

## For immediate release

### **i-flex posts a 159% QoQ growth in net profit at Rs 140 crore for the quarter ended March 2006**

### **Signed two Tier-1 global multi-national banks for FLEXCUBE**

### **Financials at a glance for the quarter and year ending March 2006**

	Quarter	Full Year
<b>Indian GAAP Consolidated</b>		
Revenues	Rs. 470.6 Crore +21% QoQ & +31% YoY	Rs. 1,482.3 Crore
Net Income	Rs. 140 Crore +159% QoQ & +35% YoY	Rs. 247.3 Crore
<b>US GAAP Consolidated</b>		
Revenues	Rs. 457.7 Crore +15% QoQ & +31% YoY	Rs. 1,483.5 Crore
Net Income	Rs. 116.9 Crore +109% QoQ & +43% YoY	Rs. 219.0 Crore

#### **Highlights of the Quarter** (financials as per US GAAP)

- Excellent revenue and bottom line growth in the quarter; revenue grows 15% QoQ to Rs 457.7 crore. Net income for the quarter registers 109% QoQ growth.
- Full year revenue stands at Rs 1483.5 crore up 30% YoY.
- The net income for the full year stands at Rs. 219.0 crores up 8%. When compared with last years earnings without considering the amortization arising out of intangibles of acquisitions and losses recorded in the KPO business, which is in investment phase, the profits show a growth of 16% on a full year basis.
- Added 27 new customer relationships for the group; highest ever in a quarter.
- Gross addition (excluding our KPO business - Equinox) of 464 employees in the quarter and 2,701 employees in the financial year.
- The total staff strength of the group inclusive of KPO business increases to 6,858 – an increase of 44% over the period ended March 2005.

#### **Solutions Portfolio**

##### Products Business

- Robust signing of US\$22 Million license fees in the quarter, led by several landmark tier-1 bank signings. For the full year, signed US\$ 77 million in license fees up 34% on a full year basis.
- Product Business registers 25% QoQ growth and 43% YoY growth for the quarter; Operating Income stands at Rs 107 Crore an increase of 41% QoQ.

- Wins 21 new customers for various major product lines; FLEXCUBE leads the momentum with 17 customer wins. Wins for FLEXCUBE include two global multi-national banks; one headquartered in Europe and the other headquartered in North America, in addition to a major win in Japan.
- Reveleus Basel II wins three more deals in the quarter; wins include a tier I banking institution in North America, a large bank in Taiwan and one of the largest banking institutions in the Middle East.

#### Services Business

- Services business registers revenue growth of 5% QoQ for the quarter; full year revenues grow 33%.
- Non-CITI business grew 66% on an annual basis; stands at 45% of total services revenues.
- Wins seven new relationships in the quarter, giving a further boost to the strategy of expanding non-CITI relationships. Out of these four are in US, two are in Europe and one is in Asia.

#### KPO Business

- Revenues for the quarter grow 39% on a YoY basis; Acquisition of three new US clients in the quarter for Equinox.
- The total staff strength in this business stands at 543 as at end of the quarter – a net increase of 11%.

#### Awards and Accolades

- FLEXCUBE retains the top spot, for the fourth consecutive year, in the annual sales league table produced by International Banking Systems, UK.

**Mumbai, May 6, 2006:** 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 and financial year ended March 31, 2006.

Speaking on the occasion, Rajesh Hukku, Chairman & Managing Director said, "Last year has been a momentous one for i-flex as we have seen a significant increase in our traction with top tier customers. The leadership we are gaining in our various lines of business is creating a strong foundation for future growth."

R. Ravisankar, CEO, International Operations and Business Development added, "Our globally diversified business model and balanced portfolio of solutions continues to deliver strong growth. We continue to reinforce our position of leadership in IT solutions for the financial services industry by empowering our customers with competitive advantage."

Commenting on the financials Deepak Ghaisas, CEO, India Operations & CFO said, "The significant investments we have made this year are with the objective of building the foundation for the next stage of growth for the Company. In a highly competitive environment, we have demonstrated superior operational performance, while investing substantially for the future."

The board has recommended a dividend of 100% for the year.

## Financial Performance

### Financial Results for the quarter ending March 31, 2006 (All the amounts in Rs. Crore)

#### Consolidated Indian GAAP:

i-flex posted a top line YoY growth of 31% with revenue for the quarter ended March 31, 2006 at Rs. 470.6 Crore as compared to Rs. 358.6 Crore for the corresponding quarter during the previous year. The growth on QoQ basis was 21%. The net income for quarter stood at Rs. 140 Crore representing 159% QoQ growth and 35% YoY growth.

The revenue for the full year ended March 31, 2006 stood at Rs. 1482.3 Crore up 30% as compared to the previous year. The net income for the same period stood at Rs. 247.4 Crore – before the impact of prior period items.

#### Consolidated Income statement

i-flex solutions ltd and its subsidiaries Consolidated Income Statement	Full Year Ended		Quarter Ended		
	Mar-06	Mar-05	Mar-06	Dec-05	Mar-05
<b>Revenues</b>	<b>1482.3</b>	<b>1,138.6</b>	<b>470.5</b>	<b>388.0</b>	<b>358.6</b>
Cost of revenues (excluding depreciation & amortization)	783.4	570.1	215.5	201.0	155.7
<b>Gross Profit</b>	<b>698.9</b>	<b>568.5</b>	<b>255.0</b>	<b>187.0</b>	<b>202.9</b>
Selling & Marketing Expenses	200.8	152.8	56.6	45.5	37.8
General & Administrative Expenses	172.2	115.5	40.4	51.2	38.3
Depreciation & amortization	46.0	30.9	14.2	11.3	9.9
<b>Income from operations</b>	<b>279.9</b>	<b>269.2</b>	<b>143.9</b>	<b>79.0</b>	<b>116.9</b>
Profit / (Loss) on Equity Investment	0.4	(5.2)	(0.15)	0.4	
Interest and Other Income /(expense)	25.2	31.02	11.6	(1.7)	12.12
<b>Income before provision for income taxes</b>	<b>305.5</b>	<b>295.1</b>	<b>155.3</b>	<b>77.7</b>	<b>129.02</b>
Provision for income taxes	58.0	62.7	15.3	23.7	25.2
<b>Net Income before prior period items</b>	<b>247.4</b>	<b>232.4</b>	<b>140.0</b>	<b>54.0</b>	<b>103.82</b>
Impact of prior period items	(9.7)	-	-	(5.8)	-
<b>Net Income after prior period items</b>	<b>237.6</b>	<b>232.4</b>	<b>140.0</b>	<b>48.2</b>	<b>103.82</b>

*May not add due to rounding differences*

#### Consolidated US GAAP:

i-flex posted a top line growth of 31% with revenue for the quarter ended March 31, 2006 at Rs. 457.7 Crore as compared to Rs. 348.4 Crore for the corresponding quarter during the previous year; QoQ revenue growth stands at 15%. The net income for quarter stood at Rs. 117 Crore representing 109% growth QoQ.

The revenue for the full year ended March 31, 2006 stood at Rs. 1483.5 Crore, up 30% as compared to the previous year. The net income for the same period stood at Rs. 219 Crore.

## Consolidated Income Statement

i-flex solutions ltd and its subsidiaries Consolidated Income Statement	Full Year Ended		Quarter Ended		
	Mar-06	Mar-05	Mar-06	Dec-05	Mar-05
<b>Revenues</b>	<b>1483.5</b>	<b>1140.4</b>	<b>457.7</b>	<b>396.5</b>	<b>348.4</b>
Cost of revenues (excluding depreciation & amortization)	814.7	594.8	227.9	205.2	162.7
<b>Gross Profit</b>	<b>668.8</b>	<b>545.6</b>	<b>229.8</b>	<b>191.3</b>	<b>185.8</b>
Selling & Marketing Expenses	203.7	152.9	56.6	48.4	37.9
General & Administrative Expenses	170.0	115.7	41.9	47.9	38.6
Depreciation & amortization	50.5	33.7	15.1	12.7	10.9
<b>Income from operations</b>	<b>244.5</b>	<b>243.3</b>	<b>116.1</b>	<b>82.3</b>	<b>98.4</b>
Loss on Equity investments	0.5	(5.2)	0.1	0.4	(5.1)
Interest Income and Other income/expense	27.5	27.7	10.5	(1.4)	13.7
<b>Income before provision for income taxes</b>	<b>272.6</b>	<b>265.8</b>	<b>126.7</b>	<b>81.3</b>	<b>106.9</b>
Provision for income taxes	<b>53.5</b>	62.7	<b>9.8</b>	25.4	25.2
<b>Net Income</b>	<b>219.0</b>	<b>203.1</b>	<b>116.9</b>	<b>55.9</b>	<b>81.8</b>

May not add due to rounding differences

## About i-flex solutions

i-flex® solutions (Reuters: IFLX.BO & IFLX.NS) is a world leader in providing IT solutions to the financial services industry. i-flex group has serviced over 600 customers in more than 120 countries. i-flex's range of products and customized services enable financial institutions to cut costs, respond rapidly to market needs, enhance customer service levels and mitigate risk.

i-flex and FLEXCUBE are registered trademarks of i-flex solutions. Reveleus, Daybreak and PrimeSourcing are trademarks of i-flex solutions and are registered in several countries.

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)

For more information on the press release, please contact:

<p><b>INDIA</b> Eapen Thomas i-flex solutions Phone: +91-22-2823 5190, ext. 5132 Fax: +91-22-2836 3140 E-mail: <a href="mailto:eapen.thomas@iflexsolutions.com">eapen.thomas@iflexsolutions.com</a></p>	<p><b>INDIA</b> Louis Jude i-flex solutions Tel: +91 80 22087330 Fax: + 91 80 25345090 / 56665271 Email: <a href="mailto:jude.louis@iflexsolutions.com">jude.louis@iflexsolutions.com</a></p>
<p><b>INDIA</b> Ashwini Lele Adfactors PR Pvt. Ltd. Tel: +91 22 2281 3565 Mobile: +91 98334 63713 Email: <a href="mailto:Ashwini.lele@adfactorspr.com">Ashwini.lele@adfactorspr.com</a></p>	<p><b>APAC</b> Parvez Ahmad i-flex solutions Tel: +65-6238 1900, ext. 212 Fax: +65-6238 1282 E-mail: <a href="mailto:parvez.ahmad@iflexsolutions.com">parvez.ahmad@iflexsolutions.com</a></p>
<p><b>EUROPE</b> Mallika Basu/Tom Nutt The Communication Group plc +44 20 7630 1411 Email: <a href="mailto:mbasu@thecomcommunicationgroup.co.uk">mbasu@thecomcommunicationgroup.co.uk</a> Email: <a href="mailto:tnutt@thecomcommunicationgroup.co.uk">tnutt@thecomcommunicationgroup.co.uk</a></p>	<p><b>LATIN AMERICA</b> Hugo Gordillo i-flex solutions Tel: + 646-619-5402 Email: <a href="mailto:hugo.gordillo@iflexsolutions.com">hugo.gordillo@iflexsolutions.com</a></p>
<p><b>NORTH AMERICA</b> Sunil Robert i-flex solutions Tel: +1-646-619-5482 Mobile: +1-646-642-3690 Email: <a href="mailto:Sunil.robert@iflexsolutions.com">Sunil.robert@iflexsolutions.com</a></p>	