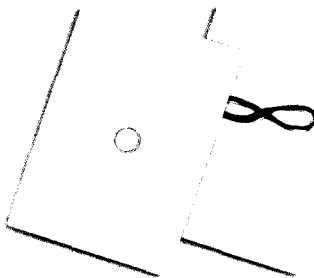


Report  Junction.com

Flex annual report 2005-2006



The 2003-2004 Annual Report used the metaphor of a thread to weave a fabric of growth, value and success.

The 2004-2005 Annual Report had a circle as its theme to depict our 360-degree coverage of the financial domain.

For excellence in design, production and communication, we won:

- Silver at the League of American Communications Professionals Awards (2003-2004)
- Silver at the Society for Technical Communication – Annual Competition, India Chapter (2003-2004)
- Distinguished Award at the 2004 STC Competition (Australian Chapter)
- Bronze at the League of American Communications Professionals Awards (2004-2005)



**i-flex solutions**  
empowering financial  
institutions globally

i-flex annual report 2005-2006

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# WE ARE THE FLAME, FANNED STRONG BY OUR PASSION FOR EXCELLENCE.

Fire is an element with the power of transformation. Symbolizing energy, passion and light, it is a compelling metaphor for our company's achievements over the past year.

To us, fire represents our passion to excel and our unyielding will to succeed. These are the qualities that underpin our mission and which underwrite our performance over the past year.

In review, financial year 2005-2006 is especially heart-warming for us. It brought us even closer to our goal of becoming the leading specialized IT solutions provider to financial institutions globally.

In the past year, we paid particular attention to the key focus points of our strategy: our customers, our solutions suite, our network of partnerships and our people. We grew our customer base, enriched our portfolio of offerings, expanded our network of alliances and partnerships, and greatly increased our employee strength.

The flame of innovation continued to burn strongly at i-flex as our portfolio of solutions – influenced by the latest trends in technology, and rapidly evolving market requirements – continued to grow in scope, functional richness and scalability.

The partnerships and alliances we've forged have extended our marketing reach and implementation capability across the globe. The success of our partnership strategy radiates through our account of the past year.

The flame that was lit over a decade ago continued to illuminate the rapidly growing family of i-flex employees. By fostering an atmosphere of dynamism and camaraderie, we have created an extraordinary team of highly motivated people, with unmatched expertise in financial services.

Inspired by the captivating radiance of our mission and energized by our performance last year, we continue to make progress towards our goal of becoming the leading specialized IT solutions provider to the global financial services industry worldwide.





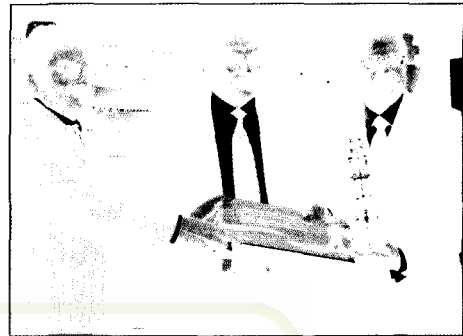
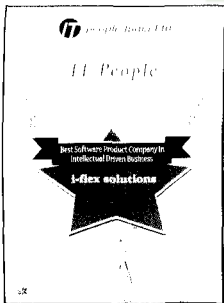
REPORT > JUNCTION

# AWARDS & ACHIEVEMENTS

## CELEBRATING SUCCESS

We actively pursued our vision of creating value for our customers during the past financial year. Along the way, we benchmarked our work and ourselves at leading industry forums and had the satisfaction of winning several coveted awards and accolades. Here are a few:

- For the fourth consecutive year, FLEXCUBE® was ranked the world's No.1 selling core banking solution by International Banking Systems (IBS)\*, UK, in its annual Sales League Table for 2005
- The Economic Times of India, India's leading financial daily, honored the company with the Avaya GlobalConnect Customer Responsiveness award for 2005 in the IT-Software industry category
- The inaugural India's Most Admired Knowledge Enterprises (MAKE) award was presented to i-flex by Teleos, an independent knowledge management and intellectual capital research company, in association with KNOW, a knowledge-sharing network. The MAKE panel recognized i-flex solutions for creating a knowledge-driven organization



N R K Raman – COO, India Operations, receiving the Avaya award from The Economic Times of India.



Deepak Ghaisas – CEO, India Operations, and CFO, received the award for 'Best Software Product Company in Intellectual Driven Business' from F C Kobl – Chairman Emeritus, Tata Consultancy Services, who was chief guest at the IT-People Awards for Excellence in Information Technology, in Mumbai.

- i-flex was presented the 'Best Software Product Company in Intellectual Driven Business' award at the IT-People Awards of Excellence in Information Technology. The IT-People Awards are decided by an independent jury consisting of representatives from the IT industry in India
- Equinox, i-flex solutions' knowledge process outsourcing division, was selected in the Leadership Category of The Global Outsourcing 100 by the International Association of Outsourcing Professionals (IAOP). The list set a precedent by providing the first industry-wise benchmark for outsourcing excellence
- The Government of Karnataka, India, announced that i-flex will be commended with the Certificate of Excellence in IT Exports for Karnataka for 2004-2005

## \*IBS SALES LEAGUE TABLE

IBS MARCH 2006

ANNUAL SALES LEAGUE TABLE  
1st January 2005 – 31st December 2005

Products	Suppliers	New customers signed in 2005 (previous years in brackets, with the most recent first)	Total bank customers (Number of live sites in brackets)
FLEXCUBE®	i-flex solutions	38 [36,36,36,29,37,8,0,2,-]	170 [200+]

IBS – International Banking Systems

### Highlights of the past . . .

We maintained a dominant position in existing markets and actively grew business and partnerships in new markets. Our strategy of fostering our substantial base of existing customers while growing new relationships, especially amongst tier-one institutions in advanced markets, paid off handsomely. This was a financial year in which:

- Gartner Inc., a leading industry analyst, positioned Reveleus™ in the 'Leaders Quadrant' in its Basel II Risk Management Application Software Magic Quadrant report. The report had evaluated 27 global players in this area. Leading research and analyst groups, Tower Group and Celent Communications, also ranked Reveleus' Basel II solution among the best in the domain

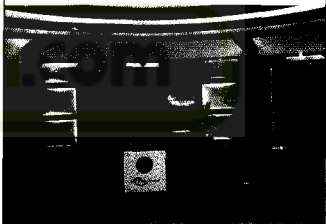
PrimeSourcing was awarded the Gold Rating for 2005\* for its compliance to policies and standards of a leading Investment Bank in the SmartSourcing IT services provider category. i-flex was the only service provider to be rated at this level (98.2%) among the service providers participating in the program.

- With all lines of business registering robust growth, the company posted annual revenues of Rs. 15,113.54 million (Indian Consolidated GAAP) for 2005-2006. This represents a 29.78 percent increase over the previous year
- Our revenues from Europe and the USA have grown from 58% (FY 2003) to 70% (FY 2006), representing a CAGR of 43% (Indian Consolidated GAAP)
- We recorded the highest ever increase in customer acquisition. 98 new customer relationships saw the overall customer portfolio increasing to 642 across 123 countries, representing more than 50 tier-one institutions
- The number of countries in which i-flex has serviced customers increased from 84 (end of FY 2002) to 123 (end of FY 2006)

## HIGHLIGHTS

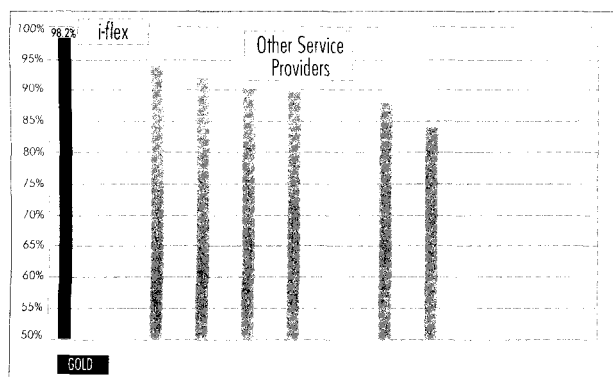


*N R K Raman -- COO, India Operations, and V Shankar, Executive Vice-President, PrimeSourcing, receiving the Gold Rating for 2005.*



*The Equinox office at Gurgaon, near New Delhi.*

Oracle Corporation announced that it would buy Citigroup's 41 percent equity interest in i-flex in August 2005. Oracle owns 47.74 percent stake in the company as of March 31, 2006.



Company	Country/ City	Service	Certification		
			Type	Date	Level
i-flex	India	IT	Review	20.10.05	GOLD

\*PrimeSourcing's Gold Rating for 2005 in the SmartSourcing IT services provider category



- The total product license fees signed increased by 34 percent last financial year. The product tank size increased from USD 27 million (end of FY 2002) to USD 65 million (end of FY 2006)
- FLEXCUBE has a global presence in over 100 countries; 273 customers have chosen the product suite to date
- 2,710 employees joined team i-flex, making it the highest ever addition in staff since inception

#### **The company expanded its customer engagement capabilities:**

- Enhanced its marketing operations across Moscow, Shanghai and Sydney
- Created new office space, spanning 40,000 sq. ft., for Equinox, our knowledge process outsourcing (KPO) division in Gurgaon, near New Delhi
- Significantly expanded and invested in new infrastructure across Bangalore, Mumbai and Pune, and other international centers, with the objective of generating 2 million sq. ft. of space over the next few years

#### **Forged a new partnership:**

We aligned with EDB Business Partners ASA in the Nordic region to jointly offer comprehensive solutions in the retail banking space.

#### **Attained international quality benchmarks:**

- SAS 70 standards (Type II certification) for internal controls, a standard developed and maintained by the American Institute of Certified Public Accounts, for the fourth consecutive year
- BS7799, one of the most widely recognized British information security governance standards for our development center at SEEPZ, Mumbai, for the past financial year



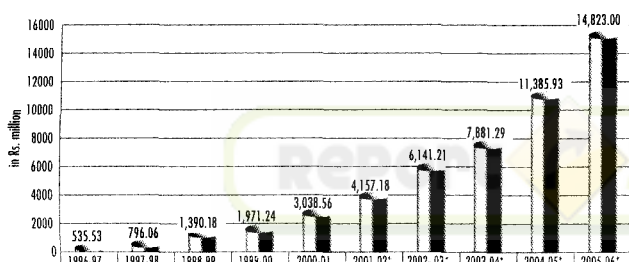
i-flex solutions financials at a glance  
Our 10 years in the industry

All figures in Rs. million except EPS & Book Value  
\*As per Indian Consolidated GAAP Results except from FY 1996-97 to FY 2000-01

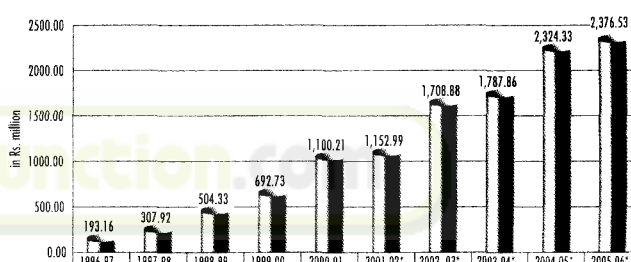
	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02*	2002-03*	2003-04*	2004-05*	2005-06*
Total Revenue	545.26	825.86	1,444.31	2,062.69	3,211.21	4,295.27	6,239.14	8,017.87	11,645.21	15,113.54
Total Expenses	343.95	509.24	909.53	1,312.30	2,016.85	2,991.95	4,277.53	5,703.26	8,693.82	12,176.59
EBT	201.31	316.62	534.78	750.39	1,194.36	1,303.32	1,961.61	2,314.61	2,951.39	2,936.95
Tax	8.15	8.70	30.44	57.66	94.15	150.33	252.73	526.75	627.06	560.42
EAT	193.16	307.92	504.34	692.73	1,100.21	1,152.99	1,708.88	1,787.86	2,324.33	2,376.53
EPS	2.53	4.04	6.61	9.08	14.42	15.11	22.40	23.44	30.47	31.15
Book Value	5.17	10.61	17.01	27.80	41.62	61.77	101.30	122.29	150.13	180.85
Note: All EPS and Book Values are computed based on the current equity capital base of 76,288,367 shares										
EVA	122.47	173.87	264.03	328.33	548.39	472.33	669.33	720.91	903.50	1,149.83

Key performance indicators – 2005-2006

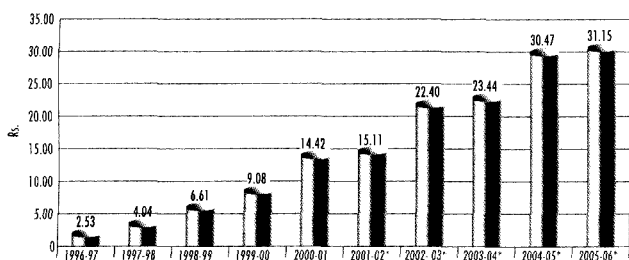
Operating Revenues



Net Income

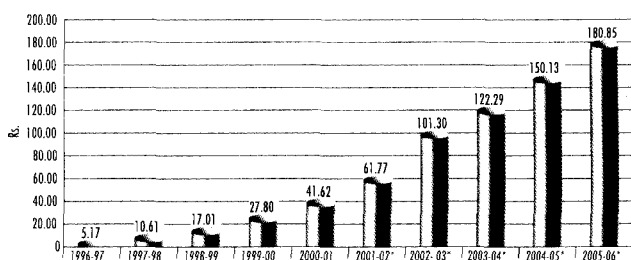


Earnings per share



Earnings per share is computed on the equity capital base of 76,288,367 shares as on March 31, 2006

Book Value



Book Value is computed on the equity capital base of 76,288,367 shares as on March 31, 2006

Economic Value Added

