

6th November, 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 September, 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. 133 Crore in Q2 FY21

November 6, 2020, New Delhi

Business Highlights:

- Systems Integration and Solutions business reported revenue of Rs. 24 Crore in Q2 FY21
- Distribution business revenue for Q2 FY21 stood at Rs. 109 Crore
 - Consumer Distribution registered revenue of Rs. 93 Crore in Q2 FY21
 - Enterprise Distribution revenue registered revenue of Rs. 16 Crore in Q2 FY21
- Loss before interest, tax and exceptional items (from continuing operations) was Rs 68.5 Crore in Q2 FY21
- The Company has recognized upfront loss of Rs 24.4 Crore during the quarter on UIDAI MSP contract in Systems Integration business. No revenue has been considered against this cost, though the Company is entitled to current market value as per the Award passed by the Arbitration Tribunal. Therefore, this may lead to recognition of revenue in subsequent periods based on the finalization of current market value through arbitration proceedings.

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

Dr. Nikhil Sinha, Chairman Board of Directors, HCL Infosystems Ltd., commenting on the results' said, *"In this quarter we continued with our initiatives to meet the Company's objective of reducing operational losses and debt. Accordingly, we continued to scale down our Enterprise and Consumer Distribution businesses. In our System Integration and Solution business we continued to focus on deliverables of existing projects and collection of receivables from customers."*

"We are pleased to welcome Mr. Vinod Pulyani as the Manager of the Company. His appointment was made by the Board of Directors at its meeting on September 29th, 2020."

Company Updates:

Restructuring of the Company

As part of the regulatory approval process, on September 21st, 2020 the Company had filed a petition with the National Company Law Tribunal for approval of the proposed merger of HCL Learning Limited and Digilife Distribution and Marketing Services Limited (DDMS) with HCL Infosystems Limited. HCL Learning and DDMS are wholly owned subsidiaries of the Company. Earlier, the Board of Directors of HCL Infosystems Limited in its meeting held on August 6th, 2020 had approved the merger.

The Learning business and the Distribution businesses are being scaled down as part of the ongoing optimization exercise of the Company. Hence, separate entities are no longer required for these businesses. In addition to simplifying the group structure of the Company, the proposed merger will also reduce administrative costs.

An application was filed before the Hon'ble National Company Law Tribunal ('NCLT') at New Delhi Bench on 21 September 2020 for obtaining the sanction of NCLT on the proposed merger. In the light of the ongoing COVID-19 situation, the matter is moving slowly and our application for proposed merger is yet to be heard by the Hon'ble NCLT."

Appointment of the Manager of the Company

The Board of Directors in their meeting held on September 29th, 2020 approved the appointment. Mr. Vinod Pulyani is a Chartered Accountant and has a rich experience of 24 years in various corporates.

His appointment is subject to the approval by shareholders of the Company at the next Annual General Meeting of the Company.

Business Updates:

Distribution Business

During the Quarter, the Company continued to scale down the Distribution Business with the objective of reducing its operational losses.

In Q2 FY21 the business achieved a revenue of Rs. 109 Crore during this quarter.

- Enterprise Distribution reported revenue of Rs. 16 Crore in Q2 FY21.
- Consumer Distribution business registered revenue of Rs. 93 Crore in Q2 FY21

System Integration (SI) & Solutions Business

The SI and Solutions business reported revenue of Rs. 24 Crore in Q2 FY21. In line with our strategy, the team focused on project completion and the collection of receivables from customers.

The Company has recognized upfront loss of Rs 24.4 Crore during the quarter on Managed Service Provider ("MSP") contract with the Unique Identification Authority of India ('UIDAI') that originally ended on 6 August 2019 and then was unilaterally extended by the UIDAI. The Company challenged this unilateral extension of the MSP contract by UIDAI before the Hon'ble Arbitral Tribunal. Later, the Company and UIDAI entered into consent terms dated 5 May 2020 (which also formed part of the consent order dated 7 May 2020 passed by the Hon'ble Arbitral Tribunal) and the Company agreed to perform services for UIDAI subject to the terms and conditions of the consent terms. As per the consent terms executed between UIDAI and the Company, the Company has agreed to perform services as per the terms of the MSP Contract,

without prejudice to its rights and contentions in the arbitration proceedings, till 6 April 2021. The Company has further agreed to extend the annual maintenance contract and software licenses for the period till 6 August 2021. As per consent terms signed by the both the parties, the Company would continue to raise invoices to UIDAI as per the rates originally agreed in the MSP though the Company is entitled to claim market rate for the services provided to UIDAI, the quantum of which shall be decided in the subsequent hearings of the Arbitration proceedings. Pending determination of the current market value through arbitration, no revenue has been recognized by the Company for the difference in the expected current market value and the existing contract price which will be recognized once the same has been determined by the Hon'ble Arbitral Tribunal in the future.

This business continued to face delays in realization of certain customer receivables, particularly from customers in the power sector. The Company has been constantly focusing on expediting the resolution of such issues by continuous engagement with customers for the acceptance of project completions, however progress has been very slow. In order to get a resolution to the long pending issues, the Company has invoked arbitration proceedings against three discoms. It should be noted that such delays have been the main reason for the high debt obligation and finance cost of the Company.

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 153,000 employees operating across 50 countries. For further information, visit www.hcl.com

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