



INFOTECH ENTERPRISES LIMITED Q3 RESULTS - FY 2011-2012

PRESS RELEASE

Key Highlights

- ✓ Revenue for the quarter at ₹ 4165 million, Y-o-Y growth of 33%, Q-o-Q growth of 11.8%.
- ✓ Operating profit at ₹ 857 million, highest ever quarterly operating profit, an increase of 46% Q-o-Q.
- ✓ Operating margin at 20.6% for the quarter, increase of 490 bps over Q-2 and 550 bps over Q-3 of previous year.
- ✓ Profit after tax at ₹ 340 million for the quarter, an increase of 10.5% over previous quarter.
- ✓ Revenue growth of 12% and 11% in ENGG and N&CE verticals respectively over Q-2.
- ✓ The peak Fx rate (INR/USD) at 53.27 at Dec 31, 2011 compared to 48.93 as on September 30, 2011 resulted in notional Fx losses of ₹ 449 million, mainly on account of forward covers.
- ✓ Both verticals showed strong revenue growth and OPM improvement.
- ✓ 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

Commenting on the results, Mr. BVR Mohan Reddy, Chairman and Managing Director, said, "Q-3 of FY 12 has been a very encouraging quarter for us as we witnessed strong revenue growth and substantial margin improvement. Our revenue and margin improvements were witnessed across both our Verticals. Despite adverse global macro-economic conditions and highly volatile currency markets, we saw our revenues grow by 11.8% over sequential quarter and 33% over Q-3 of the previous year. Our operating margins also improved by 490 basis points over sequential quarter and 550 basis points over Q-3 of previous year.

This has been a very satisfying quarter on various fronts, which witnessed across-the-board improvement in our key operating levers like onsite-offsite-offshore mix and pyramid resizing. We have now seen significant results emanating out of these initiatives - revenue and margin improvement as a result of our sharp focus.

Our PAT has grown Q-o-Q despite being impacted by losses on forward contracts, most of which are notional in nature.

Cumulative revenues from one of our top customers have crossed USD 100 million during this quarter. This is the third customer to have crossed this milestone. This is a significant milestone which demonstrates our engagement, depth of relationship and value creation for our customers.

We continue to be optimistic on our revenue growth and margin expansion in coming quarters. Our long term currency hedges will bring in more predictability to our margins in the future. We are mindful of the macro-economic developments and are cautious but optimistic about the future."



Performance Highlights

(In ₹ Million, except % data)

Particulars	Q3 FY 12	Q2 FY 12	Q3 FY 11
Operating Revenue	4,165.2	3,726.0	3,138.2
Operating Profit	856.7	585.8	475.0
Operating Margin	20.6%	15.7%	15.1%
PAT	339.6	307.4	368.4

(In \$ Million, except % data)

Particulars	Q3 FY 12	Q2 FY 12	Q3 FY 11
Operating Revenue*	81.7	81.4	69.9
Operating Profit	16.8	12.8	10.6
Operating Margin	20.6%	15.7%	15.1%
PAT	6.7	6.7	8.2

* The actual volume growth based on our revenue mix vis-à-vis the currencies for the quarter is 2.3%. Revenue growth in USD terms is 0.4% based on average USD rates for the period, ignoring actual currency variations.

Rupee Dollar exchange rate

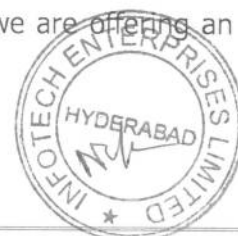
(In ₹)

Particulars	Q3 FY 12	Q2 FY 12	Q3 FY 11
Period average rate	51.01	45.76	44.86

Business and Operational Highlights

✓ New Business & Services Offerings –

- **11 customers added** during the quarter, 6 in N&CE and 5 in ENGG.
- **Signed an MSA** with a high potential heavy engineering company
- **Key wins** in Telecom, Utilities and Content Engineering.
- **Commenced work with a consumer appliances company, nuclear engineering company and aerospace company.** All three customers are high potential customers.
- **Commenced work from a mining major.** This is the first time we are offering an integrated solution across N&CE and Engineering to a customer.



- Increased traction from Japan. Won our **first project from Malaysia in ENGG vertical.**
- Increased focus and business from localization projects, which are also at a system level rather than at a discrete level.

✓ **New facilities -**

- Opened an engineering center in West Palm Beach, Florida. This center will address restricted engineering work.

✓ **Other highlights -**

- Cash balances, including liquid investments, at ₹ 388.4 crores. Capex for the quarter at ₹ 25 crores.
- Acquired 26% stake in Infotech Geospatial (India) Limited, to convert it into our wholly-owned subsidiary.
- Paid 25% interim dividend which is ₹ 1.25 per share.
- Saw participation from our customers in CSR activities.



UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2011

(₹ in Lakhs)

Sl. No	Particulars	Quarter Ended 31-Dec-11 (Unaudited)	Quarter Ended 30-Sep-11 (Unaudited)	Quarter Ended 31-Dec-10 (Unaudited)	Nine Months Ended 31-Dec-11 (Unaudited)	Nine Months Ended 31-Dec-10 (Unaudited)	Year Ended 31-Mar-11 (Audited)
1	Net Sales	41,652	37,260	31,382	113,579	86,218	118,801
2	Expenditure						
a	Employees Cost	24,946	23,497	19,674	71,115	54,014	74,657
b	Travel Expenses	2,313	2,215	1,952	6,999	5,461	7,609
c	Purchases - Services/Products	1,230	1,098	1,318	3,400	3,203	4,308
d	Depreciation and Amortisation	1,423	1,230	1,223	3,807	3,633	4,859
e	Other expenditure	4,596	4,592	3,660	13,292	10,187	14,192
f	Total (a to e)	34,508	32,632	27,827	98,613	76,498	105,625
3	Profit from Operations before Other Income, Interest & Exceptional Items (1-2)	7,144	4,628	3,555	14,966	9,720	13,176
4	Other Income	1,442	950	963	3,029	2,217	2,726
5	Profit before Interest and Exceptional item (3+4)	8,586	5,578	4,518	17,995	11,937	15,902
6	Interest expense	28	49	17	101	72	154
7	Profit after Interest but before Exceptional Item (5-6)	8,558	5,529	4,501	17,894	11,865	15,748
8	Exceptional Items (Refer Note No.10)	(3,751)	(1,088)	-	(4,839)	229	229
9	Profit from Ordinary Activities before tax (7+8)	4,807	4,441	4,501	13,055	12,094	15,977
10	Tax expense						
	- Current year	2,671	1,940	1,248	5,957	2,989	3,879
	- Earlier years (Refer Note No. 11)	-	-	-	-	-	3
	- MAT credit	-	-	(473)	-	(904)	(1,247)
	- Deferred Tax	(956)	(405)	(10)	(1,440)	217	63
11	Net Profit from Ordinary Activities after tax (9-10)	3,092	2,906	3,736	8,538	9,792	13,279
12	Extraordinary Item	-	-	-	-	-	-
13	Net Profit after Extraordinary item (11-12)	3,092	2,906	3,736	8,538	9,792	13,279
14	Minority Interest	7	(5)	(6)	-	(5)	(10)
15	Share of Profit from Associate Company	297	173	(46)	616	484	700
16	Net Profit for the period (13+14+15)	3,396	3,074	3,684	9,154	10,271	13,969
17	Paid-up equity share capital(Face Value ₹ 5 per share)	5,570	5,570	5,564	5,570	5,564	5,564
18	Reserves excluding revaluation reserves						97,367
19	Earning Per Share[Face Value of ₹ 5 per share](not annualised)						
a)	Basic	3.05	2.76	3.31	8.22	9.24	12.56
b)	Diluted	3.05	2.76	3.27	8.22	9.12	12.54
20	Public Shareholding						
a)	Number of Shares	85,913,770	85,833,706	85,663,493	85,913,770	85,663,493	85,669,043
b)	Percentage of shareholding	77.12%	77.05%	76.99%	77.12%	76.99%	76.99%
21	Promoters and Promoter Group Shareholding						
a)	Pledged / Encumbered						
	- Number of Shares	418,082	470,146	510,146	418,082	510,146	510,146
	- Percentage of Shares (as a % of the total shareholding of promoter and promoter group)	1.64%	1.84%	1.99%	1.64%	1.99%	1.99%
	- Percentage of Shares (as a % of the total share capital of the company)	0.38%	0.42%	0.46%	0.38%	0.46%	0.46%
b)	Non-encumbered						
	- Number of Shares	25,067,280	25,095,280	25,099,080	25,067,280	25,099,080	25,097,080
	- Percentage of Shares (as a % of the total shareholding of promoter and promoter group)	98.36%	98.16%	98.01%	98.36%	98.01%	98.01%
	- Percentage of Shares (as a % of the total share capital of the company)	22.50%	22.53%	22.55%	22.50%	22.55%	22.55%



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

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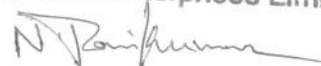
Disclaimer -

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 in terms of grouping of cost elements. Previous period numbers are regrouped / reclassified, wherever necessary.

For Infotech Enterprises Limited



N. Ravi Kumar
Dy. Company Secretary