

5th November, 2019

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 and six months ended 30th September, 2019.

Please take this on record.

Very Truly Yours,
For HCL Infosystems Limited

Sushil Kumar Jain
Company Secretary & Compliance Officer

Encl: As above.

HCL Infosystems Reports Revenue of Rs 582 Crore in Q2 FY20

November 5, 2019, New Delhi

Business Highlights

- Q2 FY20 revenue at Rs. 582 Crore vs. Rs. 577 Crore in Q1 FY20
- Distribution business revenue was at Rs. 545 Crore in Q2FY20 while it was Rs. 538 Crore in Q1FY20
 - Enterprise Distribution revenue was at Rs. 310 Crore in Q2FY20 versus Rs. 373 Crore in Q1FY20
 - Consumer Distribution revenue was at Rs. 235 Crore in Q2FY20 versus Rs. 165 Crore in Q1FY20
- Loss before interest, tax and exceptional items was Rs. 25.1 Crore in Q2FY20 vs. Rs. 20.8 Crore in Q1FY20

Discontinued Operations

- Global Services business revenue was at Rs 104 Crore in Q2FY20 with a PBT of Rs. 1.6 Cr

HCL Infosystems, India's pioneer IT Services, Solutions & Distribution Company, today announced its financial results for the quarter ended September 30th, 2019.

Mr. Rangarajan Raghavan, Managing Director, HCL Infosystems Ltd., commenting on the results' said, *"During the quarter our Enterprise business was subdued because of competitive environment and market slowdown. In our System Integration and Solutions business, we are moving ahead as per our roadmap of focusing on execution of existing contracts and on collection of receivables. In this quarter, we made some traction in collections including a sizeable one from the Ministry of Defense.*

The company continues to explore rationalization and monetization of its business and assets."

Distribution Business:

The Distribution Business reported revenue of Rs. 545 Crore in the quarter.

Enterprise Distribution reported revenue of Rs. 310 Crore in the quarter versus Rs. 373 Crore in Q1FY20. The decline in revenue can be attributed to competitive environment and market slowdown. The channel business maintained its share in the overall revenue as the main contributor. The direct business was impacted due to delayed customer decisions.

Consumer Distribution reported revenue of Rs. 235 Crore in the quarter versus Rs. 165 Crore in the preceding quarter. HMD Global for Nokia handsets was the chief contributor to the revenue of the business in the quarter. The partnership with Microsoft for its Surface range of products also contributed to the revenue.

Global Services Business:

The Global Services business in Singapore maintained its planned journey in the quarter. The revenue in Q2FY20 remained the same as in Q1FY20 with Rs.104 Crore.

On 6th August 2019, the company had entered into an agreement to sell its step-down subsidiary, HCL Insys Pte. Ltd., Singapore ("HCL Insys") to PCCW Solutions Limited, Hong Kong for a consideration of SGD 42 Mn plus closing cash balances and adjustments to working capital and net debt, adjusted on the date of transfer of the shareholding and based on the terms and conditions as specified in share purchase agreement. This is in line with Company's strategy to focus on restructuring and monetizing its businesses and assets to reduce its debt obligations. The transaction has not yet been consummated pending compliance with closing precedents. Accordingly the business operations associated with these transactions has been considered as discontinued operations.

System Integration (SI) & Solutions:

The SI and Solutions business registered revenue of Rs. 37 Crore in Q2FY20. The business continued to focus on project completion and the collection of receivables. During the quarter, the business made a collection of Rs. 102 Crore including a sizeable collection from a Government defense institution. The team in the SI and Solutions business continues to work in mission critical projects of the Government in various sectors.

As stated in our earlier releases, we continue to face inordinate delay with certain customer acceptances and payments thereof, especially in the Power Sector. We are constantly engaging with customer for expediting the resolution but the progress has been very slow. During the quarter, we have provided for Rs. 14.6 Crore on account of such receivable.

Others:

As at 30th September 2019, HCL Infosystems Limited and its subsidiaries (together referred to as "the Group") have net current liabilities of Rs. 519.4 crores and a loss of Rs. 79.9 crores for the six month period then ended. The losses of the Group have resulted in reduction of shareholders' equity to Rs 24.3 crores. The losses are primarily as a result of delayed receipts on certain contracts, certain historical low margin contracts, and finance costs. The Parent Company's management is evaluating and pursuing strategies which include reduction and effective elimination of low margin contracts, discontinuance of clients with delayed payment history, sale of certain non-core properties, reorganizing including aggregation or disposal of some un-remunerative business operations, reduction in outstanding debtors of its system integration business. Further, the Parent Company also has a debt refinancing facility backed by HCL Corporation Pvt. Ltd's corporate guarantee to the extent of Rs 250 crores, which is expected to provide necessary support to the operations of the Parent. After considering the



matters described above and the expected positive outcome of the sale of HCL Insys Pte Ltd, the Parent's Board of Directors have a reasonable expectation that the Group will be able to meet all its contractual obligations and liabilities as they fall due in the near future.

The board and management have engaged an international consulting firm to conduct a comprehensive business review of the enterprise and consumer distribution businesses.

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 \$ 9.3 billion with more than 147,000 employees from 140 nationalities operating across 44 countries. For further information, visit www.hcl.com

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