



PRESS RELEASE*

- Operating Revenues up 59.3% Y-on-Y, at Rs. 1312.8 million
- Net profit for the quarter crosses Rs. 200 million, up 86.3% Y-on-Y
- Net addition of 460 employees during the quarter
- Operating Margins improve by 290 basis points, to 21.6%

Hyderabad, India / Wednesday, October 18, 2006: Infotech Enterprises Limited (BSE: INFOTECENT, NSE: INFOTECENT) has announced that its unaudited financial results for the quarter ended September 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 second quarter results Mr. BVR Mohan Reddy, Chairman and Managing Director, Infotech Enterprises, said, "This quarter, the Company has witnessed ramp up from several existing clients. This is reflected in the number of million dollar customers in a quarter going up to 8 as against 5 in the previous quarter.

Infotech group reported operating revenues of Rs. 1312.8 million, sequential growth of 12.2% and net profit of Rs. 202.6 million. The growth continues to be across both the verticals and across all geographies.

With continued expansion of the addressable market in the engineering services space, I believe we are on the road to achieve our set targets. Further, to capture a significant share of the new opportunities, we strengthened the leadership bandwidth with induction of number of senior leaders across the geographies and in delivery teams"

Performance Highlights: Infotech Group consolidated performance

Key Performance Highlights: Infotech Group Sequential Period Analysis (July – September 2006 Vs. April – June 2006)

- ⌘ Operating revenues higher by 12.2%, at Rs. 1312.8 million as against Rs. 1170.3 million
- ⌘ Operating profits higher by 29.2%, at Rs. 283.6 million compared to Rs. 219.3 million. Operating margins at 21.6% as against 18.7%
- ⌘ Net Profit after tax (before share of Joint Venture profits) up 5.3%, at Rs. 172.7 million as compared to Rs. 164 million.
- ⌘ Net Profit after tax (after share of Joint Venture profits) up 2.6%, at Rs. 202.6 million as compared to Rs. 197.5 million.

Corresponding Period Analysis (July – September 2006 Vs. July – September 2005)

- ⌘ Operating Revenues higher by 59.3%, at Rs. 1312.8 million as against Rs. 824.1 million.
- ⌘ Operating profits increased by 76.7% to Rs. 283.6 million as against Rs. 160.5 million.
- ⌘ Net Profit After Tax higher by 86.3%, at Rs. 202.6 million compared to Rs. 108.7 million.

Key Business / Operating Highlights for Quarter 2 FY 2007

- ⌘ Ramp up in existing customers, customers contributing more than million dollars in a quarter increase to 8 as against 5 in previous quarter. Clients scale up to be among Top 10 customers in 3 Quarters time.
- ⌘ Wholly owned American subsidiary IEAI, entered into an agreement with IBM to provide Product Lifecycle Management (PLM) and engineering solutions
- ⌘ Joint venture company IASI in Puerto Rico opened a new facility to cater to the demand of its engineering work and would further hire 100 people.
- ⌘ Mr. Louis R. Chenevert, President and COO of United Technologies visited the Company premises and commemorated the five year partnership between both the companies
- ⌘ Infotech participated in AGI 2006 conference held in London, Farnborough International Aero Show 2006 in UK and Innotrans 2006 in Berlin, Germany.
- ⌘ Net addition of 460 associates during the quarter, higher in engineering services.
- ⌘ "Bhoomi Pooja" for the construction of new building in Bangalore performed.
- ⌘ 8 new customers added during the quarter, 4 each in GSD and EMI Vertical.

Financial Performance Review**(Rs. In Millions)**

Particulars	Q2 FY 2007	Q1 FY 2007	Q-on-Q Variance (%)	Q2 FY 2006	Y-on-Y Variance (%)	FY 2006
Operating Revenues	1312.8	1170.3	12.2%	824.1	59.3%	3625.0
Operating Expenditure	1029.2	950.9	8.2%	663.6	55.1%	2967.3
■ Employee cost	620.6	569.2	9.0%	394.4	57.4%	1700.6
■ Travel expenses	116.3	103.1	12.8%	73.0	59.4%	328.3
■ Purchases-Services/Products	147.3	155.7	(5.4%)	79.1	86.1%	463.4
■ Oprtg & admin exp	145.0	122.9	18.0%	117.1	23.8%	475.1
Operating Profit	283.6	219.3	29.3%	160.5	76.7%	657.7
<i>Operating Margins</i>	<i>21.6%</i>	<i>18.7%</i>		<i>19.5%</i>		<i>18.1%</i>
Dep. & Amortization	62.8	53.9	16.4%	43.7	43.7%	185.6
Financial Expenses	4.3	2.5	76.1%	1.4	198.8%	8.9
Other Income	5.2	42.9	(87.9%)	6.9	(24.5%)	33.5
Profit before Tax	221.7	205.9	7.7%	122.3	81.3%	496.6
Provision for Taxation	49.0	41.8	17.2%	25.7	90.7%	94.1
Profit after Tax	172.7	164.0	5.3%	96.6	78.8%	402.5
Share of IASI profit	29.9	33.5	(10.6%)	12.2	146.0%	100.7
PAT incl. share of profits from IASI	202.6	197.5	2.6%	108.7	86.3%	503.2
<i>Net Margins</i>	<i>15.4%</i>	<i>16.3%</i>		<i>13.1%</i>		<i>13.8%</i>
<i>Basic EPS*</i>	<i>4.42</i>	<i>4.32</i>		<i>2.40</i>		<i>11.11</i>

* EPS adjusted to Bonus Issue and Stock Split

About Infotech Enterprises

Infotech Enterprises is a 4500+ 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

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