



PRESS RELEASE

## INFOTECH ENTERPRISES LIMITED Q2 PRESS RELEASE

### Key Highlights

- Revenue for the quarter Rs. 2,374 million, Y-o-Y growth of 7.2%, Q-o-Q growth of 2.1%.
- Revenue for the quarter \$ 49 million, Y-o-Y growth of -3.1%, Q-o-Q growth of 2.5%.
- Operating margins for the quarter at 21.7%.
- Operating profit for the quarter Rs. 515 million.
- Profit after Tax for the quarter at Rs. 353 million.
- Business momentum and environment continues to be in line with expectations for key verticals – Manufacturing, Utilities and Telecom.

**Hyderabad, India – October 14, 2009** : Infotech Enterprises Limited, a global Services provider offering Engineering Design Services, Geospatial Information Services and IT Services, announced its unaudited financial results for the quarter ended September 30, 2009.

**Commenting on the results, Mr. BVR Mohan Reddy, Chairman and Managing Director, said, "I am pleased to announce that the company has delivered a strong performance in the second quarter of the financial year 2009-2010. Although the global macro-economic condition continued to be volatile during the quarter, we saw revenues at Rs. 2,374 million (\$ 49 million) recording a 2.1% increase over the sequential quarter and a 7.2% increase over corresponding quarter of the preceding year. We have been able to sustain our operating margins at encouraging levels of 21.7%, which is a 110 basis point improvement over corresponding quarter of the preceding year. This was achieved on account of operational excellence and continued focus on cost control measures during difficult operating climate.**

*Despite global macro-economic challenges, our overseas subsidiaries have continued to show strong sustainable performance. IEEL revenues have grown by 32%, IEAI by 8% and IEG by 16% year-on-year. We witnessed stable revenue contribution from both North American and European geographies during the quarter. We continue to make in-roads in the Asia Pacific-India-Middle East region.*

*Our top 10 customers have increased their revenue contribution, a sign of strengthening long-term partnerships.*

*Both vertical segments, UTG and EMI, have shown growth of 11% and 5% respectively year-on-year and 2.8% and 1.7% respectively quarter-on-quarter.*

*Our continued efforts in strengthening existing relationships as well as breaking into new market segments has enabled us maintain healthy order flows and order pipeline.*

*General aviation business especially business jets and smaller engine aircrafts world-over are facing consequences of the global economic meltdown; however, aircraft structures and engine business of larger aircrafts are not impacted as OEM's either continue with their already started new programs or embark on new programs. Infotech's aerospace business on account of completions and finishing work for general aviation market is marginally impacted; however, our aerospace structures and engine business for larger OEM's/Tier-I suppliers remain strong and growing.*

*We are in the final short list of large, long-term deals which continue to make us believe that with the right value proposition clients are willing to deep dive into dialogue – 'We are not out of woods but we can see the turf'.*

*We completed the amalgamation of our wholly-owned subsidiary, TTM India Pvt. Ltd. into IEL. We believe that this amalgamation will bring about better business and operational synergies.*

*We have a strong balance sheet with cash balance of Rs. 364 crores."*

### **HIGHLIGHTS FOR THE QUARTER ENDED SEPTEMBER 30, 2009 (Q2 FY10)**

#### **Performance Highlights**

<b>Particulars</b>	<b>Q2 FY 10</b>	<b>Q1 FY 10</b>	<b>Q-o-Q</b>	<b>Q2 FY 09</b>	<b>Y-o-Y</b>
Operating Revenue	2,374.0	2,326.0	2.1%	2,214.2	7.2%
Operating Profit	515.1	523.6	-1.6%	456.6	12.8%
Operating Margin	21.7%	22.5%		20.6%	
PAT	353.4	462.7		349.0	

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

<b>Particulars</b>	<b>Q2 FY 10</b>	<b>Q1 FY 10</b>	<b>Q-o-Q</b>	<b>Q2 FY 09</b>	<b>Y-o-Y</b>
Operating Revenue	49.0	47.8	2.5%	50.6	-3.1%
Operating Profit	10.7	10.8	-0.9%	10.4	2.8%
Operating Margin	21.7%	22.5%		20.6%	
PAT	7.3	9.5		8.0	
Average Exchange Rate (US\$ vs INR)	48.42	48.67		43.75	

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

- In Rupee terms, Revenue at Rs. 2,374.0 millions for the quarter; Y-o-Y growth of 7.2%, sequential growth of 2.1%.
- In \$ terms, Revenue at \$ 49 million for the quarter; Y-o-Y growth of -3.1%, sequential growth of 2.5%.
- Operating margins are at 21.7%, a Y-o-Y improvement of 110 basis points.
- In Rupee terms, Net Profit at Rs.353.4 millions for the quarter as against Rs. 462.7 million in the sequential quarter.

## Operational and Business Highlights

- **United Technologies group's cumulative business** crosses \$ 250 Million.
- Completed our **6 years of partnership with Bombardier Transportation** in August 2009.
- **Infotech HAL Ltd.**, our JV with HAL Ltd. received few orders for design and manufacturing services.
- Strengthening market presence in APAC region by commencing procedures for **branch establishment at Malaysia**.
- Infotech Benelux, sales office, accredited with **GE Supplier Certification**.
- Received dividend of \$ 245,000 from IASI apart from significant profit contribution.
- **11 customers were added** during the quarter, 4 in UTG and 7 in EMI.
- **Launched new service offerings / initiatives:** For Utilities – implementation of GE's next generation GIS product for two major utilities in APAC region; For Engineering – manufacturing transition services; should cost services.
- Pursuant to scheme of Amalgamation as approved by the Hon'ble High Court of Judicature, Andhra Pradesh, the erstwhile TTM India Pvt. Ltd has been amalgamated with the company effective April 1, 2009.
- We obtained **ISO 13485 (medical devices) certification** for our HCM practice in Engineering services.
- Participated in **prestigious seminars** like ESRI International User Conference, San Diego, GITA Oil & Gas conference, Houston, Metro Rail Asia 2009.
- Mr. K. Ramachandran (former CEO of Philips India) and Mr. Jaitirth Rao (Jerry Rao) (founder of Mphasis) have been appointed **additional directors on the Board**.

- **Cash balance** stood at Rs. 3,639 million as against Rs. 3,469 million as at end of Q-1. The breakup is as follows :

Current & EEFC Accounts	- Rs. 767 million
Deposit Accounts	- Rs. 1,873 million
Liquid investments	- Rs. 999 million
- **Capital Expenditure** of Rs. 78 million during the quarter.

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UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2009

(Rupees in Lakhs)

Sl. No.	Particulars	Three Months Ended 30-Sep-09 (Unaudited)	Three months Ended 30-Sep-08 (Unaudited)	Half year Ended 30-Sep-09 (Unaudited)	Half year Ended 30-Sep-08 (Unaudited)	Year Ended 31-Mar-09 (Audited)
1	<b>Net Sales</b>	<b>23,740</b>	<b>22,142</b>	<b>47,000</b>	<b>42,203</b>	<b>88,975</b>
2	<b>Expenditure</b>					
a	Employees Cost	13,369	12,149	26,724	23,070	48,949
b	Travel Expenses	1,360	1,860	2,499	3,592	6,493
c	Purchases - Services/Products	684	270	1,542	1,085	3,027
d	Depreciation and Amortisation	1,141	1,139	2,317	2,214	4,656
e	Other expenditure	3,176	3,296	5,848	6,201	12,655
f	Total	19,730	18,714	38,930	36,162	75,780
3	<b>Profit from Operations before Other Income / (expense) and Interest</b>	<b>4,010</b>	<b>3,428</b>	<b>8,070</b>	<b>6,041</b>	<b>13,195</b>
4	Other Income / (expense)	446	1,135	2,078	1,463	(2,945)
5	<b>Profit before Interest</b>	<b>4,456</b>	<b>4,563</b>	<b>10,148</b>	<b>7,504</b>	<b>10,250</b>
6	Interest expense	24	112	48	216	403
7	<b>Profit before tax</b>	<b>4,432</b>	<b>4,451</b>	<b>10,100</b>	<b>7,288</b>	<b>9,847</b>
8	Tax expense					
	- Current year	1,195	1,020	2,092	1,770	2,996
	- Earlier year	-	-	-	-	41
	- Fringe Benefit Tax	-	52	-	94	175
	- Deferred Tax	41	37	641	(168)	(1,810)
9	<b>Net Profit after tax</b>	<b>3,196</b>	<b>3,342</b>	<b>7,367</b>	<b>5,592</b>	<b>8,445</b>
10	Minority Interest	7	12	48	4	2
11	Share of Profit from Associate Company	330	137	744	351	801
12	<b>Net Profit for the period</b>	<b>3,533</b>	<b>3,491</b>	<b>8,159</b>	<b>5,947</b>	<b>9,248</b>
13	Paid-up equity share capital					2,761
14	Reserves excluding revaluation reserves					74,271
15	EPS - Basic*	6.40	6.65	14.77	11.36	17.36
	EPS - Diluted*	6.37	6.60	14.70	11.28	17.33
16	Aggregate of Non-promoter shareholding					
	Number of Shares	42,328,697	39,485,399	42,328,697	39,485,399	42,278,790
	Percentage	76.62%	75.22%	76.62%	75.22%	76.55%
17	Promoters and Promoter Group Shareholding					
a)	Pledged / Encumbered					
	- Number of Shares	348,208	-	348,208	-	358,428
	- Percentage of Shares (as a % of the total shareholding of promoter and promoter group)	2.70%	-	2.70%	-	2.77%
	- Percentage of Shares (as a % of the total share capital of the company)	0.63%	-	0.63%	-	0.65%
b)	Non-encumbered					
	- Number of Shares	12,567,794	-	12,567,794	-	12,592,578
	- Percentage of Shares (as a % of the total shareholding of promoter and promoter group)	97.30%	-	97.30%	-	97.23%
	- Percentage of Shares (as a % of the total share capital of the company)	22.75%	-	22.75%	-	22.80%

\*On par value of Rs. 5 per share

Notes

- The consolidated financial results were taken on record by the Board of Directors at their meeting held on October 14, 2009.
- The consolidated financial results have been subjected to Limited Review by the Statutory Auditors.
- The financial results are prepared in accordance with the principles and procedures for the preparation and presentation of consolidated financial statements as set out in the Accounting Standard on Consolidated Financial Statements mandated by Rule 3 of the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India.
- The consolidated financial results represent those of Infotech Enterprises Limited and its wholly owned subsidiaries, viz. M/s Infotech Enterprises Europe Limited, UK, Infotech Enterprises America Inc., USA, Infotech Enterprises GmbH, Germany, TTM Institute of Information Technology Pvt. Ltd., India; Infotech Enterprises Japan KK, Japan, partly-owned subsidiary Infotech Geospatial (India) Ltd.; Associate Company, viz. Infotech Aerospace Services Inc. Puerto Rico; and Joint Venture, viz. Infotech HAL Ltd.

5. Clause 41 of the Listing Agreement requires companies to either publish standalone or consolidated financial results in the newspapers and this choice is to be exercised during the first quarter of the financial year. The Company, in compliance with this provision, has opted to publish the consolidated financial results. The standalone financial results will, however, be made available to the Stock Exchanges where the Company's shares are listed and will also be posted on the Company's website.
6. With effect from October 1, 2008, the Company acquired 100% stake in Time to Market Inc, USA, TTM India Pvt. Ltd. and TTM Institute of Information Technology Pvt. Ltd., India. Hence the financial results for the quarters ended September 30, 2009 and September 30, 2008 are not strictly comparable.
7. The Board of Directors of the Company at its meeting held on January 15, 2009 approved the merger of the Company's wholly owned subsidiary, TTM India Pvt. Ltd. with the Company effective April 1, 2009. Consequent to the filing of final certified order dated September 29, 2009 of the High Court of Judicature, Andhra Pradesh with the Registrar of Companies, Andhra Pradesh, the scheme of amalgamation between TTM India Pvt. Ltd. and the Company has become effective from the appointed date of April 1, 2009. The results for the above reported periods have been recast to reflect the effect the merger.
8. Other Income for the quarter includes Rs. 725 lakhs towards reversal of provision for MTM losses on forward contracts and Rs. 839 lakhs towards loss on forward contracts. Other Income for the year ended March 31, 2009 includes Rs. 5,148 lakhs towards provision for MTM losses on forward contracts and Rs. 2,850 lakhs towards loss on forward contracts.
9. Tax expense for earlier year relates to Assessment Year 2005-06, vide demand dated December 26, 2008.
10. Corresponding previous period's figures have been regrouped / reclassified wherever necessary.

**CONSOLIDATED SEGMENT INFORMATION**

(Rupees. in Lakhs)

	<b>Three Months Ended 30-Sep-09 (Unaudited)</b>	<b>Three months Ended 30-Sep-08 (Unaudited)</b>	<b>Half year Ended 30-Sep-09 (Unaudited)</b>	<b>Half year Ended 30-Sep-08 (Unaudited)</b>	<b>Year Ended 31-Mar-09 (Audited)</b>
<b>Segment Revenue</b>					
Utilities, Telecom and Government	8,660	7,802	17,081	15,036	30,940
Engineering, Manufacturing, Industrial Products	15,153	14,375	30,039	27,235	58,238
<b>Total</b>	<b>23,813</b>	<b>22,177</b>	<b>47,120</b>	<b>42,271</b>	<b>89,178</b>
Less : Inter segment Revenue	73	35	120	68	203
<b>Revenue from Operations</b>	<b>23,740</b>	<b>22,142</b>	<b>47,000</b>	<b>42,203</b>	<b>88,975</b>
<b>Segment Results</b>					
<b>Profit before Depreciation, Tax and Financial Expenses</b>					
Utilities, Telecom and Government	3,096	2,283	5,957	3,837	8,581
Engineering, Manufacturing, Industrial Products	3,076	3,462	6,341	6,632	13,546
<b>Total</b>	<b>6,172</b>	<b>5,745</b>	<b>12,298</b>	<b>10,469</b>	<b>22,127</b>
<b>Less :</b>					
Financial Expenses	24	112	48	216	403
Depreciation and Amortisation	1,141	1,139	2,317	2,214	4,656
Other un-allocable expenditure (net of un-allocable income)	575	43	(167)	751	7,221
<b>Profit Before Taxation</b>	<b>4,432</b>	<b>4,451</b>	<b>10,100</b>	<b>7,288</b>	<b>9,847</b>

Notes

**Segmental Capital Employed**

Fixed assets used in the Company's business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and support services are used interchangeably between segments. Accordingly, no reporting relating to total segment assets and liabilities have been made.

for INFOTECH ENTERPRISES LIMITED

Place : Hyderabad

Date : October 14, 2009

**B.V.R. MOHAN REDDY**  
Chairman & Managing Director

## Company Overview

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](http://www.infotech-enterprises.com)

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