

# Investor Update

## Quarter 4 ended March 31, 2012



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**FY 12 Revenues at ₹ 1,553 Crores, up 30.7% over FY11**  
**FY 12 Operating profits at ₹ 270 crores**  
**FY 12 Profit After Tax at ₹ 161 crores**  
**Board of Directors declare 25% final dividend**

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### Highlights :

#### Annual performance -

- ✓ Revenue for the year at ₹ 15,531 million, Y-o-Y growth of 30.7%. Y-o-Y growth in \$ terms at 24%.
- ✓ Operating profit at ₹ 2,704 million, an increase of 50% Y-o-Y.
- ✓ Operating margin at 17.4% for the year, increase of 220 bps over last year.
- ✓ Profit after tax at ₹ 1,614 million for the year, an increase of 15.5% over last year.

#### Quarterly performance -

- ✓ Revenue for the quarter at ₹ 4,173 million, Y-o-Y growth of 28%, Q-o-Q growth of 0.2%. Q-o-Q growth in \$ terms at 1.6%.
- ✓ Operating profit at ₹ 827 million.
- ✓ Company sustained the improved Operating margin. During Q4, OPM (at 19.8%) further improved by 20 bps over Q3 in real terms, due to operational excellence initiatives. There was adverse exchange impact of 100 bps in Q4 compared to Q3.
- ✓ Profit after tax at ₹ 698 million for the quarter, an increase of 106% over previous quarter.

## Message from the Chairman & Managing Director

**Commenting on the results, Mr. BVR Mohan Reddy, Chairman and Managing Director, said,** “In spite of the macro economic uncertainty around the globe, we had a very good year in line with our expectations. We posted robust growth and higher profits because of customer centricity and long term growth strategy.

Towards developing the next generation leadership, we have promoted Krishna Bodanapu as President and Chief Operating Officer of the Company. The company has been re-organized into 4 business units to ensure better focus on target markets and accelerated growth. This re-organization has created leadership opportunities for several senior associates leading to more entrepreneurial ownership, career development and greater motivation. This re-organization will bring momentum to growth plans and will help achieve our future goals sooner.

We have also rolled out organization wide initiatives for strengthening our execution processes, sales processes and information systems. These initiatives have ensured that we build a scalable and sustainable organization for the future.

We started FY13 with a strong order pipeline and a large order back log. We are confident of an equally good FY 13”

(In ₹ Million, except % data)

## Performance Highlights

Particulars	Q4 FY 12	Q3 FY 12	Q4 FY 11		FY 12	FY 11
Operating Revenue	4,173.5	4,165.2	3,258.3		15,531.3	11,880.0
Operating Profit	827.1	856.7	467.2		2,704.4	1,803.5
Operating Margin	19.8%	20.6%	14.3%		17.4%	15.2%
PAT	698.3	339.6	369.8		1,613.8	1,396.9

(In \$ Million, except % data)

Particulars	Q4 FY 12	Q3 FY 12	Q4 FY 11		FY 12	FY 11
Operating Revenue	83.0	81.7	71.99		323.8	260.7
Operating Profit	16.4	16.8	10.3		56.4	39.6
Operating Margin	19.8%	20.6%	14.3%		17.4%	15.2%
PAT	13.9	6.7	8.2		33.6	30.7

## Rupee Dollar exchange rate

(In ₹)

Particulars	Q4 FY 12	Q3 FY 12	Q4 FY 11		FY 12	FY 11
Period average rate	50.31	51.01	45.26		47.96	45.57

## Business and Operational Highlights

### ✓ Organisation development –

- **Krishna Bodanapu** promoted as President and Chief Operating Officer (COO).
- **John Renard** will provide the leadership for two business Units – UT & C.
- **Rajendra Velagapudi** will head the newly created aerospace business unit.
- **Anand Parameswaran** will head the newly created HTH business unit.

### ✓ Reorganisation –

- Company has been re-aligned into four business units (BU) effective 1st Apr'2012, which reflect the markets we address, and the solutions we provide. These BUs are:
  1. **Aerospace (AERO)**– Providing product engineering solutions to aerospace customers
  2. **Heavy Equipment, Transportation & HiTech (HTH)** – Providing product and process engineering solutions to non-Aerospace customers in manufacturing, HiTech and process engineering industries
  3. **Utilities Telecom (UT)** – Providing network engineering and related solutions to Telecom and Utility customers and their suppliers
  4. **Content (C)** – Providing end-to-end content engineering solutions to a range of industries including mining, energy and content publishing.

### ✓ New Business, Pursuits & Services Offerings –

- **16 customers added** during the quarter, 7 in N&CE and 9 in ENGG.
- **Record quarter for order intake in N&CE**
- **Key wins** in Telecom, Utilities and Content Engineering
- Commenced work with **two high potential "must have customers"**
- **Increased traction** and growth in our top 2 customers

- Good traction in Peoria Center (Daxcon acquisition). Unit is making expected OPM and driving offshore business.
- Opened an office in Gothenburg (Sweden) to increase our focus on Scandinavia and the oil and gas market
- Increased traction in Asia Pacific regions especially around transportation and heavy engineering areas
- ✓ **Awards and recognitions –**
  - Received “**HR Excellence Award for Innovation**” at the Star News: HR and leadership Awards ceremony at Mumbai.
  - Received award by NHRD INSIPRE HR Award in the category of **Talent Engagement and Retention**. Our HR initiatives were judged to be creative and innovative with a human touch.
  - Signed an MOU with HAPPi (Health Awareness Promotion Project India initiative) under Prevent Non Communicable Diseases foundation.
  - Honored at the **2nd Asia's Best Employer Brand Awards 2011** held at Suntec, Singapore in the category : Innovation in Retention Strategy.
  - Recognized at the **Global HR Excellence Awards 2011** in the 10th Asia Pacific HRM Congress2011, and we received an award for the category : ‘Organization with innovative HR practices’.
- ✓ **New facilities -**
  - **New SEZ facility** taken on lease in Hyderabad.
- ✓ **HR highlights –**
  - **Strong engagement with Academic Institutes** through our Campus Connect Program.
  - Sponsored M Tech program in Avionics at JNTU Kakinada. Offered internships and scholarships to various reputed engineering colleges.
  - Increase in Associate Engagement score.
  - Ashok Reddy, President, Human Resources & Corporate Affairs, elected as Vice-Chairman, CII A.P Council for the year 2012-13.

✓ **Corporate Governance –**

- Vikas Sehgal inducted as Independent Director.
- Strong internal processes, policies and systems to strengthen corporate governance practices.

✓ **Corporate Social Responsibility -**

- Supporting 5400 children in improving the quality of education, health, hygiene & wellbeing and physical infrastructure in 10 of the Infotech Enterprises Charitable Trust (IECT) adopted government schools through its **Corporate Social Responsibility (CSR)** activities
- Broadbased involvement in CSR activities – 600+ associates are volunteers; Customers are key contributors; good support from society and government.

✓ **Other highlights -**

- Cash balances, including liquid investments, at ₹ 479 crores. Capex for the quarter at ₹ 14.3 crores.
- Received \$ 8.33 million (₹ 40.8 crores) as dividend from IASI, our associate company.

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## Quarter that Was.....

### Revenue Growth

ENGG vertical witnessed a revenue growth of 0.2%, made up of volume growth of 2.1%, exchange rate impact of -2.9% and price increase of 1.0%.

N&CE vertical witnessed a revenue growth of 0.3%, made up of volume growth of 2.1% and exchange rate impact of -1.8%.

Overall revenue growth was 0.2%, made up of volume growth of 2.1%, exchange rate impact of -2.6% and price increase of 0.7%.

### Key margin drivers for next quarter

Our order pipeline and our continuous focus on key margin drivers like efficient onsite-offsite-offshore mix, right sizing the pyramid and improving the productivity and utilization will drive our operating margins in the coming quarters.

### ENGG highlights:

Q4 2012 and FY 12 was another strong year for the engineering business. In a strong demand environment, we performed well both in terms of revenue and also in creating strong pipeline for future growth. Margins for the year are at 18.9% which is a 244 bps improvement over the previous year. We were also able to increase margins in Q4 by 70 bps over Q3 in spite of rupee appreciation. Our Must Have Account strategy of focusing on a few key customers is also paying off and we have increased revenue per active customer by 34% over the course of the year.

While there is some uncertainty in the overall macro-economic situation, we are confident that we have stable long term relationships with our customers which will ensure we have another good year in FY 13. We will continue our strategy of focusing on a few customers, geographies, industries and services and are confident that this will help us continue our leadership position in the markets we address

### N&CE highlights:

We achieved our highest ever quarter in terms of revenues and also crossed the landmark of having our first US\$10m month. As expected we were able to benefit from the planned ramp up on the three clients we acquired in the previous quarter. We also gained good traction and increased business with one of our larger telecom clients which further helped offset the offshore ramp down we saw with our long standing EMEA telecom customer.

Order intake was also the highest we have seen in any quarter, driven in particular by successes in APAC and North America. The outlook for our utilities business remains strong and we have also seen some improvements in telecoms. Our initiatives around Content

Engineering continue to gain traction and we are working on a number of significant opportunities in mining and exploration. In total we added 7 new customers in the quarter.

In terms of new services, the launch of a dedicated NOC (or Network Operations Centre) in Hyderabad has been well received by our existing customers and our Utilities Capability Development and Demo Centre, which will showcase a range of capabilities including Smart Grid, is due to open later this month.

Compared to the previous quarter we saw some pressure on our operating margins as we ramped up the various new projects mentioned above. This also impacted our utilization which fell to 82%. As these projects stabilize both utilization will improve and our operating margins will continue the upward trend we have seen in the previous 4 quarters. Overall for the year we improved our operating margins by 190 bps.

## Operational and financial parameters

### Client Concentration

(in %)

Particulars	Q4 FY12	Q3 FY12	Q4 FY11	FY12	FY11
Top 5	38.3	36.4	37.8	37.1	37.7
Top 10	55.2	52.3	56.3	53.6	55.9

### Revenue by geography

(in %)

Geography	Q4 FY12	Q3 FY12	Q2 FY12	FY12	FY11
North America	59.7	54.8	56.7	57.4	55.3
Europe	28.5	34.8	33.6	32.0	36.3
APAC	11.8	10.4	9.7	10.6	8.4
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

### Onsite / Offshore split of Revenues

The onsite – offshore split of revenues was 42% - 58% for N&CE and 57% - 43% for ENGG in Q2 FY12.

(in %)

Particulars	Q4 FY12	Q3 FY12	Q2 FY12	Q1 FY 12	Q4 FY11
Offshore	48.0	48.0	45.9	48.0	48.4
Onsite	52.0	52.0	54.1	52.0	51.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>



### Customers Added

Business Segment	Q4 FY12	Q3 FY12	Q2 FY12	Q1 FY 12	Q4 FY11
N&CE	7	6	4	4	12
ENGG	9	5	7	3	7
<b>Total</b>	<b>16</b>	<b>11</b>	<b>11</b>	<b>7</b>	<b>19</b>

### Utilisation

(in %)

Business Segment	Q4 FY12	Q3 FY12	Q2 FY12	Q1 FY 12	Q4 FY11
N&CE	82	88	90	86	83
ENGG	73	72	73	74	75

### Other income

(in ₹ MILLION)

Particulars	Q4 FY12	Q3 FY12	Q2 FY12	Q1 FY 12	Q4 FY11
Income from Investments	79.9	76.1	64.5	58.5	43.8
FX Gain/(Loss)	243.8	(315.3)	(86.4)	25.2	6.7
Others	25.8	8.3	8.1	(20.0)	(0.4)
<b>TOTAL</b>	<b>349.5</b>	<b>(230.9)</b>	<b>(13.8)</b>	<b>63.7</b>	<b>50.1</b>

### Cash Position

(in ₹ MILLION)

Particulars	31-Mar-12	31-Dec-11	30-Sep-11	30-Jun-11	31-Mar-11
Cash including liquid investments	4,786	3,884	3,938	3,926	3,836

### Hedges details

(in MILLION)

Particulars	Q4 FY12	Q3 FY12	Q2 FY12	Q1 FY 12	Q4 FY11
USD	73.35	86.85	51.85	25.20	16.80
EURO	25.10	30.62	20.94	9.60	6.00
GBP	12.94	15.52	10.60	5.04	3.36

### Capex

(in ₹ MILLION)

Particulars	Q4 FY12	Q3 FY12	Q2 FY12	Q1 FY 12	Q4 FY11
Capital expenditure	143	254	194	115	612

**Receivable days (DSO)**

*(Number of days sale)*

Particulars	Q4 FY12	Q3 FY12	Q2 FY12	Q1 FY 12	Q4 FY11
DSO	99	104	92	90	96

**Attrition**

*(in %)*

Particulars	Q4 FY12	Q3 FY12	Q2 FY12	Q1 FY 12	Q4 FY11
Attrition (annualized)	17.5	19.0	18.1	19.0	15.0

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## Detailed Financials

Particulars	Q4 FY 12	Q3 FY 12	Q4 FY 11	FY 12	FY 11
<b>Operating Revenues</b>	<b>4,173.5</b>	<b>4,165.2</b>	<b>3,258.3</b>	<b>15,531.3</b>	<b>11,880.1</b>
Operating Expenditure	<b>3,346.4</b>	<b>3,308.5</b>	<b>2,791.1</b>	<b>12,826.9</b>	<b>10,076.6</b>
Salary Costs	2472.5	2,463.5	2,022.3	9,462.0	7,348.3
Travel Expenditure	247.3	231.4	214.8	947.2	760.9
Purchases for Products / Re-sale	74.5	123.0	109.8	414.5	430.8
Other Operating Costs	552.1	490.6	444.2	2,003.2	1,536.6
<b>Operating Profits</b>	<b>827.1</b>	<b>856.7</b>	<b>467.2</b>	<b>2,704.4</b>	<b>1,803.5</b>
<b>Operating Margins</b>	<b>19.8%</b>	<b>20.6%</b>	<b>14.3%</b>	<b>17.4%</b>	<b>15.2%</b>
Depreciation & Amortization	113.4	142.3	122.7	494.1	485.8
Financial Expenses	3.6	2.9	6.3	13.7	15.4
Other Income	349.4	(230.9)	50.1	168.4	295.4
Profit Before Tax	1,059.0	480.7	388.3	2,364.9	1,597.7
PBT Margin	23.4%	12.2%	11.7%	15.1%	13.2%
Exceptional Item	15.9			15.9	
Tax	383.7	171.5	39.7	835.4	269.8
Profit After Tax	659.8	309.2	348.6	1513.6	1,327.9
Share of Profits - IASI	38.5	29.7	21.6	100.1	70.0
Minority Interest - IGIL	-	0.7	-0.5	-	-1.0
<b>PAT after Share of Profits</b>	<b>698.3</b>	<b>339.6</b>	<b>369.8</b>	<b>1,613.7</b>	<b>1,396.9</b>
<b>Net Margin</b>	<b>15.4%</b>	<b>8.6%</b>	<b>11.2%</b>	<b>10.3%</b>	<b>11.5%</b>
<b>Basic EPS</b>	<b>6.3</b>	<b>3.1</b>	<b>3.3</b>	<b>14.5</b>	<b>12.6</b>

(In ₹ Million, except for % and EPS data)

### Revenue by Company

(In ₹ Million)

Company	Q4 FY12	Q3 FY12	Q4 FY11	FY12	FY11
Infotech Enterprises Ltd	2,310.1	2,342.3	1,784.8	8,633.0	6,457.1
Infotech Enterprises Europe Ltd	225.6	244.8	225.7	873.3	1,064.8
Infotech Enterprises America Inc.	1,840.2	1,680.9	1,389.5	6,551.3	4,913.4
Infotech Enterprises, GmbH	761.6	940.8	626.4	3,308.5	2,390.0
Infotech Geospatial (India) Ltd	23.3	15.5	15.6	65.5	63.5
Infotech HAL Limited	3.6	3.9	2.5	11.1	8.7
Infotech Enterprises Japan KK	11.7	7.2	9.7	35.7	28.9
Infotech Enterprises IT Services Pvt. Ltd.	36.5	35.0	25.2	122.8	71.0
Gross Revenues	5,212.6	5,270.4	4,079.5	19,601.2	14,997.4
Less: Intra Group Revenues	1,039.1	1,105.2	821.1	4,069.9	3,117.3
<b>Net Revenues</b>	<b>4,173.5</b>	<b>4,165.2</b>	<b>3,258.3</b>	<b>1,5531.3</b>	<b>11,880.1</b>

### Revenue by Vertical

Vertical	Q4 FY12	Q3 FY12	Q4 FY11	FY12	FY11
N&CE	1,277.3 (30.6%)	1,273.0 (30.6%)	1,007.4 (30.9%)	4,761.3 (30.7%)	3,667.5 (30.9%)
EMI	2,895.6 (69.4%)	2,892.5 (69.4%)	2,253.8 (69.2%)	10,770.2 (69.3%)	8,220.5 (69.2%)
Less: Inter Segment Sales	-0.6 (0.0%)	-0.3 (0.0%)	-2.9 (0.1%)	-5.4 (0.0%)	-7.9 (0.1%)
<b>TOTAL</b>	<b>4,173.5 (100.0 %)</b>	<b>4,165.2 (100.0 %)</b>	<b>3,258.3 (100.0 %)</b>	<b>15,531.3 (100.0%)</b>	<b>11,880.1 (100.0%)</b>

(In ₹ Million, except for % data)

### Revenue by Sub Segments

Company	Q4 FY12	Q3 FY12	Q4 FY11	FY12	FY11
N&CE					
Utilities	28.1%	27.9%	19.3%	25.8%	20.5%
Telecom	39.7%	40.6%	43.3%	41.7%	41.9%
Content Engg	33.5%	31.5%	37.4%	32.5%	37.6%
EMI					
Aero	54.2%	54.4%	55.0%	54.2%	56.0%

HTH	45.8%	<del>45.6%</del>	<del>45.0%</del>	<del>45.8%</del>	<del>44.0%</del>
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### Profit Distribution, by Company

Company	Q4 FY12	Q3 FY12	Q4 FY11	FY12	FY11
Infotech Enterprises Ltd	916.7	206.9	313.9	1,548.9	1,150.0
Infotech Enterprises Europe Ltd	(13.8)	(1.3)	-1.4	-25.3	45.6
Infotech Enterprises America Inc.	67.9	58.5	4.7	200.3	96.7
Infotech Enterprises, GmbH	86.3	71.4	35.6	241.9	107.7
Infotech Geospatial (India) Ltd	5.1	-0.5	1.9	7.0	3.9
Infotech HAL Limited	(1.2)	-1.8	0.8	-5.5	0.1
Infotech Enterprises Japan KK	(6.9)	-0.6	-4.5	-16.5	-13.3
Infotech Enterprises IT Services Pvt. Ltd.	(0.7)	-0.7	-4.4	-4.9	-12.9
Gross Profit	1,053.4	331.9	346.2	1,945.9	1,377.8
Less: Others (Elimination)	-377.7	-22.7	2.3	-416.4	-49.9
Less : Exceptional item	-15.9	--	--	-15.9	--
Profit After Tax	659.8	309.2	348.5	1,513.7	1,327.9
Share of Profits from IASI	38.5	29.7	21.6	100.1	70.0
Minority Interest of IGIL	--	0.7	0.5	--	1.0
<b>Profit after Minority Interest</b>	<b>698.3</b>	<b>339.6</b>	<b>369.8</b>	<b>1,613.7</b>	<b>1,396.9</b>

(In ₹ Million)

### Manpower by Vertical

Vertical	31-Mar-12	31-Dec-11	31-Mar-11
N&CE	4,185	4,131	3,714
ENGG	4,508	4,415	4,365
IT services	78	73	57
Support Functions	563	578	575
<b>TOTAL</b>	<b>9,334</b>	<b>9,197</b>	<b>8,711</b>

### Manpower by Company

Company	31-Mar-12	30-Dec-11	31-Mar-11
Infotech Enterprises Ltd.,	7,744	7,659	7,223
Infotech Enterprises Europe Ltd	99	105	98
Infotech Enterprises America Inc.	1,087	1,058	1,019
Infotech Enterprises, GmbH	305	281	280
Infotech Geospatial (India) Ltd.	23	23	22
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Infotech Enterprises IT Services Pvt. Ltd.	73	69	60
Infotech Enterprises Japan KK	3	2	6
<b>TOTAL</b>	<b>9,334</b>	<b>9,197</b>	<b>8,711</b>

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## Company Overview

Infotech Enterprises Limited (IEL) is a global Engineering Services company. Over the last 20+ 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 +9100 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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## Disclaimer -

This document contains certain forward looking statements on our future prospects. Although, Infotech believes that expectations contained in these statements are reasonable, their nature involve a number of risks and uncertainties that may lead to different results. These forward looking statements represent only the current expectations and beliefs and company provides no assurance that such expectations will prove correct.

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; Infotech Geospatial (India) Ltd (IGIL); Joint Venture Infotech HAL Ltd (HAL JV) and Associate company Infotech Aerospace Services Inc. (IASI).

Income statement provided is in the internal MIS format. MIS format is different from the income statement published as part of financial results, which is as per the statutory requirement, in terms of grouping of cost elements. Previous period numbers are regrouped / reclassified, wherever necessary.