.

For further information, visit www.hcl.com

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