

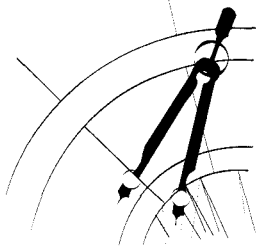


15TH ANNUAL REPORT 2005-2006

INFOTECH ENTERPRISES LIMITED

Creating Business Impact ... providing the power to succeed

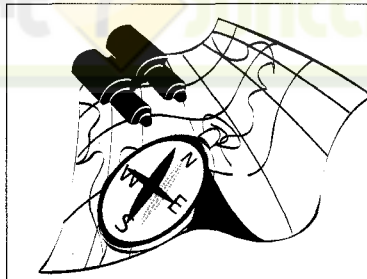
Engineering Design



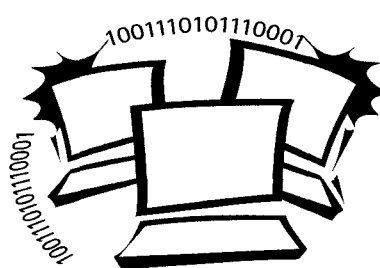
Infotech is a leading provider of engineering design services in the global market space. Our engineering solutions are designed to enhance competitiveness of our customers by creating business impact in terms of speed to market, reducing cost and optimizing resources.

Geographic Information Systems

An end to end GIS solutions provider, Infotech possesses strong domain knowledge and complete solutions capability for utilities, telecommunications, transportation & logistics, manufacturing, retail, financial services, central, regional and local government markets.



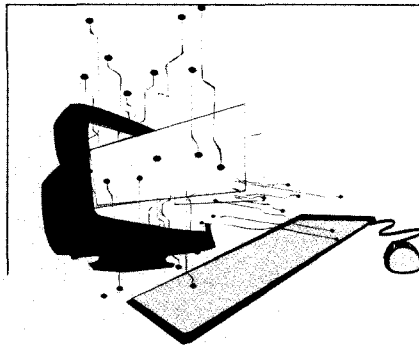
IT Services



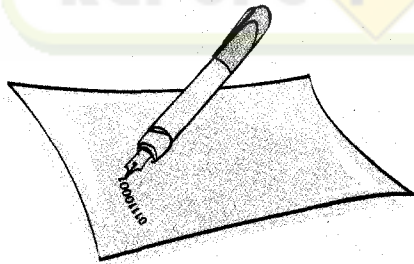
IT Service offered at Infotech are focused on understanding and defining the customers business objective and providing technology solutions thereby creating a business impact for our customers.

Electronic Design Services

Infotech's Electronic Design Services division is a full service, project-oriented team of experienced professionals, capable of starting with an idea and carrying it through to production.



Technical Publications



Infotech's Technical Publications team provides world class technical documentation, spare parts cataloging and maintenance manuals authoring and illustrations to aerospace, rail, auto, oil & gas and marine industries.

... growing beyond horizons

In the year
2005 - 2006,
Infotech's

REVENUES

grew by

41.0% @ Rs.3625.00 Million

OPERATING PROFIT

grew by

41.0% @ Rs.657.67 Million

NET PROFIT

grew by

83.8% @ Rs.503.19 Million

EARNINGS PER SHARE

grew by

78.3% @ Rs.33.34

... winning a universe of opportunities



B.V.R. Mohan Reddy

Chairman's message

Dear Shareholders,

The central theme of this year's annual report is "Creating Business Impact". The year that has gone by has been extremely satisfying for us. The initiatives that I reported in my last message - likes of verticalization, strategic planning and corporate re-organization, human resource policies and restructuring and redefining Infotech's mission, vision and long term objectives - have all been executed with vigor and have yielded significantly higher performance in all spheres.

Over the last 15 years, Infotech has consistently demonstrated growth above industry-average and this I believe is due to 'Focus' - Focus on five critical elements:

- Focus on being a customer centric organization
- Focus on building domain expertise
- Focus on a global delivery model
- Focus on developing human capital
- Focus on being a values driven organization

It is our belief that focusing on these five fundamentals will enable us to continue to grow as a world class organization and be recognized as the leader in the areas we operate in.

FY 2005 - 06 performance has reaffirmed our faith in the strength of our business model. We have witnessed growth in all verticals and in all geographies. We have had significant wins in all verticals and in all geographies. Our quality journey has been further accentuated by AS 9100 certification and ACE Silver site accreditations. We have further strengthened our management and operations teams by inducting high caliber professionals. We have initiated many innovative HR practices. World-class facility that was inaugurated last year, which can house upto 1000 associates, is fully occupied and we are on our way to building another campus. We have created a new facility in Bangalore to support the growth plans for key clients Pratt & Whitney Canada and Alstom Transport.

Integration of Tele Atlas India Pvt Ltd, acquired in the year 04-05, is fully complete and has delivered results as expected.

One Global Unified Company:

During FY 2005-06, your company has further accentuated the changes further to Verticalization - Your Company was reorganized into customer

centric verticals headed by a President. Sales, marketing and global delivery are brought under this unified leadership. As our customers demanded more value, it became clear that we needed to bring our intellectual assets and experiences under one leadership, to maximize the value for the customers. This alignment of internal structures processes and to create '**One Global Unified Company**' was an important initiative that we worked on. Delivery structures too have been reorganized and brought under unified leadership making way to Distributed Global Delivery Model.

Global Footprint:

FY 05-06 also saw us further expanding our global footprint in line with the business demands. We have opened offices in Middle East and a development center in Frostburg, Maryland, USA. Today, your company operates out of 22 global locations and has 6 Global Delivery Centers.

Expansion of Market Coverage:

This year, Infotech continued to strengthen its relationship with clients across verticals. We witnessed significant growth in all of our service offerings. Our investments in new services have yielded returns both in terms of revenue and value differentiation. Services like Engineering Design and Electronic Design demonstrated healthy growth, while our technology services continue to help us differentiate and deliver higher value.

We witnessed significant growth in European market - Two subsidiaries focusing into this territory have reported excellent results and have made profits. Especially, Engineering Services have met with increasing enthusiasm in Europe and have resulted in us winning key contract which we believe have significant potential for growth in the years to come.

To further differentiate ourselves and in pursuit of 'end-to-end business transformation player' status - we have invested in defining superior value service offerings in both Geospatial Services as well as in Engineering Services. Study by a leading market research and consulting firm to identify new market opportunities in areas which have future potential and which synergistically fit into our business model is complete and their recommendations have become an integral part of our strategy for 06-07 and are in implementation. I believe all these will significantly contribute to growth of Infotech in the years to come.

Financial Highlights

Summarizing the reported numbers, during FY 2005-06, Infotech's operating revenues were 41% higher at Rs. 3625 million. Operating profit for the year was at Rs. 657.67 million while net profit was at Rs. 503.2 million. EPS for the year was Rs. 33.34 and we have recommended a dividend of Rs. 2.25 per share, which is subject to your approval.

Group financial performance during the year was accentuated by improved profitability of the overseas subsidiaries. We witnessed a significant turnaround in our U.K. subsidiary. This is primarily due to increased revenue and various cost control initiatives that were taken in the previous two years.

Business Developments:

During FY 2005-06, several progressive business initiatives were made at Infotech. We have won several new contracts which have significant potential to contribute to our long-term growth like Alstom Transportation, Hamilton Sundstrand, KPN Telecom, GE-Swisscom Fixnet, Airbus platform vendors, LA County among others.

These wins have helped us further strengthen our leadership position in Geospatial and Engineering services market. Today, we consistently rank among Top-3 Offshore vendors in the two markets.

HR Initiatives

People have been the single most important asset this company had and we continue to place high importance to align our human resources with the evolving profile of the business. The focus was on improving associate contribution in line with higher value addition offered to customers. We have recruited over 1169 engineers. This year we further strengthened our HPC Initiatives to recognize, reward and develop high performers, initiated higher education schemes and entered into MoU with very high reputed academic institutes like IIT Chennai and JNTU, and improved the overall human resource centricity.

Future:

Let me share three key thoughts that I've on what future holds for us and also touch upon the initiatives that we are taking at Infotech preparing for the future.

Engineering Services offshoring is projected to be **next big wave** for Indian vendors, as companies across the globe are looking to tap Indian talent. Preliminary market reports indicate a market size of about \$35-40 Bn by 2020.

Geospatial Services are becoming more mainstream - both with in the corporates and also to the consumer - Companies are now seeing Geospatial systems as an integral part of overall IT architecture and thus increasing demand for 'End-to-End' solutions. This market is estimated to be a \$10 Bn opportunity.

In both these markets, as shared with you earlier, your company is already in leadership position and we will continue to make investments to widen the portfolio of offerings to sustain the leadership position.

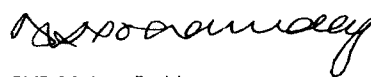
I believe Offshoring is here to stay and will continue to be a 'strategic matter' for customers world over. As much as offshoring is here to stay, I believe, there are certain shifts that we are witnessing and the prominent shift is that customers are increasingly interested in partnering with '**Total solution providers**'. The implication it has on us is to deepen the domain & technology expertise with ability to deliver from 'offshore, near shore, onshore-low cost and onshore', provide superior value solutions, and the expand service offerings - All of which are already initiated and very high priority agenda items on our list.

The other discernible shift is that customers are looking for **long-term, strategic partnership** with IT Vendors. We are witnessing many decisions on offshoring being taken in the 'board rooms' and by CXOs. The implication it has on us is to deepen the relationships and to provide a measure business impact through our solutions & services.

The third shift that I notice starting to happen is '**Scale**' and '**Scalability**' - On offerings, people, facilities and relationships - will be very critical to success. Moving towards a partnership role, also would mean flexibility - *This would mean aligning our business model and internal structure tightly with customer's business requirements.* The implication it has on us is to further strengthen our resource base and to continually look for expansion of global footprint.

Lastly, In May 2004 we have revised our Mission and Vision and set to ourselves a goal of being a **\$250 Million organization by end March 2009**. No different to what we have done over the last 15 years, we are pursuing this goal with the same fervor. Last year, we strove hard to put-in growth-oriented strategies in place and now with a resilient and renewed Infotech, we are confident of achieving \$ 250 Million dream.

Warm Regards,



BVR Mohan Reddy
Chairman & Managing Director

... exceeding customer expectations

Creating Business Impact – Our differentiated Value Proposition

The theme for this year's annual report is "Creating Business Impact". We are indeed privileged to share with our stakeholders, customer feedback on how we have delivered the "Business Impact" value proposition worldwide.

In 2002-2003 we carried out an extensive nine month exercise to revisit our value propositions, across India, Europe & North America, involving over 250 participants. After in-depth discussions, brain storming sessions and surveys involving all our stakeholders (shareholders / investors, customers, employees and society), we arrived on our key differentiated deliverable as "Creating Business Impact".

The "Creating Business Impact" value proposition aims to differentiate Infotech in our market positioning as a leader. Our leadership is built on key factors outlined as:

- ◆ Delivering business impact measurable in the form of savings, value engineering & speed of delivery.
- ◆ Providing expert solutions with domain knowledge.
- ◆ Deliver quality consistently.
- ◆ Building partnerships globally for the long term.

To enable delivery of significant business value to our stakeholders we have restructured into verticals, introduced new service offerings and introduced metrics to measure speed, value engineering, domain knowledge and financial savings accrued to our customers. We have also automated backend processes in HR, finance and procurement functions.

We have delivered higher levels of quality with lesser rework. "Gold" certification from Pratt, "Trusted site" recognition from Bombardier, and various successful audits on our quality, process adherence and security from customers like GKN, Boeing, British Telecom & Tele Atlas, amongst others, are an indication of the global quality standards achieved by us during the year.

We would like to thank all our customers in making Infotech their choice, as a long term partner, and enabling us to deliver value to each one of our relationships. Our ability to deliver value is significantly enhanced by the commitment of our teams.

We look forward to provide excellence in our relationships with ever increasing business value being delivered to our stakeholders.

Once again, it is indeed a matter of pride to share customer comments on how we have delivered our "Creating Business Impact" value proposition successfully.

Sudhir Sethi

President & Executive Director

"We take pride to note that Infotech's Engineering Design services have helped our customers in the aeroengine and aircraft domains release new commercial engines in time, expedite product improvement, improve quality and optimize designs through detailed analysis using latest tools, provide cost effective repair services to their customers etc. Software tools developed by Infotech have helped customers improve productivity in the engineering design process, simplified and quickened interfaces with their customers and benefit from latest technological developments. Excellent compliance to quality systems has ensured timely and flawless execution of work, enabling customers in adhering to their plans. We have thus added to the competitive advantage of our customers and created a positive business impact. This has resulted in sustained and deep relationships with our customers, who continuously help us in moving up the value chain."

Rajeev Lal

President

"With extensive endorsements from marquee clients and a deep bench of skills in geospatial technology, we are already recognized to be a large scale service provider in the geospatial world. Our immediate challenge is however very different: how to be the most comprehensive provider of high end geospatial solutions. We aim to be impactful in every one of our client engagements to get there"

A V Ram Mohan

President

... offering a galaxy of services

Customer Speak

ALSTOM

"Our engagement with Infotech Enterprises in our first year has got off to a good start. We have seen good quality, turnaround time and pro-activeness in completing various projects. We look forward to our relationship growing in the future".

Dr Jat Taufiq
Product Development Director
Rolling Stock Engineering
Alstom Transport



"We have a very good & growing engagement with Infotech over last 1+ years of association. Infotech has contributed with high value addition in design & calculation projects on mission critical applications. We are impressed by Infotech's pro-activeness & flexibility in meeting ARTUS expectations. We are working towards growing our engagement in new areas like technical documentations and we have already experienced promising results from Infotech in such new areas"

Robert Perrin
President,
ARTUS Pacific Scientific'

BOMBARDIER

"We are completing three years of partnership with Infotech in 2006. Based on the business benefits we have gained from this relationship we expect to grow the Engineering Center with Infotech to 300 strong design team by end 2006 compared to 200 in 2005. We at Bombardier are looking at this relationship growing from strength to strength"

Ake Wennberg
Vice President - Project Management &
Chief Technical Officer
Bombardier Transportation

BOMBARDIER

"With Infotech as our key technology development partner we are in a position of developing cutting edge technology system, whilst maintaining a very competitive cost level.

We value Infotech's broad technical expertise and unique capability of providing tailor-made engineering services at short notice. With the established complementary engineering skill and resource base, Bombardier is in an advantageous position of managing engineering resources efficiently and reliable.

Infotech is representing an integral part of Bombardiers technology strategy to deliver world class Traction and Control Solutions, recognized by the industries as second to none".

Anders Lindberg
President
Propulsion & Controls
Bombardier Transportation

... satisfied customers

BOMBARDIER

"At Bombardier Transportation, we were privileged to pioneer the relationship with Infotech Enterprises in several technical areas, ranging from software and hardware design to automated testing, and obsolescence management to quality consulting. In the past three years, we are proud to say that we have greatly benefited in cost savings and project turnaround time. Most of all, we have enjoyed the human aspect of our relationship."

Ray Betler,
President - Total Transit Systems
Bombardier Transportation



CERTIVE

"Our relationship with Infotech Enterprises continues to produce positive results. We have, as a product development company, benefited in significantly lowering our product development costs as well as product development turnaround time. I am looking forward to continuing our strong partnership with Infotech."

Ford Goodman
President & CEO
Certive Corporation

BOMBARDIER

"It has been 3 years of strong and growing relationship we have enjoyed with Infotech so far. The achievement of scale with 240 member team at BTECI in Engineering Design, Electronic Design, Technical Publication and Software Development is a clear reflection of the impact Infotech has on our business. The impact that Bombardier having experienced is in the form of financial savings as well as speed of execution of design work. In brief, the relationship with Infotech is important, strategic and is helping us maintaining a competitive advantage".

Charbel Bachaalani
BPO - Director
Bombardier



"GKN prides itself in leading the way with new methods of working, and the selection of Infotech as a Strategic Partner is seen as key to this continued development. In our first year of engagement we have made significant progress with Infotech's ramp-up model facilitating maximum benefit from day one. We have an excellent team in aerostructures, their proactive approach to learning our company specific procedures has ensured that the process of offshoring was seamless, and they have enabled us to deliver high quality wing design work on Airbus platforms which has benefited us and our customer by executing complex projects with speed and within budget."

Chris Jones
General Manager
GKN Aerospace

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