

**For immediate release**

i-flex® posts 31% growth in revenues YoY for the quarter ended June 2007; 48% growth in US\$ terms

(As per Consolidated US GAAP)

**Financials at a glance for the quarter ended June 2007**

**US GAAP Consolidated**

Revenues	Rs. 532 crore Up 31% YoY
Operating Income	Rs. 48.7 crore Up 63% YoY
Net Income	Rs. 41.5 crore

**Indian GAAP Consolidated**

Revenues	Rs. 513.3 crore Up 27% YoY
Operating Income	Rs. 52.9 crore Up 43% YoY
Net Income	Rs. 36.7 crore

**Highlights of the Quarter**

- Revenue registers 31% growth in Rupee terms and 48% in US dollar terms on YoY basis.
- Operating income posts a robust 63% growth in rupee terms and 85% growth in US dollar terms on YoY basis, showing improved operating profitability.
- Net income grows 13% in US dollar terms on YoY basis.
- Strong collection momentum, DSO at the end of the quarter registers a 19% reduction and stands at 93 days.
- Added 12 new customers in the quarter; in addition, 10 customers added through cross selling.
- The staff headcount on June 30, 2007 stood at 9,533 – a net addition of 465 employees in the quarter.

**Products Business**

- Strong customer additions continue; Added 10 new product customers for the group.

- Product revenues post 46% growth YoY with operating profitability showing 4% improvement for the same period. The tank size at the end of the quarter stands at US dollar 75.3 million.
- Reveleus emerges as a leader in the Basel II application market in India, with five banks signing up for the solution.
- Oracle and i-flex solutions announce full Oracle stack support for IBM z-series Mainframe Platform.
- Mantas ranked number 1 in the Waters Ranking for Anti-Money Laundering (AML) Solutions.

### **Services Business**

- The services business adds 11 new customers; 9 of which added through cross selling.
- Technology and Deployment Management line of business registers significant new wins including remote infrastructure management.
- i-flex significantly strengthens its solution capability in the payments marketplace by becoming the only organization in India that is both SWIFT Service and Solution Partner.
- i-flex creates a special solution team to address MIFID, a comprehensive emerging regulatory requirement in capital market in Europe.

**Mumbai, July 30, 2007:** The Board of Directors of i-flex solutions limited, a leading provider of IT solutions to the global financial services industry, has approved the results for the quarter ended June 30, 2007.

Speaking on the occasion, N R K Raman, CEO and Managing Director, i-flex solutions, said, "We continue to enjoy strong traction with large global accounts especially in Europe and Japan. We are witnessing significant cross sell of our product and service offering to our current installed base. We are also making rapid progress in delivering the joint solution footprint along with Oracle Financial Services Global Business Unit (FSGBU), thus sustaining our leadership position in the market."

Makarand Padalkar, CFO, i-flex solutions, added, "We continue to invest for the future in R&D, our global reach and our infrastructure. At the same time, we are able to manage the inflationary pressure through improved internal efficiencies. By effective treasury management, we have managed to limit the exchange gain/loss and increase interest income."

## **Financial Performance**

### **Financial Results for the quarter ending June 30, 2007 (All the amounts in Rs. crore)**

#### **Consolidated US GAAP:**

i-flex posted a top line growth of 31% with revenue for the quarter ended June 30, 2007 at Rs. 532 crore as compared to Rs. 407.5 crore for the corresponding quarter during the previous year. In dollar terms, the increase is 48%.

The operating income for the quarter registered 63% increase (85% in dollar terms); while because of higher impact of the exchange revaluation, the net income stands at Rs. 41.5 crore - at the same level as the corresponding quarter in the previous year.

#### **Consolidated Income Statement**

<b>i-flex solutions ltd and its subsidiaries Consolidated Income Statement</b>	<b>Quarter Ended</b>		
	<b>Jun-07</b>	<b>Jun-06</b>	<b>Mar-07</b>
<b>Revenue</b>	<b>532.0</b>	<b>407.5</b>	<b>579.4</b>
Cost of revenue (excluding depreciation & amortization)	328.7	260.5	320.8
<b>Gross Profit</b>	<b>203.3</b>	<b>147.0</b>	<b>258.6</b>
Selling & marketing Expenses	55.9	51.9	74.7
General & administrative Expenses	74.5	49.3	74.7
Depreciation & amortization	24.2	16.0	24.7
<b>Income from operations</b>	<b>48.7</b>	<b>29.8</b>	<b>84.5</b>
(Loss)/Income on equity investments	(0.3)	0.2	0.2
Interest income and Other income/(expense)	(1.0)	20.0	2.7
<b>Income before provision for income taxes</b>	<b>47.4</b>	<b>50.0</b>	<b>87.4</b>
Provision for income taxes	5.9	8.5	9.7
<b>Net income</b>	<b>41.5</b>	<b>41.5</b>	<b>77.7</b>

#### **Consolidated Indian GAAP:**

i-flex posted a top line growth of 27% with revenue for the quarter ended June 30, 2007 at Rs. 513 crore as compared to Rs. 403 crore for the corresponding quarter during the previous year. In dollar terms, the increase is 44%.

The operating income for the quarter registered 43% increase (62% in dollar terms); while because of higher impact of the exchange revaluation, the net income stands at Rs. 36.7 crore – up 5% as compared to the corresponding quarter in the previous year.

## Consolidated Income statement

i-flex solutions ltd and its subsidiaries Consolidated Income Statement	Quarter Ended		
	Jun-07	Jun-06	Mar-07
<b>Revenue</b>	<b>513.3</b>	<b>403.3</b>	<b>601.1</b>
Cost of revenue (excluding depreciation & amortization)	312.3	251.1	297.2
<b>Gross Profit</b>	<b>201.0</b>	<b>152.2</b>	<b>303.9</b>
Selling & marketing Expenses	54.9	54.4	71.8
General & administrative Expenses	76.8	48.7	77.4
Depreciation & amortization	16.4	15.0	18.2
<b>Income from operations</b>	<b>52.9</b>	<b>37.0</b>	<b>136.5</b>
Reversal /(Provision) for diminution in value of investment	(0.1)	-	-
Profit/(loss) on sale of investment	-	0.4	-
Interest income and Other income /(expense)	(8.2)	7.8	7.79
<b>Income before provision for income taxes</b>	<b>44.6</b>	<b>45.2</b>	<b>144.3</b>
Provision for income taxes	7.9	10.1	11.9
<b>Net income</b>	<b>36.7</b>	<b>35.1</b>	<b>132.4</b>

### About i-flex solutions

**i-flex® solutions** (Reuters: IFLX.BO and IFLX.NS), majority owned by Oracle, is a world leader in providing IT solutions to the financial services industry and has serviced more than 750 customers in over 130 countries. Its range of applications software, custom solutions and consulting services enable financial institutions to cut costs, respond rapidly to market needs, enhance customer service levels and mitigate risk.

Together, Oracle and i-flex solutions offer financial services institutions the world's most comprehensive banking applications and technology footprint, alongside the expertise, to address the most complex IT or business requirements. Financial services institutions will be the main beneficiary of this offering and will now enjoy best-in-class solutions that are better synergized.

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All company and product names are trademarks of the respective companies with which they are associated.

For information, please visit: [www.iflexsolutions.com](http://www.iflexsolutions.com)

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