



INFOTECH ENTERPRISES LIMITED Q1 - FY 2010-2011

PRESS RELEASE

Key Highlights

- ✓ **Revenue for Quarter-1 Rs. 2,529 million, Y-o-Y growth of 8.7%, Q-o-Q growth of 3.6%.**
 - ✓ **Revenue for Quarter-1 \$ 55 million, Y-o-Y growth of 15.9%, Q-o-Q growth of 4.3%.**
 - ✓ **Revenue grew at 6.5% over previous quarter in constant currency terms. Significant impact of adverse forex movement (2.9% decrease).**
 - ✓ **Operating margins for Quarter-1 at 16.0%.**
 - ✓ **PAT for Quarter-1 at Rs. 329 million.**
 - ✓ **Since inception, achieved cumulative revenues of USD 1 billion by Quarter-1, a major milestone in the company's history.**
 - ✓ **Business momentum and environment continues to be in line with expectations for key verticals – Manufacturing and Telecom.**
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Hyderabad, India – July 14, 2010: Infotech Enterprises Limited, a global services provider offering Engineering Design Services, Geospatial Information Services and IT Services, announced its audited financial results for the quarter ended June 30, 2010.

Update Coverage:

- **Management Comments**
- **Highlights for Quarter-1**

Performance Highlights

Business and Operational Highlights

Detailed Financials

Other Performance Metrics

- **Overview of the Company**

Management Comments

Commenting on the results, Mr. BVR Mohan Reddy, Chairman and Managing Director, said, “We delivered an encouraging revenue performance at Rs. 2,529 million as compared to Rs. 2,441 million in the previous quarter, recording a 3.6% increase over the sequential quarter and a 8.7% increase over corresponding quarter of the preceding year. In \$ terms, we delivered revenues of \$ 55.4 million, recording a 4.3% increase over the sequential quarter and a 15.9% increase over corresponding quarter of the preceding year.

In constant currency terms, revenues have grown by 6.5% over the sequential quarter. ENGG vertical witnessed a volume growth of 10.6% and UTG vertical witnessed a volume de-growth of 2.0%.

Our operating margins for the quarter at 16.0% are below our expectations. This primarily reflects the impact of adverse exchange rate movements, particularly EURO and GBP, and completion of some large projects in UTG. In addition, salary increments, continued investment in people and infrastructure and increase in other direct expenses have also contributed to decrease in profit.

It is, however, encouraging to note that we are confident about our Q-2 performance based on confirmed business and quality of order pipeline. We are also actively taking steps to expand our existing client relationships and capitalize on the pipeline that we have built besides putting in place various initiatives to address overall performance improvement such as better utilization, hiring freshers, controlling SG&A etc.

During May 2010, we achieved cumulative revenues of USD 1 billion, which is a major milestone in the history of the company. Infotech today proudly owns over a million sft of world class facilities in delivery centers and relationship management offices and works with customers in 25 countries across the globe.

We have commenced operations from our new SEZ facility at Visakhapatnam, which is our first SEZ development centre. This is our sixth development centre, the first in SEZ and second in a Tier II town.

We continue to have a strong balance sheet with cash balance increasing to Rs. 405 crores. Our M&A focus continue to be important for accelerated growth this year”

Update on Q-1 FY 11 Performance

Performance Highlights - Q1 FY11

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

Particulars	Q1 FY 11	Q4 FY 10	Q-o-Q	Q1 FY 10	Y-o-Y
Operating Revenue	2,528.9	2,440.6	3.6%	2,326.0	8.7%
Operating Profit	403.9	526.1	-23.2%	523.6	-22.9%
Operating Margin	16.0%	21.6%		22.5%	
PAT	328.9	513.3	-35.9%	462.7	-28.9%

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

Particulars	Q1 FY 11	Q4 FY 10	Q-o-Q	Q1 FY 10	Y-o-Y
Operating Revenue	55.4	53.1	4.3%	47.8	15.9%
Operating Profit	8.8	11.5	-23.5%	10.8	-18.5%
Operating Margin	16.0%	21.6%		22.5%	
PAT	7.2	11.2	-35.7%	9.5	-24.2%
Average Exchange Rate (US\$ vs INR)	45.67	45.92		48.67	

Business and Operational Highlights - Q1 FY11

✓ **New Business & Services Offerings –**

- **Several key wins in Utilities, Telecom and Government segments.**
- **12 customers were added** during the quarter, 6 in UTG and 6 in EMI.
- **New service offerings / initiatives:**
 - UTG – FTTx, Smart data services;
 - EMI – Propulsion System Integration Center (PSIC), Share Point Development Service.

✓ **Quality and other certifications –**

- Pratt & Whitney, Canada, CoE, received UTC Supplier Gold recognition. UTC IT site also received Gold recognition. With this, the entire UTC Division at Infotech operates at ACE Gold level.

✓ **Facilities –**

- Commenced operations from our new SEZ at Visakhapatnam.
- Opened at CoE in our London office in collaboration with Remote Energy Monitoring Limited, UK, to showcase Smart Metering technologies and solutions.

✓ **Investments and Cash –**

- **Cash balance** stood at Rs. 4,052 million as against Rs. 3,836 million as at end of Q-4. The details are as follows :

Current & EEFC Accounts	- Rs.	1,377 million
Deposit Accounts	- Rs.	1,702 million
Liquid investments	- Rs.	973 million
- **Capital Expenditure** of Rs. 104 million during the quarter.

UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2010

(Rupees in Lakhs)

Sl. No.	Particulars	Three Months Ended 30-Jun-10 (Unaudited)	Three months Ended 30-Jun-09 (Unaudited)	Year Ended 31-Mar-10 (Audited)
1	Net Sales	25,289	23,260	95,312
2	Expenditure			
a	Employees Cost	15,669	13,355	54,272
b	Travel Expenses	1,637	1,139	5,510
c	Purchases - Services/Products	861	858	3,224
d	Depreciation and Amortisation	1,168	1,176	4,357
e	Other expenditure	3,081	2,672	11,479
f	Total	22,416	19,200	78,842
3	Profit from Operations before Other Income and Interest expense	2,873	4,060	16,470
4	Other Income	578	1,632	4,637
5	Profit before Interest and exceptional item	3,451	5,692	21,107
6	Interest expense	24	24	312
7	Profit after Interest but before exceptional item	3,427	5,668	20,795
8	Exceptional item	229	-	-
9	Profit before tax	3,656	5,668	20,795
10	Tax expense - Current year	913	858	4,143
	- Earlier years	-	-	453
	- MAT credit	(297)	-	(1,099)
	- Fringe Benefit Tax	-	39	(1)
	- Deferred Tax	124	600	1,555
11	Net Profit after tax	2,916	4,171	15,744
12	Minority Interest	5	41	48
13	Share of Profit from Associate Company	368	414	1,292
14	Net Profit for the period	3,289	4,626	17,084
15	Paid-up equity share capital	5,555	2,762	2,775
16	Reserves excluding revaluation reserves	-	-	87,859
17	EPS - Basic*	2.96	4.19	15.44
	EPS - Diluted*	2.96	4.18	15.38
18	Aggregate of Non-promoter shareholding			
	Number of Shares	85,453,478	42,315,551	42,639,544
	Percentage	76.91%	76.60%	76.83%
19	Promoters and Promoter Group Shareholding			
a)	Pledged / Encumbered			
	- Number of Shares	542,138	357,440	286,900
	- Percentage of Shares (as a % of the total shareholding of promoter and promoter group)	2.11%	2.76%	2.23%
	- Percentage of Shares (as a % of the total share capital of the company)	0.49%	0.65%	0.52%
b)	Non-encumbered			
	- Number of Shares	25,109,080	12,571,708	12,573,080
	- Percentage of Shares (as a % of the total shareholding of promoter and promoter group)	97.89%	97.24%	97.77%
	- Percentage of Shares (as a % of the total share capital of the company)	22.60%	22.75%	22.65%

*On par value of Rs. 5 per share and adjusted for issue of bonus shares in the ratio of 1 share for every 1 share held.

Company Overview

About Infotech Enterprises Limited

Founded in 1991, we are a Global IT services and solutions provider specializing in Engineering Services, Geographic Information Services (GIS) and IT services. We provide services to a wide range of industries - Aerospace, Rail, Automotive, Marine, Energy, Plant Engineering, Utilities, Telecom (operators), Government, Retail, Consumer Electronics, Medical Electronics, Semiconductor, Telecom (Manufacturers) and Computing industries. Infotech has a distinctive business model: “offshore services, onshore responsibility”. We operate “Centres of Excellence” for leaders in key industries. We combine the extensive engineering design and solutions capability based in India with global delivery through our offices worldwide providing local customer interface and project management.

Our cutting edge is our industry specific domain expertise, people and processes, technologies, tools and training. We draw on this strong foundation to create measurable business impact for customers around the world, resulting in long-term relationships with several of the most recognized names in their respective industries. Many of these are among the top fortune 500 companies.

Infotech is certified to ISO 9001:2000, AS 9100, ISO 27001 and AS9100. We have been successfully reappraised for CMMi Level 5 Version 1.2 for the software units of our Engineering, UTG and IT verticals.

We are a (INFOTECENT in BSE – Bombay Stock Exchange and in NSE – National Stock Exchange) listed company with equity participation from globally reputed investors.

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

For additional information, please contact:

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