

**HCL INFOSYSTEMS LTD.**

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Corporate Identity Number - L72200DL1986PLC023955  
www.hclinfosystems.in  
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28<sup>th</sup> May, 2022

To

<b>The General Manager</b> Department of Corporate Relations BSE Limited Sir Phiroze Jeejeebhoy Towers Dalal Street Fort Mumbai 400 001	<b>The Vice President</b> 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.**

**Symbol: NSE : HCL-INSYS**  
**BSE (For Physical Form): 179**  
**BSE (For Demat Form): 500179**

Dear Sirs,

We are forwarding a copy of the press release being made by HCL Infosystems Limited on the Audited Financial Results of the Company for the quarter/ financial year ended 31<sup>st</sup> March, 2022.

Please take this on record.

Very Truly Yours,  
**For HCL Infosystems Limited**

**Komal Bathla**  
**Company Secretary & Compliance Officer**

Encl: As above.

## **HCL Infosystems registers Rs. 69.44 Crore revenue with operating loss of Rs. 75.77 Crore in FY22**

**May 28, 2022, New Delhi**

### **FY22 Business Highlights:**

- FY22 revenue was Rs. 69.44 Crore
- Systems Integration and Solutions business reported revenue of Rs. 60.96 Crore
- Loss Before Tax and exceptional items was Rs. 75.77 Crore
- Exceptional non-recurring gain during this year was on account of:
  - Profit on sale of properties of Rs. 101.51 Crore.
- Profit Before Tax after considering exceptional items Rs. 25.74 Crore

### **Q4' FY22 Business Highlights:**

- Q4' FY22 revenue was Rs. 13.86 Crore
- Systems Integration and Solutions business reported revenue of Rs.11.08 Crore
- Loss Before Tax and exceptional items was Rs. 18.82 Crore
- Exceptional non-recurring loss during this quarter was on account of:
  - Impairment of property post adjusting Profit on sale of properties was Rs 1.75 Crore.
- Loss Before Tax after considering exceptional items was Rs. 20.57 Crore

HCL Infosystems today announced its financial results for the quarter ended March 31<sup>st</sup>, 2022.

Mr. Raj Sachdeva, Manager of HCL Infosystems Ltd, commenting on the results' said, *"In FY 22 ,the management of the Company continued to rationalize the businesses of the Company and to focus on actions/ initiatives that can help reduce operational losses and debt and finance cost, for which various strategies like scaling down certain businesses and selling select businesses and assets (including identified immovable properties) have been implemented."*

Our Systems Integration and Solutions business continued to face delays in customer acceptance and sign-offs on project completion from certain customers, particularly those in the power sector, resulting in delays in recovering receivables. Also as the company continued to provide support to these customers ,the company is incurring higher cost which is increasing our operational losses as reflected in the financials.The team has been continuously engaging with this set of customers to recover the outstanding dues and the Company is also pursuing legal options by including arbitration to recover the receivables.This is leading to high legal costs as reflected in legal and professional expenses.

As recommended by the Board earlier, both the Enterprise and Consumer distribution businesses have been scaled down, resulting in decline in revenues.

Despite all these efforts to reduce debt and losses and the promoter's financial support for the Company, the Company continues to face very challenging funding conditions. As a consequence, the Company has no ability to invest in any new businesses or in expanding its current operations and consequently the business of the Company will continue to contract for the foreseeable future.

## **Company Update**

### **Divestment of HCL Infotech Ltd.**

As reported in earlier press releases, the Board of Directors and shareholders of the Company in 2021 had approved the sale of the entire shareholding held by HCL Infosystems Limited in HCL Infotech Limited to Novezo Consulting Pvt. Ltd. based on the terms and conditions specified in the Share Purchase Agreement dated February 10, 2021.

Subsequently, one of the customers of a key defense project which is part of the transaction has asked HCL to novate the project to either HCL Infosystems Limited or to a third-party service provider acceptable to the customer, instead of transferring the project as part of the HCL Infotech sale to Novezo. In response to the customer's request, the process for novating the DCN project to HCL Infosystems as a stop gap arrangement and identifying a service provider to finally take-over the AMC for DCN project, is underway.

This exercise has resulted in a significant delay in closing the sale of HCL infotech to Novezo. In addition, some of the terms of the Share Purchase Agreement are being renegotiated and there are unresolved issues which if resolved, will require approval of the Board and the Shareholders of the Company.

### **Amalgamation / Restructuring of the Company**

HCL Infosystems Limited (HCLI) had initiated a scheme of amalgamation of Digilife Distribution and Marketing Services Limited (DDMS) and HCL Learning Limited (Learning), wholly owned subsidiaries, with and into HCL Infosystems Limited (HCLI). The rationale for this is to consolidate these businesses into a single entity, simplify the corporate structure and reduce administrative costs. The petition for sanctioning of the scheme was filed before the Hon'ble NCLT, New Delhi bench on 13th December 2021.

Pursuant to order of the Hon'ble NCLT, New Delhi dated January 18, 2022, notices were duly issued to statutory authorities inviting their objections to the scheme and reports have been obtained from the Official Liquidator and the Regional Director. Adequate responses to their observations have also been filed before the Hon'ble NCLT along with necessary compliances. The scheme is now pending before the Hon'ble NCLT until next hearing. The Company has also proposed to change the Appointed Date of the Scheme from April 01, 2020 to April 01, 2022 which would require an approval from the NCLT.

### **Divestment of Property**

In order to reduce the Company's debt obligations, the Company has decided to monetize certain Company owned properties in a phased manner. Several of the Company's properties are not being fully utilized due to changes in the business of the Company. During FY 22, the Company sold 7 properties for a total consideration of Rs. 138.14 Crores. The Company is actively looking for buyers to monetize other properties.

### **Tax refund**

Income tax and GST refund received during current financial year was Rs 107 Crores and Rs 30 crores respectively.

### **Human Resource Development**

As on April 1, 2022, the employee strength of the Company stood at 276, while on April 1, 2021, it was 757. Reduction in headcount was due to the scaling down of the business and organization right sizing.

### **About HCL Infosystems**

HCL Infosystems is an IT System Integration and Solutions company. For more information, please visit us at [www.hclinfosystems.in](http://www.hclinfosystems.in).

<b>Media Contact Information</b>	
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