

For immediate release

**i-flex Doubles Net Income for the Quarter;
Revenues Post 44% Increase**

Revenues for Nine Months post 44% Increase

(For the period ended December 2006 as per Consolidated Indian GAAP on YoY basis)

Financials at a glance for the quarter ended December 2006

Indian GAAP Consolidated

Revenues	Rs. 557.4 crore	(+44% YoY; +12% QoQ)
Net Income	Rs. 111.2 crore	(+106% YoY; +19% QoQ)

US GAAP Consolidated

Revenues	Rs. 550.2 crore	(+39% YoY; +10% QoQ)
EBITDA	Rs. 106.4 Crore	(+12% YoY; +10% QoQ)
Net Income	Rs. 77.3 crore	(+38% YoY; -4% QoQ)

Highlights of the Quarter (*financials as per US GAAP*)

- Revenues for the quarter post 10% QoQ and 39% YoY growth to Rs 550.2 crore. Revenues for the nine months ended December 2006 record 42% increase.
- The EBITDA for the quarter increases 10% QoQ.
- Overall added 42 new name customers for the group; Number of customers serviced increase to 723.
- Gross addition of 989 employees in the quarter; KPO business adds a net 133 employees in the quarter. Total staff strength of the group increases to 8546 (28% increase YoY).

Solutions Portfolio

Products Business

- The Product Business revenue registers 23% QoQ and 52% YoY growth; Operating Income increases 22% QoQ.
- Driven by strong win momentum, new license fee signings stand at US\$ 24.3 Million in the quarter (up from US\$16.4 in the last quarter), and tank size at the quarter end touches the high mark – US\$73.6 million, increase from US\$67.5 million at the end of last quarter.
- FLEXCUBE leads the win momentum, adds 11 new relationships in the quarter; FLEXCUBE Customer count crosses the triple century mark to 304.

- Signed several landmark deals in the quarter; a major global top-tier bank signs FLEXCUBE for a multi-country deployment; Peoples Bank, US, signs up for FLEXCUBE – one of the largest domestic deals signed in US in collaboration with Oracle.
- Completed the acquisition of Mantas - adds 25 customer relationships, with 16 new name customers for i-flex.
- Reveleus & Mantas continue to gain market share – registering 5 new wins in the quarter, across US, ASPAC and Africa.

Services Business

- Revenues post 23% YoY increase.
- Non-CITI revenues share increases to 52% - up from 49% in the last quarter.
- Great American Insurance Company to Deploy Castek's Insure³

Awards and Accolades

- Reveleus Positioned in the Leaders Quadrant for Basel II Software Applications Magic Quadrant (2006) for the second year in a row.
- FLEXCUBE takes a leader's position in the first Forrester Wave of retail banking platforms.
- i-flex ranked No.12 in Forbes' Asia's best under billion list.

Mumbai, January 19, 2007: The Board of Directors of i-flex solutions limited, a leading provider of IT solutions to the global financial services industry, has approved the results for the quarter ended December, 2006.

Speaking on the occasion, Rajesh Hukku, Chairman & Managing Director said, "We are witnessing a significant mindset change in the global financial industry with greater attention to the state of ageing core systems. The combined Oracle/i-flex force is already making a difference in winning several top tier names as customers."

R. Ravisankar, CEO, International Operations and Business Development added, "i-flex's continued growth and success is a result of its proven ability to deliver end-to-end solutions that meet the real business needs of Financial Institutions around the world, addressing their most pressing concerns and arming them with competitive advantage".

Said Deepak Ghaisas, CEO, India operations & CFO said, "As the company is expanding global operations, we are judiciously investing in creating a highly responsive infrastructure to support growth."

Financial Performance

Financial Results for the quarter ending December 31, 2006

(All the amounts in Rs. crore)

Consolidated Indian GAAP:

i-flex posted a top line growth of 44% YoY with revenue for the quarter ended December 31, 2006 at Rs. 557.4 crore as compared to Rs. 388 crore for the corresponding quarter during the previous year. The revenue for the nine months ended December 31, 2006 stood at Rs 1459.8 crore representing an increase of 44% over the corresponding nine month period in the last financial year and is 98% of the full year revenue for the FY06.

The net income for the quarter stood at Rs. 111.2 crore, a 106% growth compared to the corresponding quarter in the previous year. The net income for the nine months ended December 2006 stood at Rs. 239.8 crore, up 123% as compared to the previous nine months.

Consolidated Income statement

i-flex solutions Ltd and its subsidiaries consolidated Income Statement	Quarter Ended			Nine Months Ended	
	Dec-06	Sep-06	Dec-05	Dec-06	Dec-05
Revenues	557.4	499.1	388.0	1459.8	1011.7
Cost of revenues	296.9	261.4	201.0	809.4	567.9
Gross Profit	260.5	237.7	187.0	650.4	443.9
Selling and Marketing Expenses	73.2	69.1	45.5	193.8	144.2
General and Administrative Expenses	61.3	58.8	51.2	169.0	131.8
Depreciation & amortization	16.3	15.8	11.3	47.1	31.8
Income from operations	109.7	94.0	79.0	240.6	136.0
Reversal /(Provision) for diminution in value of investment	-	-	-	-	0.5
Profit/(loss) on sale/conversion of investment	-	-	-	-	(0.5)
Profit/(loss) in joint venture /equity investment	-	-	(0.4)	-	0.5
Interest Income	8.1	9.4	6.9	28.0	21.6
Other Income /(expense)	(1.8)	4.7	(8.6)	0.2	(8.0)
Income before provision for income taxes	116.0	108.1	77.7	268.8	150.1
Provision for income taxes	5.0	14.7	23.7	29.7	42.7
Net Income before prior period items	111.0	93.4	54.0	239.1	107.4
Share of profit / (loss) of associate company	0.2	0.1	-	0.7	-
Prior Period Items (net of Taxes)	-	-	(5.8)	-	(9.7)
Net Income	111.2	93.5	48.2	239.8	97.7

Any totaling differences are due to rounding

Consolidated US GAAP:

i-flex posted a top line growth of 39% with revenue for the quarter ended December 31, 2006 at Rs. 550.2 crore as compared to Rs 396.5 crore for the corresponding quarter during the previous year. The revenue for the nine months ended December 31, 2006 stood at Rs. 1458.7 crore a 42% increase from the corresponding period in the previous financial year and is 98% of the full year revenue for the FY06.

The net income for the quarter stood at Rs. 77.3 crore a 38% growth compared to the corresponding quarter in the previous year. The net income for the nine months ended December 2006 stood at Rs. 199.1 crore, up 95% as compared to the previous nine months.

Consolidated Income Statement

i-flex solutions ltd and its subsidiaries Consolidated Income Statement	Quarter Ended			Nine Months Ended	
	Dec-06	Sep-06	Dec-05	Dec-06	Dec-05
Revenues	550.2	500.9	396.5	1458.7	1025.9
Cost of revenues	309.2	273.5	205.2	843.2	586.9
Gross Profit	241.0	227.4	191.3	615.5	439.0
Selling and Marketing Expenses	73.7	69.8	48.4	195.4	147.2
General and Administrative Expenses	60.9	60.6	47.9	170.8	128.2
EBITDA	106.4	97.0	95.0	249.3	163.7
Depreciation & amortization	25.9	16.6	12.7	58.6	35.3
Income from operations	80.5	80.4	82.3	190.7	128.3
Profit/(Loss) on equity investments	0.3	0.2	0.4	0.7	0.5
Interest Income and Other income / expense	(0.2)	12.7	(1.4)	32.2	17.0
Income before provision for income taxes	80.6	93.1	81.3	223.6	145.8
Provision for income taxes	3.3	12.7	25.4	24.5	43.7
Net Income	77.3	80.4	55.9	199.1	102.1

Any totaling differences are due to rounding

About i-flex solutions

i-flex® solutions (Reuters: IFLX.BO & IFLX.NS) is a world leader in providing IT solutions to the financial services industry. i-flex group has serviced over 700 customers in more than 125 countries. i-flex's range of products and customized services enable financial institutions to cut costs, respond rapidly to market needs, enhance customer service levels and mitigate risk.

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For information, please visit: www.iflexsolutions.com

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