



INFOTECH ENTERPRISES LIMITED Q1 RESULTS - FY 2011-2012

PRESS RELEASE

Key Highlights

- ✓ Revenue for the quarter at ₹ 3,466.7 million, Y-o-Y growth of 37.1%, Q-o-Q growth of 6.4%.
- ✓ Revenue for the quarter at \$ 77.5 million, Y-o-Y growth of 40.0%, Q-o-Q growth of 7.8%.
- ✓ Operating margin at 12.5% for the quarter.
- ✓ Profit after tax at ₹ 268.5 million for the quarter.
- ✓ Strong volume growth in both verticals – N&CE and ENGG.
- ✓ Received "Supplier of the Year" award from Boeing.
- ✓ Business momentum and environment continues to be in line with the expectations in – Aerospace, Heavy equipment, Rail, Hitech, Telecom and Content engineering.



Message from the Chairman & Managing Director

HYDERABAD, INDIA – JULY 20, 2011:

Commenting on the results, Mr. BVR Mohan Reddy, Chairman and Managing Director, said, "We are pleased to deliver one more quarter of consistent results. Our Q1 results for FY 2011-12, indicate robust quarter on quarter revenue growth of 6.4% and year on year growth of 37.1%. In dollar terms, our revenues were at \$ 77.5 million, a growth of 7.8% over sequential quarter and 40% over quarter 1 of last year.

Being the first quarter of the year, we gave annual increments to our associates and this is the predominant reason for our operating margin to drop by 180 bps over last quarter to 12.5%. Though the net impact of salary increases was 280 bps, we were able to contain the overall impact on the company at 180 bps, both due to volume growth and managing margin levers.

The quarter saw strong volume growth from both our verticals – N&CE and ENGG at 4.4% and 6.3% respectively. Our revenue mix from geographies – North America, Europe and APAC have remained stable. Out of the overall revenue growth of 6.4%, both our Top 5 and Top 10 customers grew by 5% and others grew by 8%. Though there was a decline in revenues from IEE, we saw good revenue growth from IEAI and IEG.

We continue to actively manage the various levers for improving operating margins – efficient onsite-offsite-offshore mix, right sizing the pyramid with induction of freshers and improving the productivity and utilization and we are confident of seeing positive results in the coming quarters.

Our PAT was lower this quarter due to higher tax rate on account of expiry of STPI benefits. We currently target to have 450 seats operational from October 2011 in our SEZ facilities at various locations. We are aggressively pursuing opportunities to generate more work out of our SEZ facilities.

Our liquidity position continues to be strong with a cash position of ₹ 393 crores.

This has been a quarter where we received a number of awards and recognitions – "Supplier of the year" award from Boeing; "Best Indian Company located in South India doing business in the USA"



by Indo-American Chamber of Commerce; and "Exceptional contribution to the development of German-Indian Business relations" from Indo-German Chamber of Commerce, to name a few"

Performance Highlights

(In ₹ Million, except % data)

Particulars	Q1 FY 12	Q4 FY 11	Q1 FY 10
Operating Revenue	3,466.7	3,258.3	2,528.9
Operating Profit	434.8	467.2	403.9
Operating Margin	12.5%	14.3%	16.0%
PAT	268.5	369.8	328.9

(In \$ Million, except % data)

Particulars	Q1 FY 12	Q4 FY 11	Q1 FY 10
Operating Revenue	77.5	71.9	55.4
Operating Profit	9.7	10.3	8.8
Operating Margin	12.5%	14.3%	16.0%
PAT	6.0	8.2	7.2

Rupee Dollar exchange rate (In ₹)

Particulars	Q1 FY 12	Q4 FY 11	Q1 FY 10
Period average rate	44.74	45.26	45.67

Business and Operational Highlights

✓ New Business & Services Offerings –

- **7 customers added** during the quarter, 4 in N&CE and 3 in ENGG.
- **Key wins** in Telecom, Utilities and Content Engineering
- Long term **MSA signed with one of the global leaders in mining and construction equipment.**
- Long-term **MSA signed with a world leader providing lab analytical equipment**



- Selected for providing **ASIC design services for one of the largest manufacturer of semiconductors worldwide.**
- **Won a significant opportunity with the world's leading aircraft systems OEM to design critical safety systems**

✓ **Awards and recognitions –**

- Received **"Supplier of the Year" award from Boeing** in the "Non-production category".
- Categorized as **"Leader in verticals like Aerospace & Defense as well as Transportation"** according to a recent study undertaken by Zinnov Management Consulting, a leading globalization and advisory firm.
- Recognised as **"Best Indian Company located in South India doing business in the USA"** by Indo-American Chamber of Commerce.
- Received award for **"Exceptional contribution to the development of German-Indian Business relations"** from Indo-German Chamber of Commerce, Dusseldorf, Germany.
- Signed MoU with Jawaharlal Nehru Technological University, Kakinada, A.P, to create the curriculum of M. Tech in Avionics.

✓ **New facilities -**

- Laid the foundation stone for our **new facility at IT SEZ** at Kakinada, A.P.
- We moved to a large and spacious **delivery centre at Peoria, IL** while we closed down our Seattle, WA office



UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2011

(₹ in Lakhs)

Sl. No.	Particulars	Quarter Ended 30-Jun-11 (Unaudited)	Quarter Ended 30-Jun-10 (Unaudited)	Year Ended 31-Mar-11 (Audited)
1	Net Sales	34,667	25,289	118,801
2	Expenditure			
a	Employees Cost	22,672	15,669	74,657
b	Travel Expenses	2,471	1,637	7,609
c	Purchases - Services/Products	1,072	861	4,308
d	Depreciation and Amortisation	1,154	1,168	4,859
e	Other expenditure	4,104	3,081	14,192
	Total (a to e)	31,473	22,416	105,625
3	Profit from Operations before Other Income, Interest & Exceptional Items (1-2)	3,194	2,873	13,176
4	Other Income	637	578	2,726
5	Profit before Interest and Exceptional Items (3+4)	3,831	3,451	15,902
6	Interest expense	24	24	154
7	Profit after Interest but before Exceptional Items (5-6)	3,807	3,427	15,748
8	Exceptional Items (Refer Note No. 8)	-	229	229
9	Profit from Ordinary Activities before tax (7+8)	3,807	3,656	15,977
10	Tax expense			
	- Current year	1,345	913	3,879
	- Earlier years	-	-	3
	- MAT credit	-	(297)	(1,247)
	- Deferred Tax	(79)	124	63
11	Net Profit from Ordinary Activities after tax (9-10)	2,541	2,916	13,279
12	Extraordinary Item	-	-	-
13	Net Profit after Extraordinary Item (11-12)	2,541	2,916	13,279
14	Minority Interest	(2)	5	(10)
15	Share of Profit from Associate Company	146	368	700
16	Net Profit for the period (13+14+15)	2,685	3,289	13,969
17	Paid-up equity share capital (Face Value ₹ 5 per share)			5,564
18	Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year			97,367
19	Earnings Per Share [Face Value of ₹ 5 per share](not annualised)			
a)	Basic	2.41	2.96	12.56
b)	Diluted	2.41	2.96	12.54
20	Public Shareholding			
a)	Number of Shares	85,813,706	85,453,478	85,669,043
b)	Percentage of Shareholding	77.03%	76.91%	76.99%
21	Promoters and Promoter Group Shareholding			
a)	Pledged / Encumbered			
	- Number of Shares	490,146	542,138	510,146
	- Percentage of Shares (as a % of the total shareholding of promoter and promoter group)	1.92%	2.11%	1.99%
	- Percentage of Shares (as a % of the total share capital of the company)	0.44%	0.49%	0.46%
b)	Non-encumbered			
	- Number of Shares	25,095,280	25,109,080	25,097,080
	- Percentage of Shares (as a % of the total shareholding of promoter and promoter group)	98.08%	97.89%	98.01%
	- Percentage of Shares (as a % of the total share capital of the company)	22.53%	22.60%	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 +8800 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 -

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; 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.

