

Investor Update

Quarter ended December 31, 2009



- ✓ Revenue for the quarter Rs. 2,391 million, Y-o-Y growth of 2.7%, Q-o-Q growth of 0.7%.
- ✓ Revenue for the quarter \$ 51 million, Y-o-Y growth of 7.5%, Q-o-Q growth of 4.7%.
- ✓ YTD Revenues at Rs. 7,091 million, growth of 8.3% over corresponding period of last year.
- ✓ Operating margins for the quarter at 21.6%, Y-o-Y improvement of 220 basis points.
- ✓ Operating profit for the quarter Rs. 517 million.
- ✓ Profit after Tax for the quarter at Rs. 379 million, Y-o-Y growth of 161.8%, Q-o-Q growth of 7.3%.
- ✓ YTD Profit after Tax at Rs. 1,195 million, growth of 61.6% over corresponding period of last year.
- ✓ Business momentum and environment continues to be in line with expectations for key verticals – Manufacturing, Telecom and Hitech.

Hyderabad, India – January 18, 2010: Infotech Enterprises Limited, a global services provider offering Engineering Design Services, Geospatial Information Services and IT Services, announced its unaudited financial results for the quarter ended December 31, 2009.

Update Coverage:

- **Management Comments**
- **Performance Highlights**
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Note : All the references to Infotech's financial results in this update pertain to the company's consolidated operations comprising overseas wholly-owned subsidiaries Infotech Enterprises Europe Ltd., (IEEL); Infotech Enterprises America Inc., (IEAI); Infotech Enterprises GmbH (IEG) ; TTM Institute of Information Technology Pvt. Ltd, Infotech Enterprises Japan KK; Joint Venture Infotech HAL Ltd (HAL JV) and the partially-owned subsidiary Infotech Geospatial (India) Ltd (IGIL).

Management Comments

Commenting on the results, Mr. BVR Mohan Reddy, Chairman and Managing Director, said, “We delivered a stable revenue performance at Rs. 2,391 million as compared to Rs. 2,374 million in the previous quarter, recording a 0.7% increase over the sequential quarter and a 2.7% increase over corresponding quarter of the preceding year. In \$ terms, we delivered revenues of \$ 51 million, recording a 4.7% increase over the sequential quarter and a 7.5% increase over corresponding quarter of the preceding year. We have been able to sustain our operating margins at encouraging levels of 21.6%, which is a 220 basis point improvement over corresponding quarter of the preceding year.

Acquisition of Daxcon will strengthen Infotech with deep domain expertise in Heavy equipment engineering and commercial vehicle sectors, with strong long-term customer relationships and with a US delivery capability with over 150 specialists – all of which are very critical to our accelerated growth.

We are very excited with the new contract from Hamilton Sundstrand, which will allow us to make a big move towards embedded software and electronics design and consolidate our position as a leading engineering services provider globally.

Both our business segments, UTG and EMI had volume growth of 1.8% and 5.5%, respectively, quarter on quarter.

In our UTG vertical, we have been able to make strong inroads into telecom business during the last 9 months. Out of our UTG revenue for the last 9 months, 57% has been out of telecom business. Going forward, our endeavor will be to identify and focus on such growth segments with relevant service offerings. Our Hitech vertical is showing signs of positive growth with increase in revenues and improvement in quality of revenue profile and customer relationships.

We continue to have a strong balance sheet with cash balance of Rs. 395 crores.”

Performance Highlights

(All numbers in **INR Million**, except % data)

Particulars	Q3 FY 10	Q2 FY 10	Q-o-Q	Q3 FY 09	Y-o-Y
Operating Revenue	2,390.7	2,374.0	0.7%	2,327.5	2.7%
Operating Profit	517.9	515.1	0.5%	450.8	14.8%
Operating Margin	21.6%	21.7%		19.4%	
PAT	379.1	353.3	7.3%	144.8	161.8%

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

Particulars	Q3 FY 10	Q2 FY 10	Q-o-Q	Q3 FY 09	Y-o-Y
Operating Revenue	51.3	49.0	4.7%	47.7	7.5%
Operating Profit	11.1	10.7	3.7%	9.2	20.6%
Operating Margin	21.6%	21.7%		19.3%	
PAT	8.1	7.3	11.0%	3.0	170.0%
Average Exchange Rate (US\$ vs INR)	46.64	48.42		48.76	

- In Rupee terms, Revenues are at Rs. 2,390.7 millions for the quarter; Y-o-Y growth of 2.7%, sequential growth of 0.7%.
- In \$ terms, Revenues are at \$ 51.3 million for the quarter; Y-o-Y growth of 7.5%, sequential growth of 4.7%.
- Operating margins are at 21.6%, a Y-o-Y improvement of 220 basis points.
- In Rupee terms, Net Profit is at Rs.379.1 millions for the quarter as against Rs. 353.3 million in the sequential quarter.
- In \$ terms, Net Profit is at \$ 8.1 million for the quarter as against \$ 7.3 in the sequential quarter.

Business and Operational Highlights

✓ New Business & Services Offerings –

- **Signed long term engineering services contract with Hamilton Sundstrand.** This contract is in the Avionics segment with an opportunity to add 400 engineers in three years.
- **Several key wins in Utilities and Telecom segments.**
- **Won the Urban Property Ownership Record "Technical Service Provider" project** for 5 towns in Karnataka, awarded by the Department of Survey, Settlement and Land Records, Government of Karnataka under the Public Private Partnership Model on Build-Own-Operate-Transfer basis.
- Our partially-owned subsidiary Infotech Geospatial also won the "Service Provider" project for "Shimoga" town under the Urban Property Ownership Record in Karnataka. This part of project envisages creating property records of Shimoga town with GIS backbone.
- Strengthening market presence in APAC region by opening an office in Malaysia.
- **Major turnaround in Hitech vertical** with improvement in the quality of revenue profile and customer relationships.
- **11 customers were added** during the quarter, 3 in UTG and 8 in EMI.
- **New service offerings / initiatives:**
 - UTG – Smart Grid initiatives, Meter Data Management, Telecom Engineering, Managed Support Services;
 - EMI – Electrical control systems.

✓ Quality and other certifications –

- Pratt & Whitney Canada site and Quality cell at Bangalore have been certified **ACE Gold**. Pratt & Whitney USA and Hamilton Sundstrand recertified as ACE Gold cells. IT Site sustained ACE Silver.

✓ Others –

- Bombay Stock Exchange (BSE) included Infotech Enterprises in its **BSE Mid-Cap index**.

- Participated in **prestigious seminars** like GE Smallworld user group conference, Hyperworks Technology conference, NASSCOM Global Engineering summit, VSPM based paper at Ansys conference.
- ✓ **Mergers and Acquisitions –**
 - **Acquired Daxcon Engineering Inc.**, located in Peoria, Illinois, USA, in an all-cash deal.
 - Entered into an **agreement with IDT Inc.**, a US based entity engaged in the business of design and sale of semiconductor products. Acquired the operational assets of its Hyderabad office.
- ✓ **Facilities –**
 - Inaugurated a state-of-the-art **learning centre** at our Manikonda campus at Hyderabad.
- ✓ **Investments and Cash –**
 - **Cash balance** stood at Rs. 3,954 million as against Rs. 3,639 million as at end of Q-2. The details are as follows :

Current & EEFC Accounts	- Rs.	711 million
Deposit Accounts	- Rs.	1,729 million
Liquid investments	- Rs.	1,514 million
 - **Capital Expenditure** of Rs. 76 million during the quarter.
 - Received highest rating for our short-term bank loan from CRISIL indicating highest safety for repayment.
 - Our **mutual fund investment portfolio as at December 31, 2009 is certified as “Very Good”** by a reputed Credit Rating Agency, indicating highest credit quality of the underlying assets of the funds.

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Detailed Financials

Particulars	Q3 FY 10	Q2 FY 10	Q-o-Q	Q3 FY 09	Y-o-Y
Operating Revenues	2,390.7	2,374.0	0.7%	2,327.5	2.7%
Operating Expenditure	1,872.8	1,858.9	0.8%	1,876.7	-0.2%
Salary Costs	1,307.8	1,336.9	-2.2%	1,303.0	0.4%
Travel Expenditure	148.0	136.0	8.8%	158.5	-6.5%
Purchases for Products / Re-sale	112.4	68.4	64.3%	88.3	27.3%
Other Operating Costs	304.6	317.6	-4.1%	326.9	-6.8%
Operating Profits	517.9	515.1	0.3%	450.8	14.8%
Operating Margins	21.6%	21.7%		19.4%	
Depreciation & Amortization	111.1	114.1	-2.6%	119.4	-6.9%
Financial Expenses	1.5	2.4	-37.5%	13.0	-88.4%
Other Income	77.5	44.6		-166.4	
Profit Before Tax	482.8	443.2		152.0	
PBT Margin	19.5%	18.3%		6.5%	
Tax	129.0	123.5		36.2	
Profit After Tax	353.8	319.7		115.9	
Share of Profits - IASI	25.3	32.9		29.8	
Minority Interest - IGIL	-0.1	0.7		-0.9	
PAT after Share of Profits	379.1	353.3		144.8	
Net Margin	15.3%	14.6%		6.7%	
Basic EPS	6.85	6.40		2.72	

(All numbers in INR Million, except for % and EPS data)

Other Performance Metrics

Revenue Distribution, by Company –

Name of Company	Q3 FY10	Q2 FY10	Q3 FY09
Infotech Enterprises Ltd	1,400.1	1,440.6	1,476.4
Infotech Enterprises Europe Ltd	264.7	331.0	306.5
Infotech Enterprises America Inc.	842.9	854.0	981.6
Infotech Enterprises, GmbH	607.1	577.6	494.6
Infotech Geospatial (India) Ltd	16.7	18.2	23.1
TTM India Pvt Ltd *	--	--	12.5
Infotech HAL Limited	2.6	2.0	--
Infotech Enterprises Japan KK	1.6	1.5	--
Gross Revenues	3,135.7	3,224.9	3,294.7
Less: Intra Group Revenues	745.0	850.9	967.2
Net Revenues	2,390.7	2,374.0	2,327.5

(All numbers in INR Million, except for % data)

** Merged into Infotech Enterprises Ltd., w.e.f. April 1, 2009*

Revenue Distribution, by Vertical –

Business Segment	Q3 FY10	Q2 FY10	Q3 FY09
Utilities Telecom and Government	845.6 (35.4%)	866.0 (36.5%)	788.4 (33.9%)
Engineering, Manufacturing and Industrial Products	1,550.8 (64.9%)	1,515.3 (63.8%)	1,546.3 (66.4%)
Less: Inter Segment Sales	-5.7 (0.2%)	-7.3 (-0.3%)	-7.2 (-0.3%)
TOTAL	2,390.7 (100.0%)	2,374.0 (100.0%)	2,327.5 (100%)

(All numbers in INR Million, except for % data)

Revenue Distribution, by Geography –

Geography	Q3 FY10	Q2 FY10	Q3 FY09
North America	1,111.7 (46.5%)	1,123.9 (47.3%)	1,232.0 (52.9%)
Europe	1,064.3 (44.5%)	1,037.4 (43.7%)	839.8 (36.1%)
Asia/ Australia	214.7 (9.0%)	212.7 (9.0%)	255.7 (11.0%)
TOTAL	2,390.7 (100.0%)	2,374.0 (100.0%)	2,327.5 (100.0%)

Revenue Contribution –

	Q3 FY10	Q2 FY10	Q3 FY09
Top 5	44.7%	44.7%	42.1%
Top 10	59.8%	61.6%	57.9%
Others	40.2%	38.4%	42.1%

Profit Distribution, by Company –

Name of Company	Q3 FY10	Q2 FY10	Q3 FY09
Infotech Enterprises Ltd	266.6	259.9	78.0
Infotech Enterprises Europe Ltd	19.2	24.2	7.0
Infotech Enterprises America Inc.	36.5	25.1	56.2
Infotech Enterprises, GmbH	47.9	39.7	6.7
Infotech Geospatial (India) Ltd	0.2	-2.6	3.3
TTM India Pvt Ltd *	--	--	-2.8
Infotech HAL Limited	0.1	-0.1	---
Infotech Enterprises Japan KK	-8.0	-5.2	---
Gross Profit	362.5	341.0	148.4
Less: Others (Elimination)	-8.7	-21.3	-32.5
Profit After Tax	353.8	319.7	115.9
Share of Profits from IASI	25.3	32.9	29.8
Minority Interest of IGIL	--	0.7	-0.9
Profit after Minority Interest	379.1	353.3	144.8

(All numbers in INR Million, except for % data)

** Merged into Infotech Enterprises Ltd., w.e.f. April 1, 2009*

Manpower Distribution, by Vertical –

Business Segment	31-Dec-09	30-Sep-09	31-Dec-08
UTG	3,663	3,798	4,269
EMI	3,128	3,064	3,300
Support Functions	416	426	405
TOTAL	7,207	7,288	7,974

Manpower Distribution, by Company –

Name of Company	31-Dec-09	30-Sep-09	31-Dec-08
Infotech Enterprises Ltd.,	6,438	6,561	7,152
Infotech Enterprises Europe Ltd	73	68	79
Infotech Enterprises America Inc.	449	419	398
Infotech Enterprises, GmbH	187	169	152
Infotech Geospatial (India) Ltd.	49	60	120
TTM India Pvt Ltd *	--	--	61
TIIT	8	8	12
Infotech Enterprises Japan KK	3	3	---
TOTAL	7,207	7,288	7,974

* Merged into Infotech Enterprises Ltd., w.e.f. April 1, 2009

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Company Overview

Infotech Enterprises Limited (IEL) is a global IT Services provider offering Engineering Design Services, Geospatial Information Services and IT Services. Over the last 18+ years Infotech has excelled 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 +7200 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 UTC and General Atlantic Partners.

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

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