



PRESS RELEASE*

- Infotech's Q1 revenues grew 50% to Rs. 1170.3 million
- Net Profit increased 106% to Rs. 197.5 million.
- EPS increased 99% to Rs. 12.97
- Construction of new campus started

Hyderabad, India / Wednesday, July 19, 2006: Infotech Enterprises Limited (BSE: INFOTECENT, NSE: INFOTECENT) has announced that its un-audited financial results for the quarter ended June 30, 2006 were taken on record by the Board at its meeting held today.

**Note: All discussions in the announcement cover consolidated financial performance of Infotech Enterprises Limited and its subsidiaries.*

Commenting on the first quarter results Mr. BVR Mohan Reddy, Chairman and Managing Director, Infotech Enterprises, said, "This quarter has marked the beginning of another fruitful year for Infotech. During the quarter, the Company witnessed growth from marquee customers viz; Pratt & Whitney, Bombardier Transportation and from new customers of last year viz; Alstom Transport, Hamilton Sundstrand etc.

Infotech group reported operating revenues of Rs. 1170 million, representing a growth of 50% over quarter 1, FY 2005-06. The increase is on account of both volume growth as well as increased rates from customers. Depreciation of rupee against the Dollar and other currencies, contributed 4% of growth. Salary and related costs were higher during the quarter on account of revisions across the Company.

We forecast a strong traction in our business for the rest of the year based on the backlog and pipeline. To cater to the new infrastructure needs, we started building another new facility in a 10-acre campus in Hyderabad."

Performance Highlights: Infotech Group consolidated performance

Sequential Period Analysis (April – June 2006 Vs. January – March 2006)

- Operating revenues for the quarter delivered growth of 8.6%, increasing from Rs. 1078.0 million to 1170.3 million.
- Operating profits increased by 10.4%, at Rs. 219.3 million compared to Rs. 198.6 million.
- Net Profit after tax up 19.0% at Rs. 197.5 million as compared to Rs. 166.0 million.
- EPS for the quarter at Rs. 12.97, up 17.9%.

Corresponding Period Analysis (April – June 2006 Vs. April – June 2005)

- Operating Revenues higher by 49.6%, at Rs. 1170.3 million as against Rs. 782.2 million.
- Operating profits increased by 62.4% to Rs. 219.3 million as against Rs. 135.0 million.
- Net Profit After Tax higher by 106.3%, at Rs. 197.5 million compared to Rs.95.7 million.

Key business / Operating highlights for Q1 FY 2007

- 11 new customers added during the quarter, 4 in GSD vertical and 7 in EMI vertical.
- Price increase from customer's factored-in during the quarter.
- Witnessed significant ramp up in business from last year's new customers.
- The erstwhile UTG vertical is re-named as Geospatial Solutions Division (GSD) vertical to highlight the service offerings of the Company and make a global presence.
- VARGIS, subsidiary of Infotech Enterprises America Inc., is re-named in line with its parent company and is now fully integrated into Infotech Enterprises America Inc.
- Net addition of 96 associates during the quarter.
- "Bhoomi Pooja" for the construction of new building in Hyderabad was performed and the construction is in progress.

Financial Performance Review

Particulars	Q1 FY 2007	Q4 FY 2006	Q-on-Q Variance (%)	Q1 FY 2006	Y-on-Y Variance (%)	FY 2006
Operating Revenues	1170.3	1078.0	8.6%	782.2	49.6%	3625.0
Operating Expenditure	950.9	879.4	8.1%	647.2	46.9%	2967.3
▪ Employee cost	569.2	494.5	15.1%	364.7	56.1%	1700.6
▪ Travel expenses	103.1	98.1	5.1%	68.6	50.2%	328.3
▪ Purchases- Services/Products	155.7	160.8	(3.2%)	108.6	43.4%	463.4
▪ Oprtng & admin exp	122.9	126.0	(2.5%)	105.2	16.8%	475.1
Operating Profit	219.3	198.6	10.4%	135.0	62.4%	657.7
<i>Operating Margins</i>	<i>18.7%</i>	<i>18.4%</i>		<i>17.3%</i>		<i>18.1%</i>
Dep. & Amortization	53.9	48.1	12.1%	45.0	19.8%	185.6
Financial Expenses	2.5	6.2	(60.3%)	1.6	55.2%	8.9
Other Income	42.9	14.0	205.7%	(11.7)		33.5
Profit before Tax	205.9	158.4	30.0%	76.8	168.1%	496.6
Provision for Taxation	41.8	35.8	16.9%	11.4	268.0%	94.1
Profit after Tax	164.0	122.6	33.9%	65.4	150.7%	402.5
Share of IASI profit	33.5	43.4	(22.9%)	30.3	10.5%	100.7
PAT incl. share of profits from IASI	197.5	166.0	19.0%	95.7	106.3%	503.2
<i>Net Margins</i>	<i>16.3%</i>	<i>15.2%</i>		<i>12.4%</i>		<i>13.8%</i>
<i>Basic EPS</i>	<i>12.97</i>	<i>11.00</i>	<i>17.9%</i>	<i>6.52</i>	<i>98.9%</i>	<i>33.34</i>

About Infotech Enterprises

Infotech Enterprises is a 4000+ employee software services company with core competencies in the areas of Geospatial Data & Technology services, engineering design and IT services. The company specializes in software services and solutions for manufacturing, utilities, telecommunications, transportation, retail, financial services, geotechnical and local government markets.

The company has its headquarters and development facilities in India and serves a global customer base through subsidiaries in the UK (Infotech Enterprises Europe Limited), Germany (Infotech Enterprises GmbH) and USA (Infotech Enterprises America, Inc.). Infotech has also developed a strategic partner network to serve markets in Europe, Japan, Australia, the Middle East and the Asia-Pacific region.

Infotech Enterprises is an SEI CMMi Level 5 company and is also 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 Pratt & Whitney and Tele Atlas.

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

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