



PRESS RELEASE*

- Revenues up 20% to Rs 824 million
- Infotech's net profit increase 65% to Rs. 108 million
- Half year revenues at Rs.1606 million, up 27.1% YoY
- EPS for the quarter at Rs. 7.21, up 59.5%
- Paul Adams from UTC joins Infotech Board
- Infotech completes 5 years of relationship with Pratt & Whitney

Hyderabad, India / Wednesday, October 19, 2005: Infotech Enterprises Limited (BSE: INFOTECENT, NSE: INFOTECENT) has announced that its unaudited financial results for the quarter ended September 30, 2005 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 second quarter results Mr. BVR Mohan Reddy, Chairman and Managing Director, Infotech Enterprises, said, "I am very pleased with the performance delivered in the second quarter. During the quarter, our EMI vertical business delivered strong business expansion and we achieved improvement in profitability and our operating margins were higher by 200 basis points compared to the preceding quarter.

During the quarter, we won several major contracts that increased the visibility of our operations. These include a five-year major engineering design agreement with Alstom Transport, which is expected to deliver business worth US\$ 50-55 million over the contract period – clearly highlighting our leadership position in the engineering design domain and a major GIS contract from Dutch telecom service provider KPN Telecom."

Key Performance Highlights

Infotech Group: Consolidated Performance

Sequential period analysis (July – September 2005 vs. April – June 2005)

- Operating revenues for the quarter higher by 5.3% at Rs. 823.9 million compared to Rs. 782.2 million.
- Operating profit increases by 17.6% at Rs. 160.3 million compared to Rs.136.2 million. Operating margin higher by 200 basis points at 19.5%.
- Net Profit after tax up 11.7% at Rs. 108.8 million as compared to Rs. 97.4 million.
- EPS for the quarter at Rs. 7.21, up 10.6%

Corresponding period analysis (July – September 2005 vs. July – September 2004)

- Operating revenues grew 20.4%, from Rs. 684.3 million to Rs. 823.9 million.
- Operating profit higher by 29.7% at Rs. 160.3 million compared to Rs. 123.5 million.
- Net profit after tax higher by 64.9% at Rs. 108.8 million compared to Rs. 66.0 million.
- EPS up 59.5% at Rs. 7.21 compared to Rs. 4.52.

Key business / operating highlights for Q2FY2006

- Awarded major GIS contract by KPN Telecom. Valued at several million euros, the contract will run on a tight schedule of 18 months.
- New orders in the UTG vertical space across the U.S., Europe and the Middle East expected to create strong volume growth, improve utilization and increase hiring momentum.
- Signed 5-year major engineering design agreement with Alstom Transport. The contract is expected to generate revenues of US\$ 50-55 million over the contract period. A 200-engineer dedicated design facility has been established in Bangalore.

- Infotech's dedicated Center of Excellence delivering engineering services for Hamilton Sundstrand has expanded to 75 persons on growing volume of business.
- Established new U.S. office at Rockford, Illinois to focus on the growing technical publications practice.
- Significant expansion in the Bombardier relationship for engineering services.
- Stronger growth visibility in the engagement with Pratt & Whitney for new aircraft engine development, after-market services at several global locations and supporting Pratt's relationships with its new client wins.
- Paul Adams joins the Board of the Company in the place of Charles W. Ayer. Mr. Adams will represent Pratt & Whitney, strategic partners in the Company.
- The Company completes 5 years of relationship with Pratt & Whitney.
- 11 new clients were added during the quarter, 5 in UTG vertical and 6 in EMI vertical.

Infotech Enterprises Limited: Standalone Performance

Sequential period analysis (July – September 2005 vs. April – June 2005)

- Operating revenues for the quarter at Rs. 461.3 million compared to Rs. 417.6 million in the previous sequential quarter.
- Operating profit at Rs. 106.6 million compared to Rs. 79.2 million.
- Net Profit after tax at Rs. 61.6 million compared to Rs. 30.3 million.

Corresponding period analysis (July – September 2005 vs. July – September 2004)

- Operating revenues for the quarter up 20.4% at Rs. 461.3 million compared to Rs. 383.0 million in Q2 last year.
- Operating profit higher by 8.9% at Rs. 106.6 million compared to Rs. 97.9 million.
- Net profit after tax at Rs. 61.6 million compared to Rs. 61.4 million.

INFOTECH ENTERPRISES LIMITED
Consolidated Group Financial Performance

(Rs. million)

Particulars	Q2 FY 2006	Q1 FY 2006	Q-on-Q Variance (%)	Q2 FY 2005	Y-on-Y Variance (%)	FY 2005
Operating Revenues	823.9	782.2	5.3%	684.3	20.4%	2571.3
Operating Expenditure	663.6	646.0	2.7%	560.7	18.3%	2104.7
- Employee cost	394.4	364.6	8.2%	315.1	25.2%	1,212.7
- Travel expenses	73.0	68.7	6.3%	62.8	16.1%	230.3
- Purchases- Services/Products	79.1	108.6	(27.1%)	78.6	0.6%	289.5
- Oprtg & admin exp	117.1	104.1	12.4%	104.1	12.4%	372.3
Operating Profit	160.3	136.2	17.6%	123.5	29.7%	466.5
<i>Operating Margins</i>	<i>19.5%</i>	<i>17.4%</i>		<i>18.1%</i>		<i>18.1%</i>
Financial Expenses	1.4	1.6	(8.6%)	1.2	16.5%	2.5
Dep. & Amortization	43.7	45.0	(2.9%)	45.3	(3.6%)	167.3
Other Income	6.9	(11.6)	-	14.4	(52.1%)	42.6
Profit before Tax	122.0	78.1	56.3%	91.3	33.7%	339.3
Provision for Taxation	25.4	11.1	130.1%	25.3	0.6%	90.2
Profit after Tax	96.6	67.0	44.1%	66.0	46.4%	249.1
Share of IASI profit	12.2	30.3	(59.9%)	-	-	24.6
PAT incl. share of profits from IASI	108.8	97.4	11.7%	66.0	64.9%	273.7
<i>Net Margins</i>	<i>13.1%</i>	<i>12.6%</i>		<i>9.4%</i>		<i>10.5%</i>
Basic EPS	7.21	6.52		4.52		18.69

About Infotech Enterprises

Infotech Enterprises (BSE: INFOTECENT, NSE: INFOTECENT) is a fourteen-year old leading Indian software services company with core competencies in the areas of GIS, engineering design and IT services. Its range of services includes Digitization of drawings and maps, Photogrammetry, CAD / CAE, Design and Modeling, Repair Development engineering, Reverse engineering, Application Software Development, Software Products Development, Consulting and Implementation. The company specializes in software services and solutions for the manufacturing, utilities, telecommunications, transportation & logistics, local government and financial services markets with over 3100 software professionals globally.

The company has its headquarters and development facilities in India and serves a global customer base through subsidiaries in the UK (Infotech Enterprises Europe), Germany (Advanced Graphics Software GmbH), USA (Infotech Software Solutions, Inc.), Noida, India (Tele Atlas). 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 Maturity Level 5 company and is also certified to ISO 9001:2000 & BS 7799 quality standards. It is a public listed company and has attracted globally reputed strategic investors like Pratt & Whitney & Tele Atlas.

For more information, please do visit us at: www.infotechsw.com

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