





The 2005-2006 Annual Report used the metaphor of fire to depict the energy and passion that drive our achievements. The 2004-2005 Annual Report carried the theme of circles to depict our 360-degree coverage of the financial domain. For excellence in design, production and communication, we won:

- Society of Technical Communication (STC), Australian Chapter - **Merit Award (2005 - 2006)**
- League of American Communications Professionals (LACP), Magellan Awards - **Honors Award (2005 - 2006)**
- League of American Communications Professionals (LACP) Awards - **Bronze Award (2004 - 2005)**
- Society of Technical Communication (STC), Australian Chapter - **Distinguished Award (2004 - 2005)**

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The Power of 'n'

i-flex is the leading IT solutions provider to the financial services industry worldwide. Oracle is the world's most successful enterprise software company. For years, i-flex and Oracle have worked together as partners to empower banks and financial institutions and make them successful in their businesses.

With Oracle acquiring a majority stake in i-flex last year, the breadth and depth of the joint offerings of both companies have become even more integrated, rich and powerful, to create a unified capability that is unique in the industry. Today, we stand for:

- the most comprehensive range of solutions for financial institutions from a single source
- a unique combination of integrated and best-of-breed applications
- a business process-oriented approach that aligns IT initiatives with business needs and enables an evolutionary transformation of IT infrastructure
- a strong commitment to open systems and industry standards, ensuring interoperability
- a partner-oriented approach to the market, ensuring comprehensive solution delivery

The superscript "n" in "i-flexⁿ" reflects the enormity of this combined impact. Through this consolidated, potent, enriched and integrated portfolio of solutions and services, we now can accelerate our progress towards realizing our vision – to empower financial institutions around the world with competitive advantage and propel their businesses to greater growth and success.



visionⁿ

We are at a new and exciting point in our journey, ready to embark on yet another voyage of infinite potential and immense possibilities. It brings back nostalgic memories of the time we started out from offices in India, 15 years ago, to bravely enter the financial services industry and capture a share of business in this specialized domain. All we had then was a dream, a burning ambition and plenty of courage.

This was uncharted territory for any Indian IT company at that time – our vision was to deliver significant value to our customers' businesses rather than merely provide technical resources on a cost-based model. Our bold move, to build world-class products and solutions targeted exclusively at the global financial services industry, in those days was unconventional. But, in fact, it is this clear focus and unrelenting zeal to make our customers excel in their businesses that has stood us in good stead and made us the leading IT solutions provider to the financial services industry.

The journey, thus far, has been truly breathtaking, satisfying and rewarding. From the time MicroBanker, our first banking product, was ranked No. 1 in the world by International Banking Systems (IBS), UK, in its league table of wholesale back-office products in 1995, to FLEXCUBE®, our flagship suite, being launched in Bangalore in 1997; our name change from CITIL to i-flex in 2000; the company going public on the Indian bourses as i-flex® solutions limited in 2002, to Oracle Corporation, the world's leading technology enterprise software company, acquiring a majority stake in the company – it has been one breathtaking and rewarding journey.

Our core guiding principles – customer focus, domain expertise and global reach – remain unchanged. We continue to build, invest and enhance our offerings continuously and deliver complete solutions to our customers through our “build-buy-ally” strategy. We build our own solutions (FLEXCUBE and Reveleus™, among others). We also buy products (Daybreak™, Mantas®) or acquire stakes in companies whose solutions complement our own. Where neither is feasible, we forge strategic partnerships and alliances. In the future, we will continue to invest in creating world-class intellectual property, expand our business solutions footprint and enter new markets, while leveraging our partnerships and alliances.

When we launched FLEXCUBE, we used the term, “mission impossible” to represent our goals for the future. We soon went on to make every mission, however difficult, a reality. A year back, we adopted the theme ‘Renaissance’, or the spirit of revival and reinvention, in the context of our relationship with leading enterprise technology company, Oracle. Oracle's acquisition of a majority stake in i-flex has opened new doors for us, especially with many large top-tier financial institutions in the advanced markets.

Oracle today stands out as a clear leader in its vision of integrated, standards-based applications, and is moving aggressively to fulfill that vision. With the formation of the new Oracle Financial Services Global Business Unit, managed by a team from i-flex that has extensive experience, domain expertise and a proven track record of leadership in financial services, there will be a consolidation and integration of our growing portfolio of financial services applications to provide the best-in-class solutions that our customers expect.

Today, our rich suite of solutions continues to expand, keeping pace with rapidly changing market requirements, and arming our customers with unrivaled competitive advantage. Large retail and corporate banking deployments, our sustained leadership in the risk and compliance area through a comprehensive Governance, Risk and Compliance framework, the enablement of process-driven enterprises through our process repository for banks, and new focus on emerging areas such as Islamic Banking, among others, set the course for rapid growth.

Our joint vision for the future is that every bank and financial institution, large or small, in any part of the world, advanced or emerging, will transact on software that is powered by us. I believe our potential is limitless and the opportunity is at hand.

Rajesh Hukku

Chairman
i-flex solutions limited

Recounting some glittering moments from i-flex's history

It's been 15 years since we set forth on our journey in the financial services industry. We capture some moments from this glorious saga here.

1992

• CITIL (Citicorp Information Technology Industries Limited), spun off from COSL (Citicorp Overseas Software Limited), commences first year of operations • CITIL begins functioning as an independent company, creating next-generation software for the financial services industry worldwide; it focuses on building domain expertise and creating intellectual property in the financial services industry, making it stand out among other Indian software companies of the era

1995

CITIL

• CITIL gains recognition for establishing world-class processes and quality standards • It attains SEI CMM Level 4, becoming the first financial software firm in the world and one out of six companies worldwide to achieve this distinction at that time • MicroBanker ranked as the No. 1 wholesale banking software in the world by the International Banking Systems (IBS), UK

Recent Awards and Achievements

Best Core Banking Project Award

• i-flex® solutions and Syndicate Bank, one of India's leading public-sector banks, won the 'Best Core Banking Project Award for Large Banks' at The Asian Banker IT Implementation Awards, 2006. Launched last year, the Asian Banker IT Awards aim to discover emerging best practices in the use of IT in the financial services industry. The assessments were based on four inter-related criteria: project implementation, business value created, qualitative analysis and architectural design, and technical innovation.



N R K Raman – Managing Director & CEO, i-flex solutions – and C P Swarnkar – Chairman and Managing Director, Syndicate Bank – with the judges, after accepting the 'Best Core Banking Project Award for Large Banks'.

One of the 38 Best Earners in Financial Services

• Research by The American Banker and Financial Insights, an IDC company, resulted in i-flex receiving the FinTech citation at the BAI-RDS conference in Las Vegas, USA, for best fiscal results. The FinTech 100 evaluates IT services companies on fiscal year-end revenues and the percentage attributed to the financial services industry.

• Forbes Asia ranked i-flex No. 12 in its 'Best under Billion List'.

Export Awards

• i-flex was awarded the Certificate of Excellence in IT Exports for the year 2005-2006 by the STPI, Government of India, and Department of Information Technology and Biotechnology, Government of Karnataka, India.



N R K Raman receiving the award from H D Kumaraswamy – Chief Minister, Government of Karnataka.

• i-flex won the Best Export Award, Product Category: IT and BT – Non SSI Gold, from the Department of Commerce and Industries, Government of Karnataka, for the year 2005-2006.



A Srinivasan – Vice-President, APAC Sales & COO, i-flex solutions pte ltd – receives the award from Shivananda Naik – Minister for Small Scale Industries, and Mahendra Jain – Secretary, Commerce & Industries, Government of Karnataka.

• i-flex was presented with the EPCES Export Award for 2004-05, for Best SEZ (non-SSI) for EOUs & SEZ Units, from The Export Promotion Council, New Delhi, India.



Atul Gupta – Senior Vice-President, Process and Quality Management Group – received the EPCES Export Award for 2004-05 for Best SEZ (Non-SSI) (Electronic & Computer Software) from Kamal Nath – Union Minister of Commerce and Industry, India.

IBS ranks FLEXCUBE® the #1 Banking Solution for the Fifth Consecutive Year

• FLEXCUBE retained its position as the world's No.1 selling banking solution for the fifth consecutive year, in International Banking Systems' (IBS) Annual Sales League Tables for 2006, leading all other banking products across all categories in the number of new wins for the year.

SWIFTReady Silver Label (2007) awarded to FLEXCUBE for Payments

• FLEXCUBE V.UM Release 7.3 received the SWIFTReady Silver 2007 Label for complying with SWIFT Criteria for its payments application. This label identifies products that are compliant with SWIFT, integrate efficiently into the SWIFT environment, increase traffic automation, and achieve straight-through processing (STP).

The Banker Magazine commends Reveleus™ for Innovation

• Reveleus and the Reveleus' Basel II Solution were 'Highly Commended' by The Banker magazine and The Financial Times in the Compliance Initiative Innovation category of The Banker Technology Awards, 2006. The awards recognize the innovation and excellence of technical applications and services for the front-, middle-, and back-office functions in financial services companies, and the strategies used by these companies to use technology effectively.



Top Analyst Firms rank Reveleus as the Leading Solution for Basel II and Operational Risk

Mantas, an i-flex business, ranked by Waters Magazine

• Waters Magazine ranked Mantas for Best Anti-Money Laundering Solution for 2007, 2005 and 2004 and Best Compliance Solution for 2003. The award is voted by the subscribers of Waters, a monthly magazine that covers information technology and solutions in the financial services industry.

PrimeSourcing™ receives a Gold Rating for Compliance with Policies and Standards

• PrimeSourcing, i-flex's IT Services division, was awarded the Gold Rating for 2006 for compliance with policies and standards by a leading investment bank in the SmartSourcing IT Services Provider category, for the second year in a row.

The Brown-Wilson Group ranks Equinox as Top Outsourcer for Mortgage Banks

• A survey administered by the Brown-Wilson Group, authors of the best-selling book, The Black Book of Outsourcing, ranked Equinox, an i-flex company, as the top outsourcing vendor to the Mortgage Banking Industry in 2006. Survey participants rated Equinox's mortgage process outsourcing services as No. 1 in the industry, ahead of those provided by India-based outsourcing competitors, as well as suppliers from the USA.

IAOP ranks Equinox a Leader in Global Outsourcing

• Equinox was ranked in the Leaders' category in the 2007 Global Outsourcing 100, by The International Association of Outsourcing Professionals (IAOP), for the second year in a row.

Rajesh Hukku receives the Stevie's Best Chairman Award for 2006

• Rajesh Hukku was named Stevie's Best Chairman for 2006. The Stevie Awards, hailed as the "Business world's Oscars", are conferred in the following three categories: The American Business Awards, The International Business Awards and The Stevie Awards for Women Entrepreneurs. Last year, the International Stevie Award winners were selected from more than 700 categories around the world.

• Rajesh Hukku was also recognized among the 50 Outstanding Asian Americans in Business for 2006.



Rajesh Hukku at the Stevie Awards ceremony. Standing next to him is Allyson Stewart-Allen from International Marketing Partners.

S Hariharan named one of the Top 100 CIOs in the Country

• S Hariharan – Senior Vice-President, Infrastructure and Support Services, i-flex solutions – was ranked among the top 100 CIOs in the country, at the Indian CIO 100 Symposium and Awards Ceremony in Mumbai. The CIO 100 is considered to be one of the most prestigious awards in the IT industry.

Vivek V Govilkar receives the HR Achievers Award

• Vivek V Govilkar – Senior Vice-President, Human Resources and Training, i-flex solutions – was presented with the HR Achievers Award at a function organized by Indira Group of Institutions, Pune, India.



Vivek V Govilkar – SVP, Human Resources and Training, i-flex solutions – receiving the HR Achievers Award from A Sunderajan – Managing Director, Thomas Assessments – at Indira Group of Institutions, Pune.

Certifications and Quality Benchmarks

Successfully completed an SAS70 Review of Internal Controls for the Fifth Consecutive Year

i-flex office at Mumbai certified for ISO 27001 Compliance

• The i-flex office at Goregaon, Mumbai, was certified for ISO 27001 compliance. ISO 27001 is one of the most widely accepted information security governance standards. This certification affirms i-flex's firm commitment towards standardizing corporate governance and compliance levels in the company.

Achievements

- Posted annual revenues of Rs. 2,061 crores (Indian GAAP Consolidated) for 2006-2007. Net profits increased by 50 percent.
- Combined revenues from USA and Europe grew from 67 to 70 percent.
- Number of customers serviced increased from 642 to 753; FLEXCUBE now has a global presence in over 105 countries, with 315 customers.
- Annual products revenue registered a 47 percent increase to Rs. 1,121 crores. The product tank size stood at USD 82.5 million, the highest level reached till date, showing a 27 percent year-on-year increase.
- Employee strength grew to 9,000 plus.
- Opened new offices in London, New Jersey, Seoul and Taipei; invested in new office space across Mumbai, Pune, Bangalore and Chennai in India.
- Acquired Mantas, a leading software company providing solutions for regulatory compliance, governance and anti-money laundering, in an all cash transaction of USD 122.6 million.
- The consulting business expanded with the acquisition of CAPCO's Singapore operations.

1998



• MicroBanker becomes the 6th international banking product in the world to be used by 100 customers • FLEXCUBE starts gaining traction and international leadership

1999



• FLEXCUBE sees accelerated growth; is ranked the world's No. 2 banking solution in the IBS Sales League Table • FLEXCUBE Information Center, a Web-enabled business intelligence system, is launched, along with a Center of Excellence for CRM • Java Center for financial services is established

i-flex solutions financials at a glance

Our 10 years in the industry

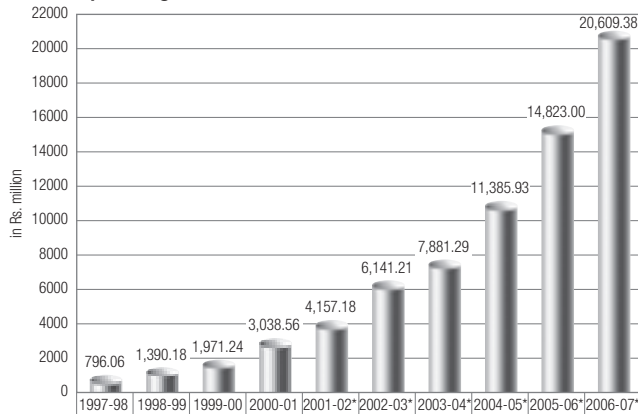
All figures in Rs. million except EPS & Book value

*As per Indian GAAP Consolidated results

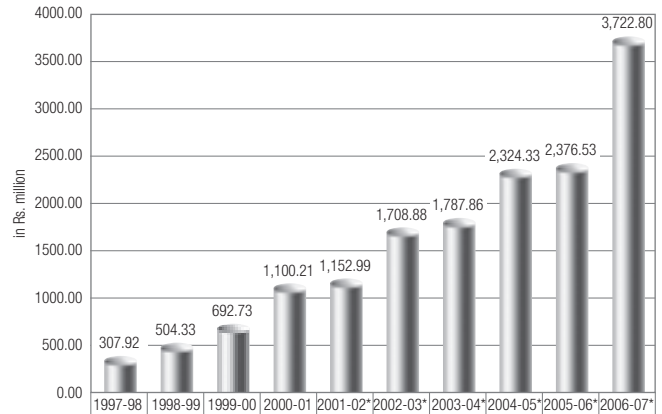
	1997-98	1998-99	1999-00	2000-01	*2001-02	*2002-03	*2003-04	*2004-05	*2005-06	*2006-07
Total Revenue	825.86	1,444.31	2,062.69	3,211.21	4,295.27	6,239.14	8,017.87	11,645.21	15,113.54	20,976.66
Total Expenses	509.24	909.53	1,312.30	2,016.85	2,991.95	4,277.53	5,703.26	8,693.82	12,176.59	16,837.90
EBT	316.62	534.78	750.39	1,194.36	1,303.32	1,961.61	2,314.61	2,951.39	2,936.95	4,138.75
Tax	8.70	30.44	57.66	94.15	150.33	252.73	526.75	627.06	560.42	415.96
EAT	307.92	504.34	692.73	1,100.21	1,152.99	1,708.88	1,787.86	2,324.33	2,376.53	3,722.80
EPS	3.70	6.06	8.32	13.21	13.84	20.52	21.47	27.91	28.53	44.70
Book Value	9.72	15.58	25.46	38.12	56.58	92.79	112.01	137.51	165.65	283.57
Note: All EPS and Book Values are computed based on the current equity capital base of 83,288,580 shares										
EVA	173.87	264.03	328.33	548.39	472.33	669.33	720.91	903.50	1,149.83	1,294.00

Key performance indicators 2006-2007

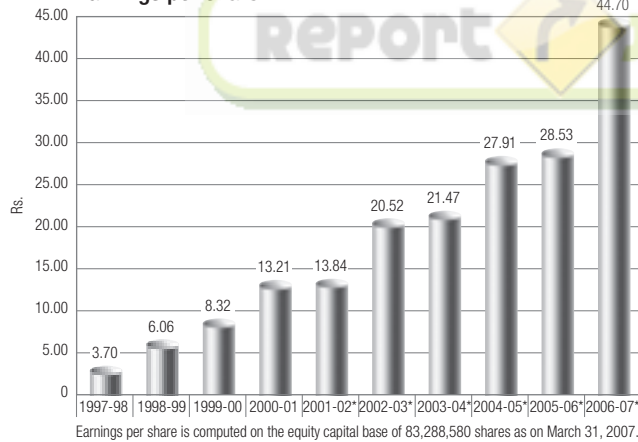
Operating revenues



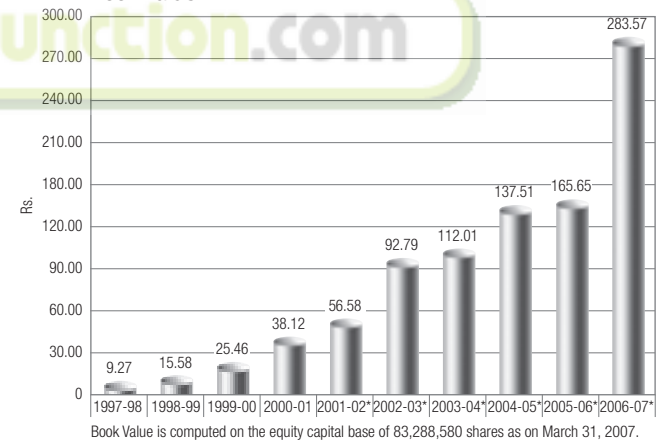
Net income



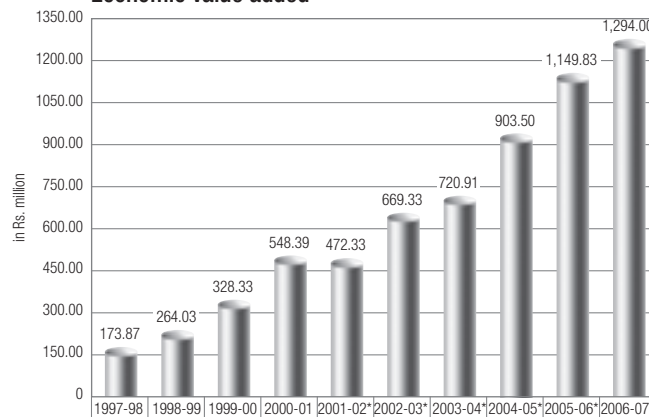
Earnings per share



Book value



Economic value added



2000

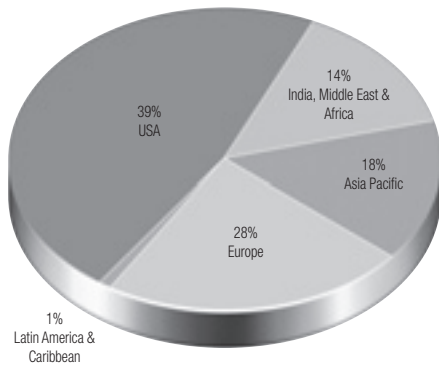


• CITIL renamed i-flex solutions limited • Center of Excellence for e-services launched
 • Separate business unit established to address the Applications Services Provider (ASP) market • i-flex solutions b.v., a 100 percent subsidiary of the company, opened in Amsterdam, The Netherlands

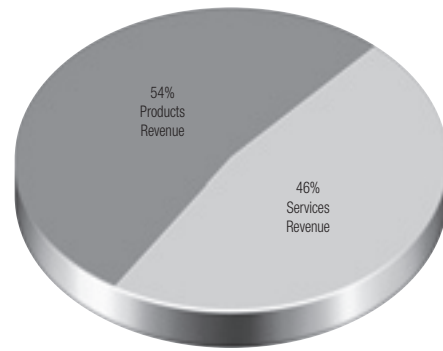
2001



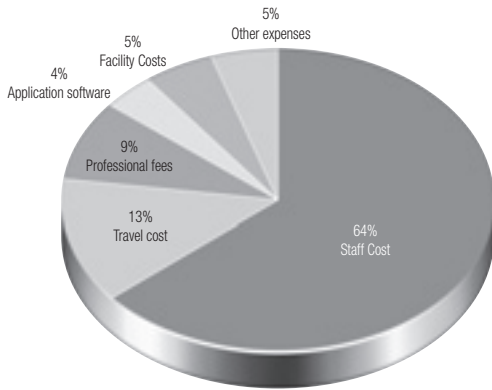
• Financial software development facilities established at Pune and Chennai
 • Fully-owned subsidiaries set up in USA and Singapore • i-flex solutions b.v. in Amsterdam, The Netherlands, becomes operational • i-flex Consulting™ is launched



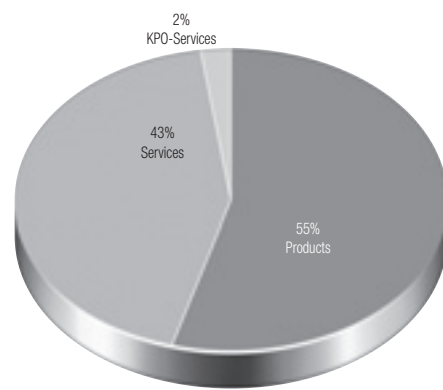
Region-wise revenues



Operating revenues

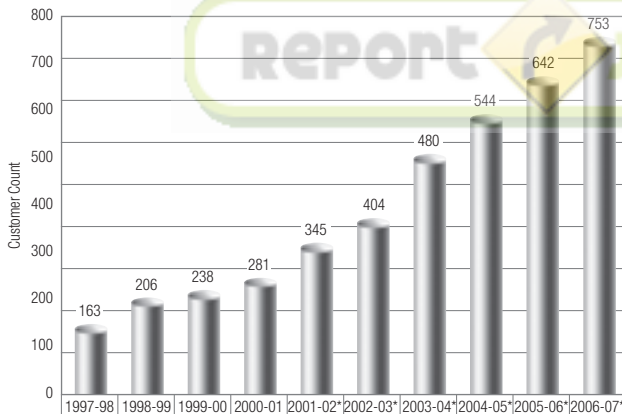


Expenditure breakup

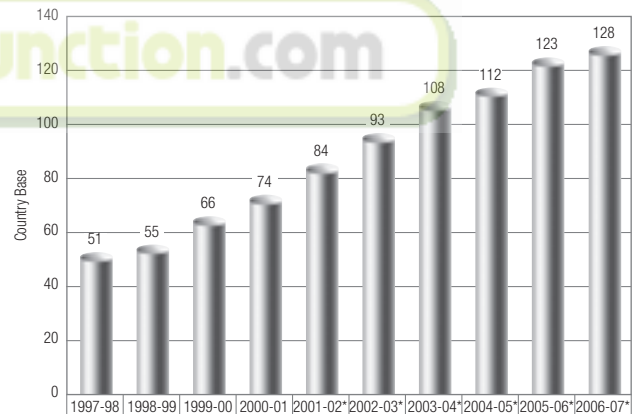


Revenue breakup

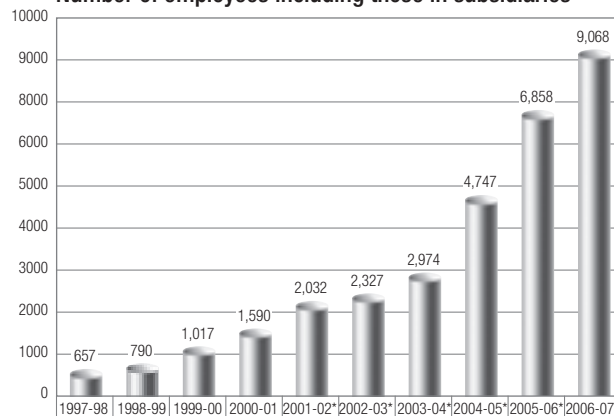
Customers serviced...



... across countries



Number of employees including those in subsidiaries



2002



• i-flex goes public, listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE), New Delhi. Scrip sees exponential growth in a span of five years and becomes one of the newest and best performing stocks from the Indian software industry • Reveleus™ launched to address the business intelligence and analytics market • First software development center outside India launched in Singapore • FLEXCUBE touches the 100th customer mark • FLEXCUBE ranked No.1 banking solution in IBS' Sales League Table; remains top of the IBS charts for the next five years • i-flex's IT services division is branded PrimeSourcing • Signed agreement with HP as strategic alliance partner

2003



• i-flex's North American development, support and demonstration center set up in New York • Reveleus Basel II solutions framework for enterprise risk management, a complete set of analytics and metrics compliant with the Bank of International Settlement (BIS) requirements, launched • Signed a global strategic alliance with IBM to deliver and market core banking replacement solutions to medium and large size banks in markets worldwide

CORPORATE INFORMATION

i-flex solutions ltd.

Board of Directors

Charles Phillips
Deepak Ghaisas
Derek Williams
N R Kothandaraman (N R K Raman) (Managing Director and CEO, i-flex solutions)
R Ravisankar
Rajesh Hukku (Chairman, i-flex solutions)
Sam Bharucha
Tarjani Vakil
William T Comfort, Jr
Y M Kale

Senior Management

Executive Vice-Presidents

Joseph John
Olivier Trancart
V Shankar

Senior Vice-Presidents

Anand Phanse
Atul Gupta
Kishore Kapoor
Manmath Kulkarni
Nandu Kulkarni
S Hariharan
S Sundararajan
Sajal Mukherjee
Vijay Sharma
Vivek Govilkar

Vice-Presidents

A Srinivasan
Cafó Boga
Don Ganguly
Dilip Kulkarni
Dinesh Shetty
G Narasimhan
George Thomas
Gopinath Govindan
Gratian Perez
Jambu Natarajan
K Laxminarayan
Kapil Gupta
M Ravikumar
Mahesh Rao
Meenakshy Iyer

Mohan Bhatia
Nikos Goutsoulas
P Prasannavadanam
Peter Yorke
Prabhakar Ravoori
R Narasimhan
R Ramamurthi
S Ramakrishnan
Sridhar Padmanabhan
Sridhar Ramachandran
Sunder Annamraju
Swati Srinivasan
Thomas Mathew
V Senthil Kumar
V Srinivasan
Venkata Subramanian
Vikram Gupta
Yung Wu

Company Secretary

Deepak Ghaisas

Chief Financial Officer

Makarand Padalkar

Chief Accounting Officer & Compliance Officer

Avadhut (Vinay) Ketkar

Solicitors

Ramesh P Makhija & Co.

Auditors

S. R. Battiboi & Associates

Internal Auditors

Mukund M Chitale & Co.

Bankers

Bank of India
Central Bank of Libya
Citibank N.A.
HDFC Bank Ltd.
Kotak Mahindra Bank Ltd.
Laxmi Vilas Bank
State Bank of Mauritius Ltd.
Yes Bank Ltd.

Registrars & Transfer Agents

Intime Spectrum Registry Ltd.
C 13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (W)
Mumbai 400 078



2004



• Consumer lending systems provider, SuperSolutions Inc., USA, acquired as a 100 percent subsidiary • i-flex Technology Deployment and Management Services (TDMS) for IT infrastructure management services launched • Regulatory reporting solutions major, FRS, and i-flex solutions form an alliance to ease the burden of global regulatory reporting for banks • Acquires 33 percent stake in Paris-based Login SA, extending capabilities into the treasury solutions arena • Equinox Corporation acquired to provide KPO (Knowledge Process Outsourcing) services to mortgage institutions, auto financiers and credit companies

2005



• i-flex assessed at CMMi Level 5; also, certified BS 7799 compliant. BS 7799 are security standards and policies addressing information security • 51 percent equity stake acquired in CasteK® Software Inc., a Toronto-based provider of insurance systems for the global Property & Casualty (P&C) insurance industry • IPR acquired for CAPCO's Operational Risk Tool Suite (ORTOS); tool renamed as Reveleus Operational Risk • Citigroup's 41 percent stake in i-flex acquired by Oracle