



QIV-06 PRESS RELEASE

Aztec closes FY 2005-06 with revenues up 102% and profits up 106%

All time high revenues, profits and a host of industry awards make 2005-06 a great year

Bangalore, April 12, 2006: Aztec Software & Technology Services Ltd (Aztec) today announced its financial results for the fourth quarter and financial year ended March 31, 2006. These financial results were taken on record by the Board of Directors of Aztec at its meeting held on April 12, 2006. For the fourth quarter ended March 31, 2006, Aztec has posted revenues of Rs. 54.96 crores and net profit of Rs. 10.53 crores on consolidated basis, another all time high record.

The Board also recommended a dividend of 20% subject to shareholders approval.

Financial Performance of Aztec Software and its Subsidiaries

Annual Performance for FY 2005-06

- Consolidated revenues for FY 2005-06 was at Rs. 198.23 crores (USD 44.70 million), registering an increase of 102% over Rs. 98.15 crores (USD 22.43 million) in FY 2004-05.
- Profit after tax grew by 106% to Rs. 36.87 crores, from Rs. 17.89 crores in FY 2004-05.
- On a stand-alone basis for FY 2005-06, Aztec's revenues and PAT were at Rs. 128.61 crores and Rs 20.30 crores respectively.

Corresponding quarter review (QIV-06 Vs QIV-05)

- Consolidated revenues for QIV-06 of Rs. 54.96 crores grew by 52% over the corresponding quarter of the previous year QIV-05 which was at Rs. 36.12 crores.
- The PAT of Rs. 10.53 crores grew by 60% over the corresponding quarter of the previous year – QIV-05 Rs. 6.60 crores.
- On a stand-alone basis for QIV-06, Aztec's revenues and PAT were at Rs. 35.29 crores and Rs 4.41crores respectively.

Sequential quarter review (QIV-06 v/s. QIII-06):

- The consolidated revenues of Rs. 54.96 have grown sequentially by about 4% in comparison to Rs 52.98 crores in QIII 06.
- Profit after tax grew sequentially by about 6% to Rs. 10.53 crores from Rs. 9.96 crores.



Key Highlights

CMMi Level 5 – Aztec’s Bangalore development centers were assessed at the highest level of 5 and is a reflection of its ability to consistently apply Quantitative, Project and Process Management techniques to its Services.

Client base growth - During this quarter Aztec added 9 new clients with a good mix of small and large clients. The total active client count increased to 72 at the end of QIV-06.

Human capital growth – During the current quarter, the Aztec’s most important asset namely its human capital has crossed the 2,000 mark and stands at 2,005 as at March 31, 2006 compared to 1,890 at the end of QIII-06. Aztec’s multiple-award winning HR practices and great work environment has made it relatively easy to hire and retain talent.

Offshore focus continues – Aztec’s offshore focus continues to pay off and revenues for the quarter from offshore are at 86%.

FII and intuitional holdings – FII’s and mutual fund holdings in Aztec cross a record high of over 22% of the paid-up capital.

Aztec continues to build a vast portfolio of Services that address almost every need of product software companies and continues to make investments in several new technology-based services and technologies such as Web 2.0, SAAS, SOA, etc. Aztec is working with its clients to architect and implement the next generation of products and continues to leverage its deep technology strengths in Data Management, Quality Engineering to build industry-specific and technology-based solutions for enterprise customers.

Accolades

Great Place to Work – Aztec was rated as the 11th Great Place to Work in India (across business segments) in its very first year of participation in the prestigious annual survey of the best workplaces in India (conducted by the Great Place to Work Institute and Business World) for 2005.

Deloitte Fast 500 Asia Pacific – In recognition of our consistently superior financial performance, Deloitte has recognized us amongst the Fast 500 companies in the Asia Pacific region for the year 2005.

Management Comments

Announcing the financial results, **Mr. K. B. Chandrasekhar, Chairman of Aztec** said, “**A terrific year from the Company – we have grown revenues and profits over 100% for the second year running. We see greater things ahead for the Company. Our undeterred focus and execution have paid off handsomely and we are looking at winning bigger deal sizes in the coming months. The next fiscal should be an equally exciting year for us.**”

Mr. V Chandrasekaran, MD & CEO of Aztec said, “**It is another satisfying year for us – we have grown revenues and profits, commenced building for the next phase of growth, introduced new technology-based solutions and expanded our management team to help the Company grow further. We are poised to sustain this growth momentum in the coming months.**”

Consolidated performance summary (un-audited) for Qtr ended March 31, 2006 (QIV-06)
Rs Crores except per share data and %'s

Parameters	Quarter ending on		
	Mar. 31, 2006	Mar. 31, 2005	Dec. 31, 2005
Revenues	54.96	36.12	52.98
Cost of Revenues	32.03	20.70	30.08
Gross Profit	22.93	15.42	22.90
Gross Profit %	42%	43%	43%
General Administrative expenses	4.31	3.50	4.88
Selling and distribution expenses	4.08	3.77	4.26
Provision for doubtful debts	1.26	-	0.40
Operating Profit / (Loss) before interest and depreciation	13.28	8.15	13.36
Interest including finance charges	0.01	-	-
Depreciation	2.84	2.04	2.70
Operating profit / (Loss)	10.43	6.11	10.66
Operating profit / (Loss) %	19%	17%	20%
Foreign exchange gain / (loss) net	(0.28)	0.50	(0.44)
Other Income	0.44	0.34	0.41
Profit Before tax	10.59	6.95	10.63
Provision for taxation	0.73	0.11	0.67
Deferred tax charge / (Credit)	(0.67)	0.24	-
Net Profit after tax	10.53	6.6	9.96
Net Profit after tax%	19%	18%	19%

Consolidated performance summary (audited) for year ended March 31, 2006

Parameters	Year ending	
	Mar. 31, 2006	Mar. 31, 2005
Revenues	198.23	98.15
Cost of Revenues	114.07	56.99
Gross Profit	84.16	41.16
Gross Profit %	42%	42%
General Administrative expenses	18.2	10.94
Selling and distribution expenses	17.11	9.61
Provision for doubtful debts	1.66	0
Operating Profit / (Loss) before interest and depreciation	47.19	20.61
Interest including finance charges	0.01	0.02
Depreciation	9.84	4.9
Operating profit / (Loss)	37.34	15.69
Operating profit / (Loss) %	19%	16%
Foreign exchange gain / (loss) net	-0.57	-0.16
Other Income	1.45	2.92
Profit Before tax	38.22	18.45
Provision for taxation	2.02	0.69
Deferred tax charge / (Credit)	-0.67	-0.13
Net Profit after tax	36.87	17.89
Net Profit after tax%	19%	18%

Un-audited Consolidated Balance Sheet as on

Rs in Crores

Description	As at March 31, 2006	As at December 31, 2005	As at September 30, 2005	As at June 30, 2005	As at March 31, 2005
Sources of funds					
Shareholders' funds					
Share capital	13.21	13.20	12.93	12.93	12.93
Reserves and surplus	147.18	139.40	126.95	117.95	110.56
Net worth	160.39	152.60	139.88	130.88	123.49
Loan funds			-	-	-
Secured loans	0.06	0.06	0.07	0.07	0.08
Deferred tax liability	0.06			-	0.04
	160.51	152.66	139.95	130.95	123.61
Application of funds					
Fixed assets					
Gross block	59.06	57.19	51.76	46.87	39.80
Less: accumulated depreciation	(31.00)	(31.13)	(28.43)	(26.20)	(21.37)
Net block	28.06	26.06	23.33	20.67	18.43
Add: Capital work in progress	2.83	0.97	1.90	4.08	3.65
Net fixed assets	30.89	27.03	25.23	24.75	22.08
Goodwill	36.95	37.01	36.94	36.94	36.94
Investments	35.72	34.48	29.25	27.21	26.64
Deferred tax asset	1.64	0.91	0.95	0.94	0.95
Current assets, loans and advances					
Unbilled revenue	1.35	0.96	1.09	-	1.07
Sundry debtors	43.33	36.95	41.47	36.11	28.29
Cash and bank balances	13.47	17.00	9.28	9.55	9.51
Loans and advances	18.02	17.31	14.44	11.97	12.18
	76.17	72.22	66.28	57.63	51.05
Current liabilities and provisions				-	-
Current liabilities	14.11	13.64	14.58	12.75	10.99
Provisions	6.75	5.35	4.12	3.77	3.06
	20.86	18.99	18.70	16.52	14.05
Net current assets	55.31	53.23	47.58	41.11	37.00
	160.51	152.66	139.95	130.95	123.61

Important Performance Indicators (Unaudited)

Description	As at March 31,2006	As at December 31,2005	As at September 30,2005	As at June 30,2005	As at March 31,2005	As at December 31,2004	As at September 30,2004
Financial Information							
Revenue split							
Offshore %	84%	85%	85%	83%	84%	84%	82%
Onsite %	16%	15%	15%	17%	16%	16%	18%
Client Concentration							
% of revenues from top 5	54%	54%	56%	53%	50%	50%	54%
% of revenues from top 10	68%	67%	71%	70%	70%	75%	81%
Profitability percentages							
Gross Profit%	42%	43%	43%	42%	43%	41%	42%
EBITDA %	24%	25%	23%	22%	23%	22%	22%
Operating Profit %	19%	20%	18%	18%	17%	18%	16%
PAT %	19%	19%	19%	17%	18%	18%	19%
General Expenses % to revenue	8%	10%	10%	9%	10%	11%	11%
Selling Expenses % to revenue	7%	8%	9%	10%	10%	7%	10%
Key Asset Data (Rs. Crores)							
Receivables	43.33	36.95	41.47	36.11	28.28	21.47	15.25
Net Current Assets	55.31	53.23	47.58	41.11	37.00	19.13	18.11
Cash & Bank balances	13.47	51.48	38.53	36.76	36.15	39.78	75.21
Fixed Asset additions	4.84	5.43	4.89	7.07	5.40	4.42	4.98
Manpower							
Technical	1,864	1,764	1,663	1,535	1,299	1123	694
Support	141	126	114	114	106	121	47
Total	2,005	1,890	1,777	1,649	1,405	1,233	741
Utilization							
Offshore	74%	75%	76%	76%	77%	70%	75%
Onsite	98%	96%	91%	95%	97%	96%	95%
Blended	73%	76%	77%	76%	77%	70%	74%
Infrastructure - Space in Sq ft							
Bangalore	184,110	184,110	184,110	151,110	118,070	88,745	88,745
Pune	41,200	41,200	41,200	26,200	26,200	-	-
Hyderabad	27,000	4,000	4,000	4,000	4,000	-	-
Total	252,310	229,310	229,310	181,510	148,470	119,145	88,745



About Aztec Software

Founded in 1995, Aztec Software (www.aztecsoft.com) provides a comprehensive suite of outsourced software product development lifecycle services that accelerate development of software products, reduce time to market and help manage resources, cost and technology risk in a predictive model. Aztec Software caters to the needs of enterprise software vendors and enterprises, with high quality and cost-effective delivery models.

Aztec Software is a technology specialist in middleware & integration, data management, security, and mobile applications and provides a suite of services including application development, integration and maintenance, porting, product engineering, testing and professional services.

Aztec Software's subsidiary Disha Technologies is a leader in outsourced test engineering services. A pioneer in independent testing and quality assurance, Disha Technologies offers world-class engineering and consulting services to help customers in their test strategy, planning and execution.

Aztec Software has offices at Santa Clara, US; London, UK and is headquartered at its offshore development center in Bangalore, India. Aztec Software is a public limited company traded on the National and Bombay Stock Exchanges of India. Disha Technologies has offices in Pune, Hyderabad and Bellevue, USA.

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