



## PRESS RELEASE

### Key Highlights

- 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**
- **Business and Operational Highlights**
- **Detailed Financials**
- **Other Performance Metrics**
- **Overview of the Company**

**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<br>10 | Q2 FY<br>10 | Q-o-Q | Q3 FY<br>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<br>10 | Q2 FY<br>10 | Q-o-Q | Q3 FY<br>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<br>(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.

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## 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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UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2009

(Rupees in Lakhs)

| Sl. No. | Particulars  | Three Months Ended 31-Dec-09 (Unaudited) | Three months Ended 31-Dec-08 (Unaudited) | Nine months Ended 31-Dec-09 (Unaudited) | Nine months Ended 31-Dec-08 (Unaudited) | Year Ended 31-Mar-09 (Audited) |
|---------|--|--|--|---|---|--------------------------------|
| 1       | Net Sales  | 23,906                                   | 23,275                                   | 70,906                                  | 65,478                                  | 88,975                         |
| 2       | <b>Expenditure</b>   |  |  |   |   |                                |
| a       | Employees Cost   | 13,077                                   | 13,030                                   | 39,801                                  | 36,100                                  | 48,949                         |
| b       | Travel Expenses  | 1,480                                    | 1,585                                    | 3,979                                   | 5,177                                   | 6,493                          |
| c       | Purchases - Services/Products  | 1,125                                    | 884                                      | 2,667                                   | 1,969                                   | 3,027                          |
| d       | Depreciation and Amortisation  | 1,111                                    | 1,194                                    | 3,428                                   | 3,408                                   | 4,656                          |
| e       | Other Expenditure  | 3,046                                    | 3,269                                    | 8,894                                   | 9,470                                   | 12,655                         |
| f       | <b>Total</b>   | <b>19,839</b>                            | <b>19,962</b>                            | <b>58,769</b>                           | <b>56,124</b>                           | <b>75,780</b>                  |
| 3       | <b>Profit from Operations before Other Income / (expense) and Interest</b>               | <b>4,067</b>                             | <b>3,313</b>                             | <b>12,137</b>                           | <b>9,354</b>                            | <b>13,195</b>                  |
| 4       | Other Income / (Expense)   | 775                                      | (1,663)                                  | 2,853                                   | (200)                                   | (2,945)                        |
| 5       | <b>Profit before Interest</b>  | <b>4,842</b>                             | <b>1,650</b>                             | <b>14,990</b>                           | <b>9,154</b>                            | <b>10,250</b>                  |
| 6       | Interest Expense   | 15                                       | 130                                      | 63                                      | 346                                     | 403                            |
| 7       | <b>Profit before tax</b>   | <b>4,827</b>                             | <b>1,520</b>                             | <b>14,927</b>                           | <b>8,808</b>                            | <b>9,847</b>                   |
| 8       | Tax expense  |  |  |   |   |                                |
|         | - Current year   | 891                                      | 231                                      | 2,983                                   | 2,001                                   | 2,996                          |
|         | - Earlier year   | -  | 41                                       | -                                       | 41                                      | 41                             |
|         | - Fringe Benefit Tax   | -  | 47                                       | -                                       | 141                                     | 175                            |
|         | - Deferred Tax   | 398                                      | 43                                       | 1,039                                   | (125)                                   | (1,810)                        |
| 9       | <b>Net Profit after tax</b>  | <b>3,538</b>                             | <b>1,158</b>                             | <b>10,905</b>                           | <b>6,750</b>                            | <b>8,445</b>                   |
| 10      | Minority Interest  | -  | (9)                                      | 48                                      | (5)                                     | 2                              |
| 11      | Share of Profit from Associate Company   | 253                                      | 298                                      | 997                                     | 649                                     | 801                            |
| 12      | <b>Net Profit for the period</b>   | <b>3,791</b>                             | <b>1,447</b>                             | <b>11,950</b>                           | <b>7,394</b>                            | <b>9,248</b>                   |
| 13      | Paid-up equity share capital   |  |  | 2,772                                   | 2,761                                   | 2,761                          |
| 14      | Reserves excluding revaluation reserves  |  |  |   |   | 74,271                         |
| 15      | EPS - Basic*   | 6.85                                     | 2.72                                     | 21.61                                   | 14.05                                   | 17.36                          |
|         | EPS - Diluted*   | 6.83                                     | 2.71                                     | 21.52                                   | 13.98                                   | 17.33                          |
| 16      | Aggregate of Non-promoter shareholding   |  |  |   |   |                                |
|         | Number of Shares   | 42,569,029                               | 42,249,944                               | 42,569,029                              | 42,249,944                              | 42,278,790                     |
|         | Percentage   | 76.78%                                   | 76.50%                                   | 76.78%                                  | 76.50%                                  | 76.55%                         |
| 17      | Promoters and Promoter Group Shareholding  |  |  |   |   |                                |
|         | a) Pledged / Encumbered  |  |  |   |   |                                |
|         | - Number of Shares   | 331,941                                  | -  | 331,941                                 | -                                       | 358,428                        |
|         | - Percentage of Shares (as a % of the total shareholding of promoter and promoter group) | 2.58%                                    | -  | 2.58%                                   | -                                       | 2.77%                          |
|         | - Percentage of Shares (as a % of the total share capital of the Company)                | 0.60%                                    | -  | 0.60%                                   | -                                       | 0.65%                          |
|         | b) Non-encumbered  |  |  |   |   |                                |
|         | - Number of Shares   | 12,539,861                               | -  | 12,539,861                              | -                                       | 12,592,578                     |
|         | - Percentage of Shares (as a % of the total shareholding of promoter and promoter group) | 97.42%                                   | -  | 97.42%                                  | -                                       | 97.23%                         |
|         | - Percentage of Shares (as a % of the total share capital of the Company)                | 22.62%                                   | -  | 22.62%                                  | -                                       | 22.80%                         |

\*On par value of Rs. 5 per share

Notes

- The consolidated financial results were taken on record by the Board of Directors at their meeting held on January 18, 2010.
- The consolidated financial results have been subjected to Limited Review by the Statutory Auditors.
- The financial results are prepared in accordance with the principles and procedures for the preparation and presentation of consolidated financial statements as set out in the Accounting Standard on Consolidated Financial Statements mandated by Rule 3 of the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India.
- 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 Institute of Information Technology Pvt. Ltd., India; Infotech Enterprises Japan KK, Japan, partly-owned subsidiary Infotech Geospatial (India) Ltd.; Associate Company, viz. Infotech Aerospace Services Inc. Puerto Rico; and Joint Venture, viz. Infotech HAL Ltd.

5. Clause 41 of the Listing Agreement requires companies to either publish standalone or consolidated financial results in the newspapers and this choice is to be exercised during the first quarter of the financial year. The Company, in compliance with this provision, has opted to publish the consolidated financial results.
6. The standalone financial results will, however, be made available to the Stock Exchanges where the Company's shares are listed and will also be posted on the Company's website.
7. With effect from October 1, 2008, the Company acquired 100% stake in Time to Market Inc, USA, TTM India Pvt. Ltd. and TTM Institute of Information Technology Pvt. Ltd., India. Hence the financial results for the quarters and nine months ended December 31, 2009 and December 31, 2008 are not strictly comparable.
8. The Board of Directors of the Company at its meeting held on January 15, 2009 approved the merger of the Company's wholly owned subsidiary, TTM India Pvt. Ltd. with the Company effective April 1, 2009. Consequent to the filing of final certified order dated September 29, 2009 of the High Court of Judicature, Andhra Pradesh with the Registrar of Companies, Andhra Pradesh, the scheme of amalgamation between TTM India Pvt. Ltd. and the Company has become effective from the appointed date of April 1, 2009. The results for the above reported periods have been recast to reflect the effect the merger.
9. Other Income / (Expense) for the quarter includes Rs.1071 lakhs towards reversal of provision for MTM losses on forward contracts and Rs. 397 lakhs towards loss on forward contracts. Other Income for the year ended March 31, 2009 includes Rs. 5,148 lakhs towards provision for MTM losses on forward contracts and Rs. 2,850 lakhs towards loss on forward contracts.
10. Tax expense for earlier year relates to Assessment Year 2005-06, vide demand dated December 26, 2008.
11. Corresponding previous period's figures have been regrouped / reclassified wherever necessary.

**CONSOLIDATED SEGMENT INFORMATION**

(Rupees. in Lakhs)

|   | Three Months<br>Ended<br>31-Dec-09<br>(Unaudited) | Three months<br>Ended<br>31-Dec-08<br>(Unaudited) | Nine months<br>Ended<br>31-Dec-09<br>(Unaudited) | Nine months<br>Ended<br>31-Dec-08<br>(Unaudited) | Year<br>Ended<br>31-Mar-09<br>(Audited) |
|---|---|---|--|--|---|
| <b>Segment Revenue</b>  |   |   |  |  |   |
| Utilities, Telecom and Government                             | 8,456   | 7,884   | 25,537   | 22,920   | 30,940                                  |
| Engineering, Manufacturing, Industrial Products               | 15,507  | 15,463  | 45,546   | 42,698   | 58,238                                  |
| <b>Total</b>  | <b>23,963</b>                                     | <b>23,347</b>                                     | <b>71,083</b>                                    | <b>65,618</b>                                    | <b>89,178</b>                           |
| Less : Inter segment Revenue                                  | 57  | 72  | 177  | 140  | 203                                     |
| <b>Revenue from Operations</b>                                | <b>23,906</b>                                     | <b>23,275</b>                                     | <b>70,906</b>                                    | <b>65,478</b>                                    | <b>88,975</b>                           |
| <b>Segment Results</b>  |   |   |  |  |   |
| <b>Profit before Depreciation, Tax and Financial Expenses</b> |   |   |  |  |   |
| Utilities, Telecom and Government                             | 2,761   | 2,097   | 8,718  | 5,934  | 8,581                                   |
| Engineering, Manufacturing, Industrial Products               | 3,598   | 3,482   | 9,939  | 10,114   | 13,546                                  |
| <b>Total</b>  | <b>6,359</b>                                      | <b>5,579</b>                                      | <b>18,657</b>                                    | <b>16,048</b>                                    | <b>22,127</b>                           |
| <b>Less:</b>  |   |   |  |  |   |
| Financial Expenses  | 15  | 130   | 63   | 346  | 403                                     |
| Depreciation and Amortisation                                 | 1,111   | 1,194   | 3,428  | 3,408  | 4,656                                   |
| Other un-allocable expenditure (net of un-allocable income)   | 406   | 2,735   | 239  | 3,486  | 7,221                                   |
| <b>Profit Before Taxation</b>                                 | <b>4,827</b>                                      | <b>1,520</b>                                      | <b>14,927</b>                                    | <b>8,808</b>                                     | <b>9,847</b>                            |

Notes

**Segmental Capital Employed**

Fixed assets used in the Company's business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and support services are used interchangeably between segments. Accordingly, no reporting relating to total segment assets and liabilities have been made.

for INFOTECH ENTERPRISES LIMITED

Place : Hyderabad

Date : January 18, 2010

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

## 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](http://www.infotech-enterprises.com)

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