



PRESS RELEASE

KEY HIGHLIGHTS

- Revenue, in Rupee terms, Rs. 2327.5 Millions for the quarter, Q-o-Q growth of 5.1% and Y-o-Y growth of 31.6%.
- Revenue, in US\$ terms, at \$ 47.7 Millions for the quarter, Q-o-Q de-growth of 5.7% and Y-o-Y growth of 9.0%. Q-o-Q de-growth of 5.7% is attributed solely to weakening of GBP, Euro, and Aus\$ against INR.
- Operating profits for the quarter in Rupees and US\$ terms stood at Rs.450.8 Millions and \$ 9.2 Millions respectively.
- Operating margins for the quarter at 19.4% for the quarter, Y-o-Y improvement of 130 basis points.
- Profit Before Tax, excluding forex losses of Rs. 224.6 Million, stands at Rs. 376.6 Million.
- Net Profit after Tax at Rs. 144.8 Millions, impacted largely due to foreign exchange currency & translation losses, a non-operational parameter, of Rs. 224.6 Millions (This includes provision of Rs.100 Millions made towards possible future currency losses from open forward contracts).
- Both business segments grew at a healthy pace - UTG grew at 15.3% and EMI grew at 41.5% Y-o-Y in Rupee terms.
- Eight new customers added in UTG and fifteen new customers added in EMI vertical during the quarter.

Commenting on the Third quarter FY 09, Mr. BVR Mohan Reddy, Chairman and Managing Director, Infotech Enterprises, said, “I am pleased to announce another good quarterly performance amidst the global economic crisis. The company has delivered a robust growth performance during the quarter under review. Revenues touched Rs. 2327.5 million for the quarter. We also made a significant Q-o-Q improvement of 5.1% and Y-o-Y improvement of 31.6% in our Revenues in rupee terms in difficult market conditions. We witnessed significant volatile cross-currency movements during the quarter which adversely impacted our USD reported revenue figures by as much as -7.9%. Our efforts to contain costs during the quarter have helped us maintain healthy operating margins.

We see continued business momentum in all Geographies, viz. North America, Europe and Asia Pacific-India-Middle East. We continued to add customers in both UTG & EMI segments during the quarter; however, we are also observing slower ramp-up of new customers on account of global economic crisis. During the quarter we saw one of our large customers showed substantial de-growth on account of significant impact of global recession in their line of business. Our other major customers are very stable and are growing at a stable pace.

Our wholly owned subsidiaries continue to be profitable and distribute dividends. Our current geography revenue split places the company in a strong position to mitigate economy related risks.

The cumulative value of services rendered to UTC companies from year 2000 till date has crossed \$ 200 million in this quarter. UTC has awarded ACE (Achieving Competitive Excellence) Supplier Gold to us in December 2008.

Our acquisition of TTM Inc and all its affiliates during the last quarter has started to show positive momentum in this segment. We also incorporated a subsidiary at Japan during the last quarter which we expect to start delivering positive results over the next few quarters.

During the quarter, we acquired a 10% stake in Tele-Atlas Kalyani India Limited, Pune, given the tremendous potential for India map data products. In addition, it creates greater synergy with our largest GIS customer.

Going forward, we expect to continue to deliver growth driven primarily by farming existing relationships by moving up the value chain, adding new customers and expanding our geographic scope in all our verticals.

HIGHLIGHTS FOR THE QUARTER ENDED DECEMBER 31, 2008 (Q3 FY09)

FINANCIAL HIGHLIGHTS

Particulars	Q3 FY 09	Q2 FY 09	Q-o-Q	Q3 FY 08	Y-o-Y
Operating Revenue	2327.5	2214.2	5.1%	1768.5	31.6%
Operating Profit	450.8	456.6	-1.3%	320.4	40.7%
Operating Margin	19.4%	20.6%		18.1%	
PAT (Post share of JV Profits)	144.8	349.0	-58.5%	213.8	-32.2%

(All numbers in INR Million, except % data)

Particulars	Q3 FY 09	Q2 FY 09	Q-o-Q	Q3 FY 08	Y-o-Y
Operating Revenue	47.7	50.6	-5.7%	43.8	9.0%
Operating Profit	9.2	10.4	-11.5%	7.9	16.5%
Operating Margin	19.4%	20.6%		18.1%	
PAT (Post share of JV Profits)	3.0	8.0	-62.5%	5.3	-43.4%
Exchange Rate (US\$ vs INR)	48.76	43.75		40.40	

(All numbers in US\$ Million, except % data)

- In Rupee terms, Revenues at Rs. 2.328 Billion for the quarter; Y-o-Y growth of 31.6%, sequential growth of 5.1%.
- In \$ terms, Revenues at US\$ 47.7 Millions for the quarter; Y-o-Y growth of 9.0% and sequentially down by 5.7% due to INR weakening against Euro, GBP, and AUD significantly.
- In Rupee terms, Net Profit at Rs. 144.8 Millions for the quarter as against Rs. 349.0 million in sequential quarter; mainly impacted due to foreign currency exposure & translation losses of Rs. 224.6 Millions which includes provision of Rs.100 Millions towards possible foreign currency losses from open forward contracts.
- In \$ terms, Net Profit at US\$ 3.0 Millions for the quarter as against US\$ 8.0 Millions in the sequential quarter.
- Operating Margins are at 19.4%, as against 20.6% in the sequential quarter. Largely on account of our currency fluctuations and our investments in setting-up of subsidiary in Japan.
- Operating & Admn Expenses includes a one-time charge of Rs. 13.2 Millions towards provision for doubtful rental deposit which has been legally contested.

- In relation to open foreign currency options as at December 31, 2008, we have recognised a provision of Rs. 200 Millions, in the first 9 months of FY 09, based on our expectation of rupee to foreign currency movement. On a mark-to-market basis, potential mark-to-mark provision is Rs. 310 Millions on the forex cover of \$ 61.25 Million and this forex cover would mature over the next 22 months going upto October 2010.
- Received **dividends** of EUR 277,778 from our German subsidiary and GBP 125,000 from UK subsidiary.

Cash and Cash Equivalents as on December 31, 2008 was Rs. 2,954.4 million. An annexure with details is enclosed.

- We incurred **Capital Expenditure** of Rs. 711 Millions during the last nine months. During quarter-3, we have incurred Rs. 239 Millions.
- **23 Customers** were added during the quarter, 8 in UTG and 15 in EMI.
- We signed **cooperation and partnership** agreement with Volker Wessels Telecom, UK and Teaming agreement with Alcatel Lucent to participate in EGIS implementation at Singtel.
- More than 35% of UTG business is now annuity based.
- **New service offerings:** For **Utilities** - adding field data capture activities to our current Geospatial data services capability; For Telecom - developed ne OSS / BSS service offerings; For **Engineering** - Railway Fixed Asset Management System, Plant design, wiring harness design and DMU positioning and development.
- We inaugurated Terex CoE at Bangalore and Invensys CoE at Noida.
- We became members of the SOI Consortium and the International Rail Industry Standard (IRIS).
- UTC awarded ACE (Achieving Competitive Excellence) Supplier Gold in December 2008.
- Existing customers emerge as key growth drivers while new customers look for larger engagements.
- Participated in Hyderabad Aero Show - Hyderabad, APTA - USA, Airtec - Germany, International Forum - Paris, EuroMold 2008 - Germany, AusRail 2008 - Melbourne, Asia Pacific Spatial Conference - Canberra and ESRI EMEA International User Conference 2008 - London.

- Cost Control Initiatives taken across the company. A high powered task force set up, constituting of senior leaders in the company, to monitor the cost control measures.
- Net addition of 102 associates during the quarter and 953 associates in the last nine months.
- We have completed the **Associate engagement survey**, partnered by Hewitt Associates. A Focus Group has been formed based on the survey to review People Practices, Recognition, Benefits, Career Progression, Learning and Development.

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UNAUDITED CONSOLIDATED FINANCIAL RESULTS UNDER INDIAN GAAP FOR THE QUARTER ENDED 31-DEC-08

(Rupees in Lakhs)

Sl. No.	Particulars	Three Months Ended 31-Dec-08 (Unaudited)	Three Months Ended 31-Dec-07 (Unaudited)	Nine months Ended 31-Dec-08 (Unaudited)	Nine months Ended 31-Dec-07 (Unaudited)	Year Ended 31-Mar-08 (Audited)
1	Sales	23,275	17,685	65,478	48,674	67,413
2	Expenditure					
a	Employees Cost	13,030	9,325	36,100	26,462	35,615
b	Travel Expenses	1,585	1,502	5,177	3,945	5,531
c	Purchases - Services/Products	884	1,398	1,969	3,254	4,804
d	Depreciation	1,194	990	3,408	2,626	3,654
e	Other expenditure	3,269	2,263	9,470	6,242	9,293
f	Total	19,962	15,478	56,124	42,529	58,897
3	Profit from Operations before Other Income and Interest	3,313	2,207	9,354	6,145	8,516
4	Other Income	(1,663)	545	(200)	1,332	2,267
5	Profit before Interest	1,650	2,752	9,154	7,477	10,783
6	Interest	130	123	346	264	372
7	Profit / (Loss) from operating activities	1,520	2,629	8,808	7,213	10,411
8	Provision for Tax - Current Year	231	562	2,001	1,483	2,037
	- Earlier Year	41	-	41	-	-
9	Fringe benefit Tax	47	40	141	113	153
10	Deferred Tax	43	22	(125)	116	385
11	Net Profit / (Loss) from operating activities after tax	1,158	2,005	6,750	5,501	7,836
12	Minority Interest	(9)	3	(5)	8	22
13	Share of Profit from Associate Company	298	125	649	447	699
14	Net Profit / (Loss) for the period	1,447	2,133	7,394	5,956	8,557
15	EPS - Basic*	2.72	4.11	14.05	11.47	16.90
	EPS - Diluted*	2.71	3.83	13.98	10.72	16.69

*On par value of Rs. 5 per share

Notes

1. The above unaudited results were taken on record by the Board of Directors at their meeting held on January 15, 2009.
2. The above Consolidated Financial Results have been prepared in accordance with Accounting Standard 21, Accounting Standard 23 and Accounting 27 issued by The Institute of Chartered Accountants of India.
3. The consolidated financial results represent those of Infotech Enterprises Limited and its wholly owned subsidiaries, viz. M/s Infotech Enterprises Europe Limited, UK, Infotech Enterprises America Inc., USA, Infotech Enterprises GmbH, Germany, TTM (India) Pvt Ltd, India; TTM Institute of Information Technology Pvt. Ltd., India; partly-owned subsidiary Infotech Geospatial (India) Ltd.; Associate Company, viz. Infotech Aerospace Services Inc. Puerto Rico; and Joint Venture, viz. Infotech HAL Ltd.
4. With effect from October 1, 2008, the company acquired 100% stake in TTM Inc, USA, TTM (India) Pvt Ltd, India and TTM Institute of Information Technology Pvt. Ltd., India. Hence the financial results for 3 months and 9 months are not strictly comparable.
5. Provision for Tax for earlier year relates to Assessment Year 2005-06, vide demand dated December 26, 2008.
6. In relation to open foreign currency options as at December 31, 2008, the company has recorded a provision of Rs. 2000 lakhs (including Rs. 1000 lakhs during the quarter) based on the company's expectation on rupee to foreign currency movement and the same would be reassessed at the year-end. On a mark-to-market basis, an additional provision of Rs. 3100 lakhs would be required for options that would mature over the next 22 months going upto October 2010.
7. The results for the quarter ended December 31, 2008 on Consolidated basis have not been subjected to "Limited Review" by the statutory auditors.
8. Corresponding previous period's figures have been regrouped / reclassified wherever necessary.

for INFOTECH ENTERPRISES LIMITED

Place : Hyderabad
 Date : January 15, 2009

B.V.R. MOHAN REDDY
 Chairman & Managing Director

ABOUT INFOTECH ENTERPRISES LIMITED

Infotech Enterprises Limited (IEL) is a global IT Services provider offering Engineering Design Services, Geospatial Information Services and IT Services. Over the last 17+ years Infotech has achieved in gaining expertise in Engineering Design Services in - Aerospace, Locomotives, Marine, Automobiles and other Industrial products. Geospatial Solutions for Telecommunication, Utilities and Government and Software Services.

Over +7900 highly skilled professionals in Infotech work onsite, offshore and near shores to provide high quality and value added services and solutions for companies in several industry sectors. Infotech Enterprises is an SEI CMMi Level 5 company, and certified to ISO 9001:2000, ISO 27001 and AS 9100 standards. Infotech Enterprises is a public listed company and has attracted globally reputed equity investors like Pratt & Whitney and General Atlantic Partners.

For more information, please visit www.infotech-enterprises.com

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