

6th August, 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 30th June, 2020.

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. 106 Crore in Q1 FY21

August 6, 2020, New Delhi

Q1 FY21 Business Highlights:

- Q1 FY21 revenue was at Rs.106 Crore vs. Rs. 228 Crore in Q4FY20
- Systems Integration and Solutions business reported revenue of Rs. 36 Crore in Q1 FY21 vs Rs.40 Crore in Q4 FY20
- Distribution business revenue for Q1 FY21 stood at Rs. 70 Crore vs Rs. 188 Crore in Q4 FY20
 - Enterprise Distribution revenue registered revenue of Rs. 33 Crore in Q1 FY21 vs. Rs.142 Crore in Q4 FY20
 - Consumer Distribution registered revenue of Rs. 37 Crore in Q1 FY21 vs. Rs.46 Crore in Q4 FY20
- Loss before interest, tax and exceptional items (from continuing operations) was Rs. 21.2 Crore in Q1 FY21 versus Rs. 47.3 Crore in Q4 FY20

HCL Infosystems today announced its financial results for the quarter ended June 30th, 2020.

Dr. Nikhil Sinha, Chairman Board of Directors, HCL Infosystems Ltd., commenting on the results' said, *"During the quarter we continued to focus on initiatives to reduce the company's debt and business losses by optimizing our businesses. Accordingly, we have been scaling down our Consumer and Enterprise Distribution businesses, which has resulted in the decline in revenues in the quarter.*

Our System Integration and Solutions business continued to focus on execution of existing contracts and collection of receivables from customers."

Restructuring of the Company

The Board of Directors of HCL Infosystems Limited, in its meeting held today approved the merger of HCL Learning Limited and Digilife Distribution and Marketing Services Limited (DDMS), wholly owned subsidiaries of the Company, with HCL Infosystems Limited.

The proposed merger is for the purpose of simplifying the group structure. As part of the ongoing rationalization of the business, the learning business and the distribution business are being scaled down. As a result, separate entities for these businesses, i.e. HCL Learning Limited for learning business and DDMS for distribution business, are no longer required. The proposed merger is subject to approval of the shareholders of HCL Infosystems Limited and such other regulatory approvals as may be required in this regard.

Since, the aforesaid Scheme is subject to approval from concerned regulatory authorities which is considered to be substantive, the accounting effect of the above Scheme has not been considered in these financial results.

Divestments of Property

In accordance with the divestment strategy of the company, HCL Infosystems Board in its meeting held today approved the sale/ surrender of immovable properties of HCL Infosystems Limited. The sale/ surrender will take place as and when an appropriate buyer is identified. These properties are lying vacant/ partially vacant, as the Company is not utilizing/ fully utilizing these properties after scale down of its operations and change in its business requirements, though the Company continues to incur cost on maintenance of these properties. The proceeds from the sale/ surrender of these properties will be used to pay off part of the Company's debts and to reduce its finance cost. The proposed sales(s) are subject to approval of the shareholders and lenders of the Company and such other approval as may be required in this regard.

Business Update

Distribution Business:

The Distribution Business reported revenue of Rs. 70 Crore in Q1 FY21 versus Rs. 188 Crore in the preceding quarter. The decline in revenue has continued in the quarter due to the company's plan to downsize the business. This plan has been implemented since the beginning of this calendar year after the Board received the advice of a reputed independent consultancy firm about the prospects for this business. It was then recommended and decided that the distribution business be gradually downsized as it was becoming financially untenable.

Enterprise Distribution registered revenue of Rs. 33 Crore in Q1 FY21 versus Rs. 142 Crore in Q4FY20. Revenue from the direct business which provides technology solutions to customers directly was the main contributor.

Consumer Distribution reported revenue of Rs. 37 Crore in the quarter. The distribution of Nokia handsets of HMD Global as well as Microsoft's Surface range of products contributed to the revenue of Consumer Distribution in the quarter.

System Integration (SI) & Solutions Business:

The SI and Solutions business registered revenue of Rs. 36 Crore in Q1 FY21. The business continued to focus on project completion and the collection of receivables from customers. During the quarter, the business made a collection of Rs. 38 Crore. As on 30th June 2020, the order book position of the business stood at Rs. 382 Crore.

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.

Other Updates

COVID 19

Management believes that it has taken into account all the possible impacts of known events arising from COVID-19 pandemic in the preparation of these financial results. In evaluating the impact of COVID-19 on the Company's ability to continue as a going concern, the management has assessed the impact on its business and the carrying value of its major assets comprising of property, plant and equipment, trade receivables and other receivable balances. The impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and actual results may differ materially from these estimates. The Company will continue to monitor any material changes to future economic conditions and any significant impact of these changes would be recognized in the financial results as and when these material changes to economic conditions arise.

About HCL Infosystems

HCL Infosystems is a System Integration and Distribution company. It provides 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 \$ 9.9 billion with more than 150,000 employees operating across 49 countries. For further information, visit www.hcl.com

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