



INFOTECH ENTERPRISES LIMITED Q2 RESULTS - FY 2010-2011

PRESS RELEASE

Key Highlights

- ✓ **Revenue for the quarter Rs. 2,954.7 million (with Wellsco), Y-o-Y growth of 24.4%, Q-o-Q growth of 16.8%.**
- ✓ **Revenue for the Quarter (without Wellsco) Rs. 2,869.8 million, Y-o-Y growth of 20.9%, Q-o-Q growth of 13.5%.**
- ✓ **Operating margin for the quarter at 15.5% (with Wellsco) and 16.0% (without Wellsco).**
- ✓ **UTC cumulative revenue crossed USD 300 million during this quarter.**
- ✓ **ENGG revenues cross Rs. 200 crores during the quarter for the first time.**
- ✓ **Business momentum and environment continues to be in line with expectations for key verticals – Manufacturing, Telecom and Hitech.**
- ✓ **Acquired Wellsco Inc., a Telecom Engineering company, based at Paragould, Arkansas, USA.**

Management Comments

HYDERABAD, INDIA – OCTOBER 14, 2010:

Commenting on the results, Mr. BVR Mohan Reddy, Chairman and Managing Director, said, "I am pleased to announce the results for Quarter-2 of the financial year 2010-11. During the quarter, we delivered revenues of Rs. 2,954.7 million (which includes the revenues from our new acquisition Wellsco) indicating a 16.8% growth over quarter-1 and 24.4% over quarter-2 of last year.

Our revenues for the quarter, without including revenues from Wellsco, was at Rs. 2,869.8 million indicating a 13.5% growth over last quarter and 20.9% over quarter-2 of last year.

In \$ terms, we delivered revenues of \$ 63.5 million (with Wellsco), recording a 14.6% increase over the sequential quarter and a 29.6% increase over corresponding quarter of the preceding year.

Both our verticals, UTG and EMI generated volume growth of 15.8% and 13.0% respectively. Both geographies – North America and Europe, have increased their revenue contribution during the quarter.

Our operating margin for this quarter was at 15.5% (with Wellsco) and at 16% (without Wellsco). We continue to have wage pressure but all adjustments are now complete.

Going forward, we have a strong order pipeline and are expanding further into our existing client relationships. We are also taking steps in improving pricing, utilization and efficiency (levers for operating margin growth). Our investment in people has “accelerated growth” resulting in good volume increase.

During the quarter, we acquired Wellsco Inc., a telecom engineering company, based in Paragould, Arkansas, USA, through our wholly-owned subsidiary, IEAI. Wellsco has contributed Rs. 84.9 million to our revenues, having consolidated the entity with effect from August 9, 2010.

I am also happy to announce that the cumulative revenues from UTC Group have crossed \$ 300 million during this quarter. Also, revenues from Engineering vertical have crossed Rs. 200 crores for the first time in a quarter.”

Performance Highlights - Q2 FY11

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

Particulars	Q2 FY 11	Q1 FY 11	Q-o-Q	Q2 FY 10	Y-o-Y
Operating Revenue	2,954.7	2,528.9	16.8%	2,374.0	24.4%
Operating Profit	457.4	403.9	13.2%	515.1	-11.5%
Operating Margin	15.5%	16.0%		21.7%	
PAT	329.9	328.9		353.3	

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

Particulars	Q2 FY 11	Q1 FY 11	Q-o-Q	Q2 FY 10	Y-o-Y
Operating Revenue	63.5	55.4	14.6%	49.0	29.6%
Operating Profit	9.8	8.8	11.4%	10.7	-7.8%
Operating Margin	15.5%	16.0%		21.7%	
PAT	7.1	7.2	-8.3%	7.3	-9.8%
Average Exchange Rate (USD)	46.50	45.67	-	48.42	-

Business and Operational Highlights - Q2 FY11

✓ **New Business & Services Offerings –**

- **Several key wins in Utilities, Telecom and Government segments.**
- **12 customers were added** during the quarter, 7 in UTG and 5 in EMI.

✓ **Quality and other certifications –**

- Infotech has been **re-certified for ISO9001** (8 locations) and **for ISO27001** (5 locations).
- **First Patent Application filed** relating to a system for generating error free syntactically compatible CNC (Computer Numerical Control) program.

✓ **Facilities –**

- Opened a **new CoE** at our SEZ at Visakhapatnam and is fully operational.

✓ **Investments and Cash –**

- **Cash balance** stood at Rs. 3,620 million as against Rs. 4,052 million as at end of Q-1.
- **Capital Expenditure** of Rs. 309 million during the quarter.

UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2010

(Rupees in Lakhs)

Sl. No.	Particulars	Three Months Ended 30-Sep-10 (Unaudited)	Three months Ended 30-Sep-09 (Unaudited)	Six months Ended 30-Sep-10 (Unaudited)	Six months Ended 30-Sep-09 (Unaudited)	Year Ended 31-Mar-10 (Audited)
1	Net Sales	29,547	23,740	54,836	47,000	95,312
2	Expenditure					
a	Employees Cost	18,671	13,369	34,340	26,724	54,272
b	Travel Expenses	1,872	1,360	3,509	2,499	5,510
c	Purchases - Services/Products	1,024	684	1,885	1,542	3,224
d	Depreciation and Amortisation	1,242	1,141	2,410	2,317	4,357
e	Other expenditure	3,446	3,176	6,527	5,848	11,479
f	Total	26,255	19,730	48,671	38,930	78,842
3	Profit from Operations before Other Income and Interest expense	3,292	4,010	6,165	8,070	16,470
4	Other Income	676	446	1,254	2,078	4,637
5	Profit before Interest and exceptional item	3,968	4,456	7,419	10,148	21,107
6	Interest expense	31	24	55	48	312
7	Profit after Interest but before exceptional item	3,937	4,432	7,364	10,100	20,795
8	Exceptional item	-	-	229	-	-
9	Profit before tax	3,937	4,432	7,593	10,100	20,795
10	Tax expense					
	- Current year	828	1,195	1,741	2,092	4,143
	- Earlier years	-	-	-	-	453
	- MAT credit	(134)	-	(431)	-	(1,099)
	- Fringe Benefit Tax	-	-	-	-	(1)
	- Deferred Tax	102	41	226	641	1,555
11	Net Profit after tax	3,141	3,196	6,057	7,367	15,744
12	Minority Interest	(4)	7	1	48	48
13	Share of Profit from Associate Company	162	330	530	744	1,292
14	Net Profit for the period	3,299	3,533	6,588	8,159	17,084
15	Paid-up equity share capital	5,555	2,762	5,555	2,762	2,775
16	Reserves excluding revaluation reserves					87,859
17	EPS - Basic*	2.97	3.20	5.93	7.39	15.44
	EPS - Diluted*	2.97	3.19	5.93	7.35	15.38
18	Aggregate of Non-promoter shareholding					
	Number of Shares	85,490,470	42,328,697	85,490,470	42,328,697	42,639,544
	Percentage	76.98%	76.62%	76.98%	76.62%	76.83%
19	Promoters and Promoter Group Shareholding					
a)	Pledged / Encumbered					
	- Number of Shares	1,020,292	348,208	1,020,292	348,208	286,900
	- Percentage of Shares (as a % of the total shareholding of promoter and promoter group)	3.99%	2.70%	3.99%	2.70%	2.23%
	- Percentage of Shares (as a % of the total share capital of the company)	0.92%	0.63%	0.92%	0.63%	0.52%
b)	Non-encumbered					
	- Number of Shares	24,553,934	12,567,794	24,553,934	12,567,794	12,573,080
	- Percentage of Shares (as a % of the total shareholding of promoter and promoter group)	96.01%	97.30%	96.01%	97.30%	97.77%
	- Percentage of Shares (as a % of the total share capital of the company)	22.10%	22.75%	22.10%	22.75%	22.65%

*On par value of Rs. 5 per share and adjusted for issue of bonus shares in the ratio of 1 share for every 1 share held.

Company Overview

About Infotech Enterprises Limited

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

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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); TTM Institute of Information Technology Pvt. Ltd, 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.

