



INFOTECH ENTERPRISES LIMITED Q2 RESULTS - FY 2011-2012

PRESS RELEASE

Key Highlights

- Revenue for the quarter at ₹ 3,726 million, Y-o-Y growth of 26%, Q-o-Q growth of 7.5%.
- Operating profit at ₹ 586 million, highest ever quarterly operating profit, an increase of 35% over ₹ 435 million for previous quarter and an increase of 28% over ₹ 457 million for Q-2 of previous year.
- Operating margin at 15.7% for the quarter, increase of 320 bps over Q-1 and 20 bps over Q-2 of previous year.
- Profit after tax at ₹ 307.4 million for the quarter, an increase of 14.5% over previous quarter.
- Strong revenue growth in N&CE and ENGG verticals at 8.1 % and 7.1% respectively over Q-1.
- ENGG revenues crossed ₹ 250 crores in a quarter for the first time and \$ 100 million for the first half of this year.
- Business momentum and environment continues to be stable in line with the expectations especially in – Aerospace, Heavy equipment, Utilities, Hitech, and Telecom.

Message from the Chairman & Managing Director

HYDERABAD, INDIA – OCTOBER 19, 2011:

Commenting on the results, Mr. BVR Mohan Reddy, Chairman and Managing Director, said, “ For the quarter, we had strong revenue growth and equally strong margin expansion. We had highest ever revenues and operating profit in a quarter in the history of the company. The growth and margin expansion has been across the verticals and across the geographies. Our focus on operational excellence delivered higher margin for current quarter. ENGG revenues crossed \$ 100 million for the first half of this year. Our associate strength crossed 9000 mark, another milestone in the history of the company, after making a net addition of 400 during the quarter.

Inspite of the macro-economic challenges, we have not seen any signs of our customers cutting down projects or giving us indications of contraction in business. Next year budgets for outsourcing spend as indicated by our customers is robust.

Order backlog and pipeline have been the best in the history of the company. In the second half of the year, we would hire 1000 additional resources to cater to growing business.

We are aggressively pursuing acquisitions to increase our footprint in geographies. We will continue to focus on operational excellence and are confident of improving margins further in coming quarters.

We will see continued revenue growth and margin expansion in coming quarters but we are taking all our decisions on capital investments, hiring etc. with “cautious optimism”.”

Performance Highlights

(In ₹ Million, except % data)

Particulars	Q2 FY 12	Q1 FY 12	Q2 FY 11
Operating Revenue	3,726.0	3,466.7	2,954.7
Operating Profit	585.8	434.8	457.4
Operating Margin	15.7%	12.5%	15.5%
PAT	307.4	268.5	329.9

(In \$ Million, except % data)

Particulars	Q2 FY 12	Q1 FY 12	Q2 FY 11
Operating Revenue	81.4	77.5	63.5
Operating Profit	12.8	9.7	9.8
Operating Margin	15.7%	12.5%	15.5%
PAT	6.7	6.0	7.1

Rupee Dollar exchange rate

(In ₹)

Particulars	Q2 FY 12	Q1 FY 12	Q2 FY 11
Period average rate	45.76	44.74	46.50

Business and Operational Highlights

✓ New Business & Services Offerings –

- **11 customers added** during the quarter, 4 in N&CE and 7 in ENGG.
- **Two large size MSAs**, each with a potential to grow over 200 FTEs were signed during the quarter.
- **Key wins** in Telecom, Utilities and Content Engineering
- Entered into **partnership with Software Engineering Institute (SEI)**, USA to globally offer services pertaining to the Smart Grid Maturity Model.
- Signed a **development partner agreement with Echelon Corporation**, an acknowledged technology leader in the areas of smart metering, automated metering infrastructure and utility solutions.

- Entered into a **contract with Southern California Edison**, a leading investor owned utility, for the deployment of an integrated GIS solution to support transmission business operations.

✓ **Awards and recognitions –**

- Received **“The Award for Innovation in Retention Strategy”** by the Asia’s Best Employer Brand Awards 2011.
- Signed an **MoU with Indian Institute of Technology**, Hyderabad.
- Our Chairman, Mr. B.V.R Mohan Reddy, received the prestigious **ASME (American Society of Mechanical Engineers) Leadership Award 2011.**

✓ **New facilities -**

- Commenced operations in our **new facility at IT SEZ** at Kakinada, A.P.

UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND HALF- YEAR ENDED SEPTEMBER 30, 2011

(₹ in Lakhs)

Sl. No	Particulars	Quarter Ended 30-Sep-11 (Unaudited)	Quarter Ended 30-Sep-10 (Unaudited)	Half Year Ended 30-Sep-11 (Unaudited)	Half Year Ended 30-Sep-10 (Unaudited)	Year Ended 31-Mar-11 (Audited)
1	Net Sales	37,260	29,547	71,927	54,836	118,801
2	Expenditure					
a	Employees Cost	23,497	18,671	46,169	34,340	74,657
b	Travel Expenses	2,215	1,872	4,686	3,509	7,609
c	Purchases - Services/Products	1,098	1,024	2,170	1,885	4,308
d	Depreciation and Amortisation	1,230	1,242	2,384	2,410	4,859
e	Other expenditure	4,592	3,446	8,696	6,527	14,192
f	Total (a to e)	32,632	26,255	64,105	48,671	105,625
3	Profit from Operations before Other Income / (Expense), Interest & Exceptional Items (1-2)	4,628	3,292	7,822	6,165	13,176
4	Other Income / (Expense) - (Refer Note No.8)	(138)	676	499	1,254	2,726
5	Profit before Interest and Exceptional item (3+4)	4,490	3,968	8,321	7,419	15,902
6	Interest expense	49	31	73	55	154
7	Profit after Interest but before Exceptional Item (5-6)	4,441	3,937	8,248	7,364	15,748
8	Exceptional Items (Refer Note No.10)	-	-	-	229	229
9	Profit from Ordinary Activities before tax (7+8)	4,441	3,937	8,248	7,593	15,977
10	Tax expense					
	- Current year	1,940	828	3,286	1,741	3,879
	- Earlier years (Refer Note No. 11)	-	-	-	-	3
	- MAT credit	-	(134)	-	(431)	(1,247)
	- Deferred Tax	(405)	102	(484)	226	63
11	Net Profit from Ordinary Activities after tax (9-10)	2,906	3,141	5,446	6,057	13,279
12	Extraordinary Item	-	-	-	-	-
13	Net Profit after Extraordinary item (11-12)	2,906	3,141	5,446	6,057	13,279
14	Minority Interest	(5)	(4)	(7)	1	(10)
15	Share of Profit from Associate Company	173	162	319	530	700
16	Net Profit for the period (13+14+15)	3,074	3,299	5,758	6,588	13,969
17	Paid-up equity share capital(Face Value ₹ 5 per share)	5,570	5,555	5,570	5,555	5,564
18	Reserves excluding revaluation reserves					97,367
19	Earning Per Share[Face Value of ₹ 5 per share](not annualised)					
	a) Basic	2.76	2.97	5.17	5.93	12.56
	b) Diluted	2.76	2.97	5.17	5.93	12.54
20	Public Shareholding					
	a) Number of Shares	85,833,706	85,490,470	85,833,706	85,490,470	85,669,043
	b) Percentage of shareholding	77.05%	76.98%	77.05%	76.98%	76.99%
21	Promoters and Promoter Group Shareholding					
	a) Pledged / Encumbered					
	- Number of Shares	470,146	1,020,292	470,146	1,020,292	510,146
	- Percentage of Shares (as a % of the total shareholding of promoter and promoter group)	1.84%	3.99%	1.84%	3.99%	1.99%
	- Percentage of Shares (as a % of the total share capital of the company)	0.42%	0.92%	0.42%	0.92%	0.46%
	b) Non-encumbered					
	- Number of Shares	25,095,280	24,553,934	25,095,280	24,553,934	25,097,080
	- Percentage of Shares (as a % of the total shareholding of promoter and promoter group)	98.16%	96.01%	98.16%	96.01%	98.01%
	- Percentage of Shares (as a % of the total share capital of the company)	22.53%	22.10%	22.53%	22.10%	22.55%

Company Overview

Infotech Enterprises Limited (IEL) is a global Engineering Services company. Over the last 19+ years Infotech has excelled in gaining expertise in Engineering Services in – Aerospace, Locomotives, Marine, Automobiles and other Industrial products, Network & Content engineering solutions for Telecommunication, Utilities and Government and Software Services.

Over +9000 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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Disclaimer -

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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); Infotech Enterprises IT Services Pvt. Ltd (IEITS); Infotech Enterprises Japan KK; Joint Venture Infotech HAL Ltd (HAL JV) and the partially-owned subsidiary Infotech Geospatial (India) Ltd (IGIL).

Income statement provided is in the internal MIS format. MIS format is different from the income statement published as part of financial results in terms of grouping of cost elements.