NASSCOM®

FY09 Results and FY10 Forecast

29th July 2009

Economic Crisis since the last 1.5 years – signs of an "Interrupted Decade"

NASSCOM®

Decline in Real GDP Growth	Advanced economies' growth declined from 2.7% (2007) to -3.8% (2009); developing economies declined from 8.3% (2007) to 1.5% (2009)
Rising Oil Prices	Oil prices, rose nearly 83% during Jul-07 to Jul-08 to reach USD 131 per barrel; prices are still unstable
Declining Stock Indices	Major stock indices declined by nearly 40% during 2007-2009
Declining Industrial Production	For advanced economies industrial output fell by 12% in 2009 as opposed to a decline of 4% in developing economies
Rising Unemployment	US unemployment rates rose 8.7% H12009, up from 4.6% in 2007 & 5.8% in 2008; for Japan, it rose 4.7% in 2009 vis-à-vis 3.9% in 2007 & 4% in 2008
Volatile Currency movements	Volatile movement across major currencies; currency swing in the last two years around 30%

Source: IMF; OPEC; Yahoo Finance; US Bureau of Labor statistics; x-rate

Indian IT – BPO industry launched a four pronged action plan to manage difficult times

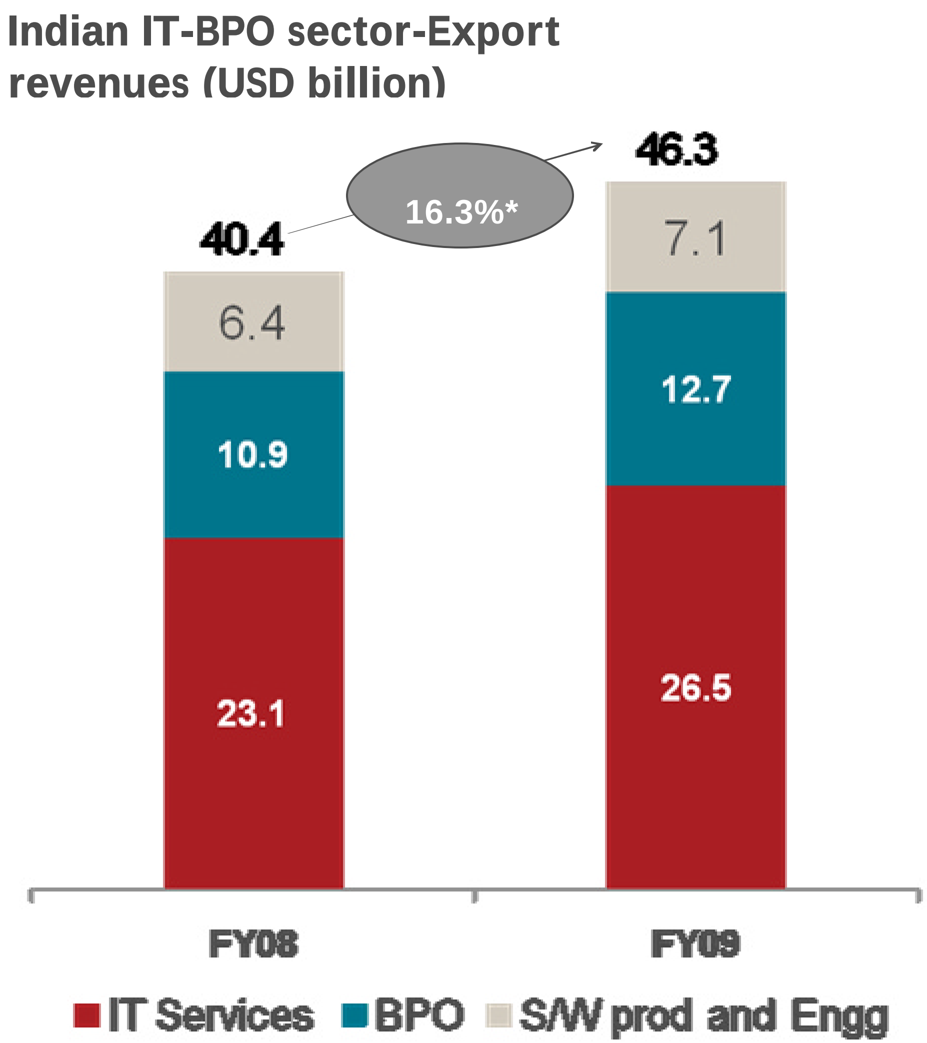
NASSCOM®

Rebalance customer/ services portfolio	• **Deepen end-to-end capabilities** • **Diversify beyond core offerings and target new growth engines** • Select and **focus on winning clients** and industries
Adapt offering/sales approach	• **Protect/invest in customers** • End-to-end **transformative big bets** at core clients and create **portfolio of "downturn" services** • Build capabilities such as **end-to-end optimization**
Strengthen operations/ delivery	• Fundamentally **revise cost structure** and deploy **revenue levers** to enhance margins • Rebalance **delivery footprint** to hedge against concentration and forex risk
Make strategic investments	• Consider **asset acquisition** at distressed prices • Strengthen internal capabilities • Consider **strategic alliances** • Develop **innovative solutions for domestic end-customers**

Source: Perspective 2020 report (NASSCOM)

Indian IT –BPO industry continues to exhibit resilience due to strong fundamentals

NASSCOM®



- Additional 2.4% volume growth suppressed due to cross currency impact
- India maintains its position as a strategic off-shoring destination
- Growth in emerging geographies, APAC and RoW three times of US and UK
- Growth in emerging verticals (healthcare, retail, and media) thrice that of BFSI and Hi-tech/telecom
- Discretionary spending such as application development, consulting and new package implementation is affected
- Non-discretionary spending in application maintenance, RIM and BPO relatively growing
- Indian Firms among the top 10 global service providers, on contract value terms

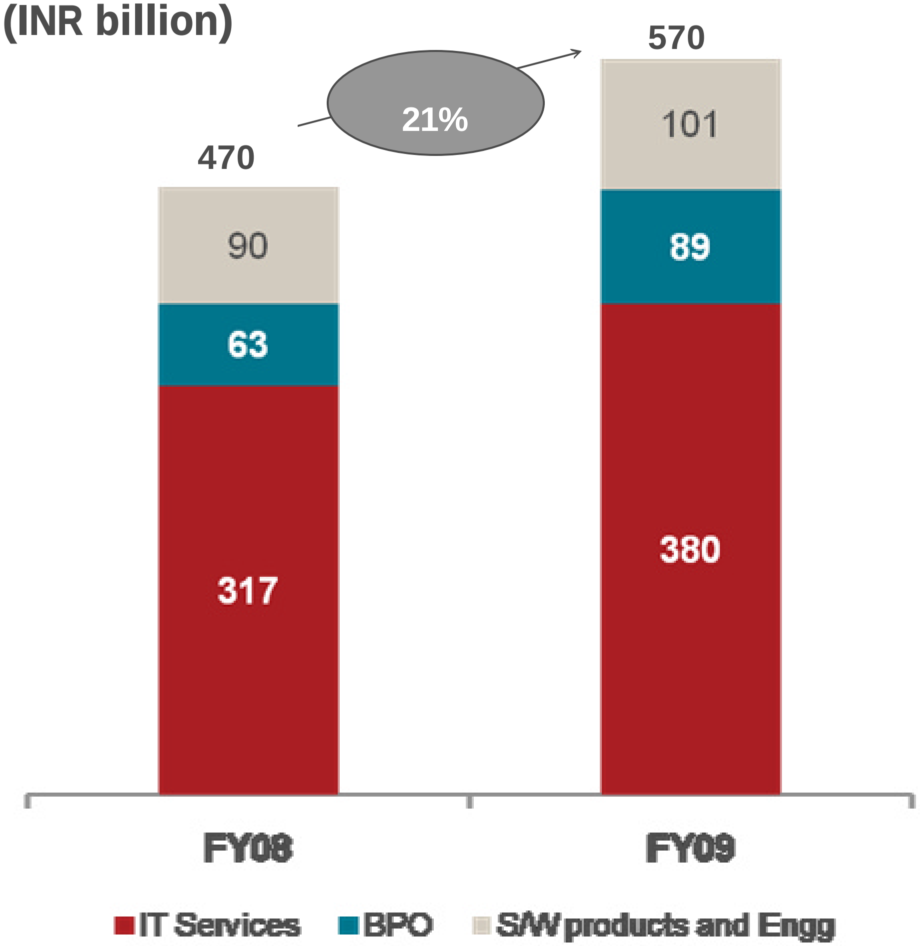
Source: NASSCOM

**** Growth rate adjusted for Satyam revenues in FY08***

Domestic Market is adding impetus - healthy growth of 20% in FY09

NASSCOM®

Indian IT-BPO Domestic revenues* (INR billion)



** Excluding Hardware*

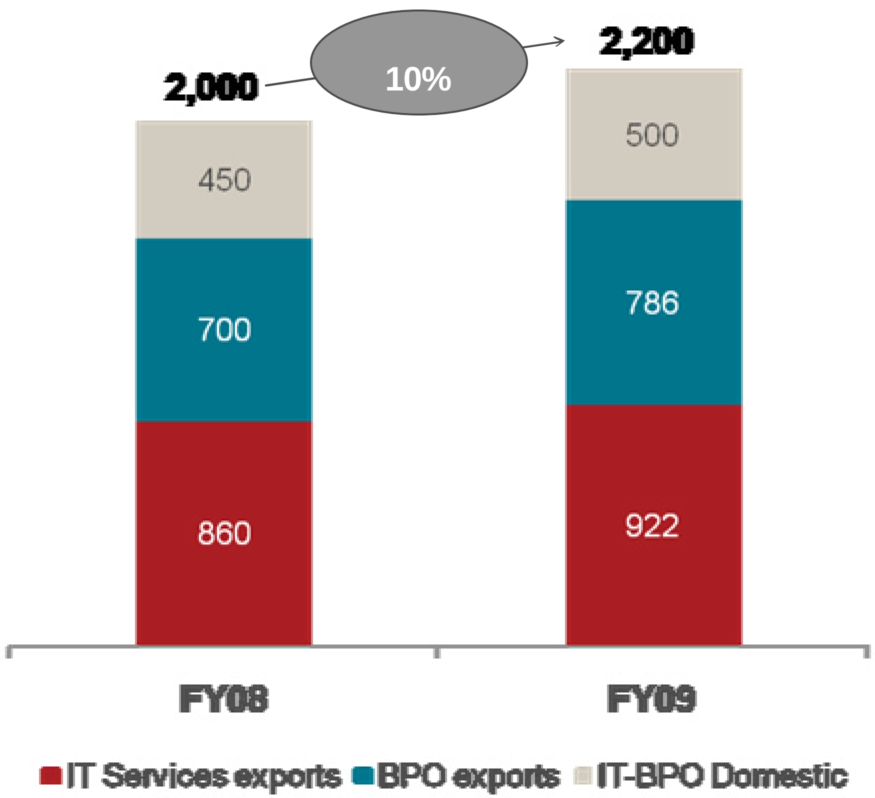
Source: NASSCOM

- Globalization demands higher efficiencies and competitiveness
  - Large transformational deals in telecom, e-governance. Contract Value of outsourcing deals grown by 32%
  - Domestic BPO –above 40% in FY 2009
  - IT services growing at 20%
- Transformation of Indian businesses - hardware driven towards a solutions oriented approach
- Systematic investments in IT specifically in two the largest sectors, BFSI and Telecom
  - Currently BFSI companies spend 6.5% of their revenue on IT, as compared to 7.6% spent by the BFSI companies in the US

The industry added 2 lakh jobs in FY2009

NASSCOM®

Direct Employment (‘000), FY08-FY09

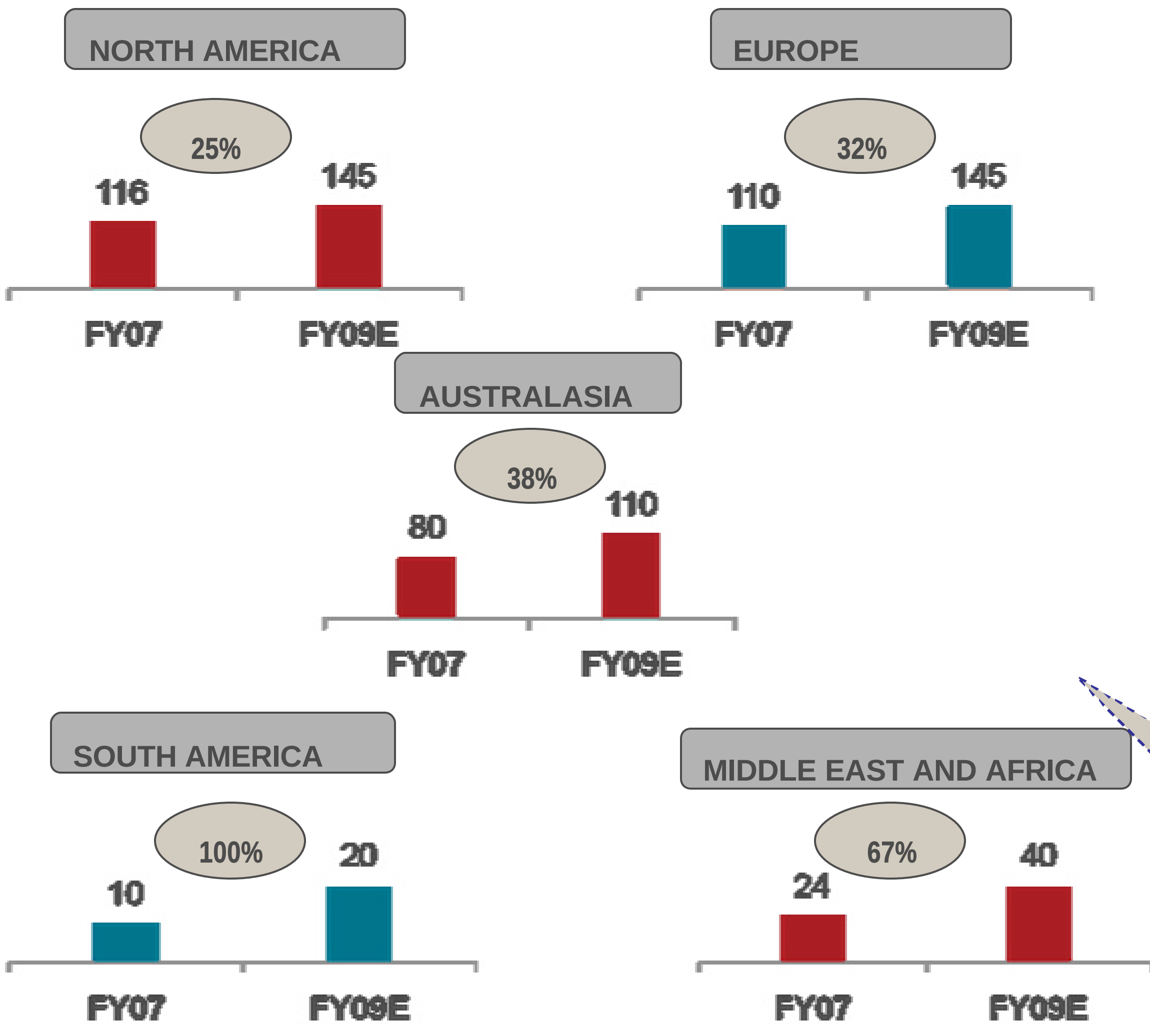


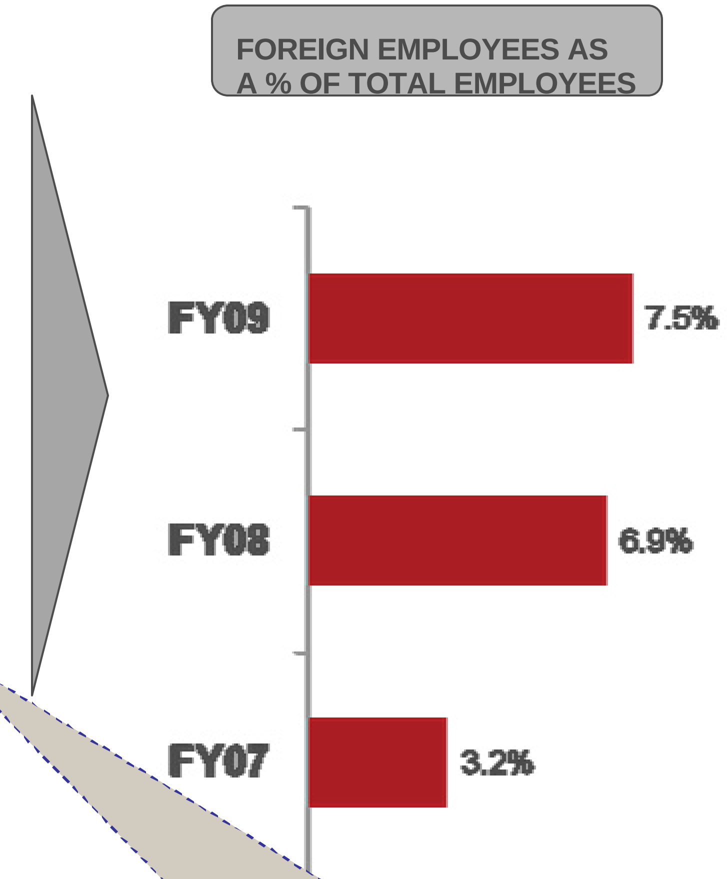
- Industry directly employs nearly 2.2 mn professionals
- Capacities build historically leveraged; attrition down
- Adopted rigorous practices for performance management
- Significant investment in training – On average, IT-BPO companies spent up to 40% of a staffer’s annual salary on training
- Innovative programs launched to manage employee costs and motivation levels
- Salaries linked to performance of the company
- Reworking hiring strategy to match real-time needs

Source: NASSCOM

Leveraging globalised value chains – “closer to the customer”; location agnostic; local capabilities

No of Delivery Centers





35% increase in GDC’s since 2007; 20% increase in foreign nationals employed in FY09

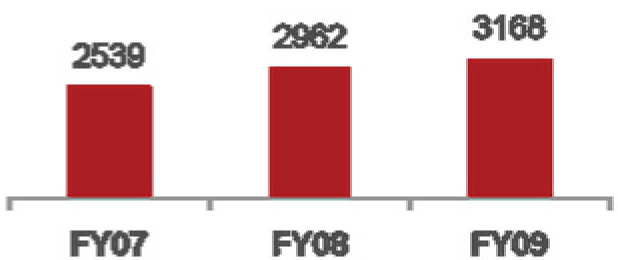
Source: NASSCOM estimates

**

Business Transformation and Greater Efficiencies at play

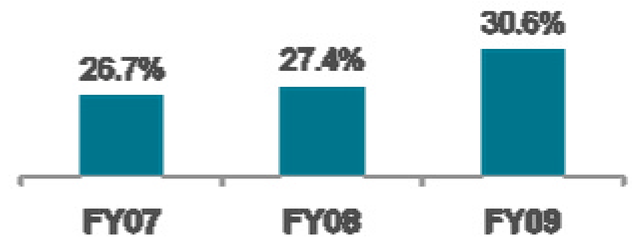
NASSCOM®

Number of active clients, FY07-09



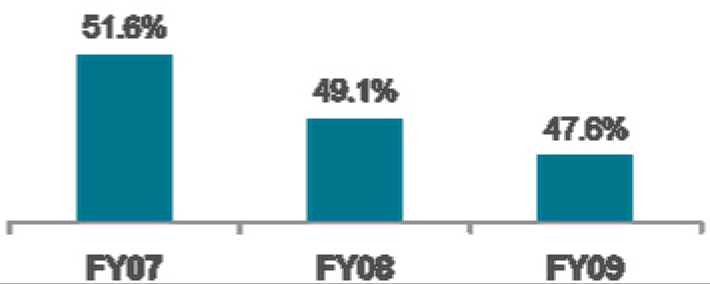
~24% new client additions since FY07; over 90% repeat business generated

Fixed price contracts as a % of total revenues, FY07-09



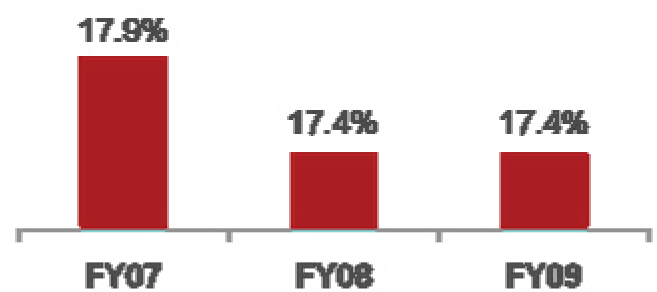
New pricing models- fixed price contracts; outcome based pricing

Onsite revenues as a % of total revenues, FY07-09



Shift of onsite personnel to offshore - Reengineering delivery models and reduce costs

SG&A expenses as a % of total revenues, FY07-09



Reduction of SG&A expenses upside to profit margins

Source: Annual reports/Quarterly reports

Note: Data for public listed companies comprising 40% of industry revenues

Looking ahead, while there are some signs of early recovery…

NASSCOM®

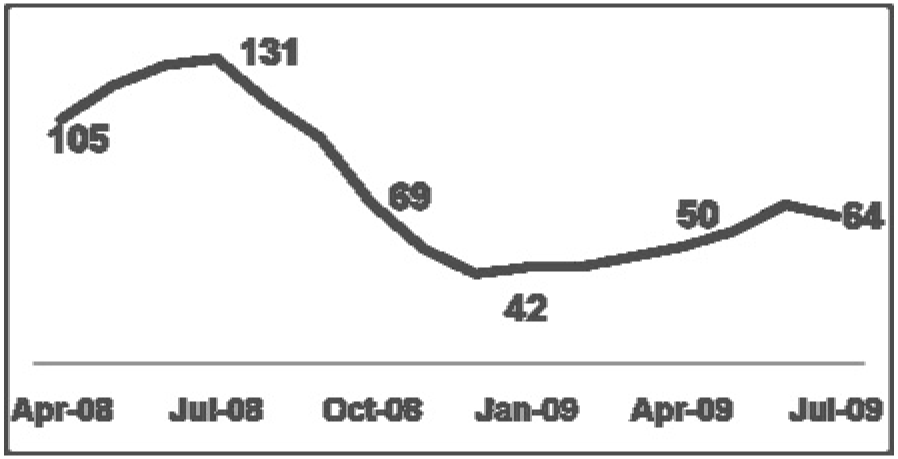
GDP growth has started to improve

Country	Q3 2008	Q4 2008	Q1 2009
US	(0.5%)	(6.3%)	(5.5%)
UK	(0.5%)	1.5%	1.5%
China	(1.1%)	1%	6%
S. Korea	0.2%	(5.1)	0.2%
India	5.3%	5.3%	5.8%

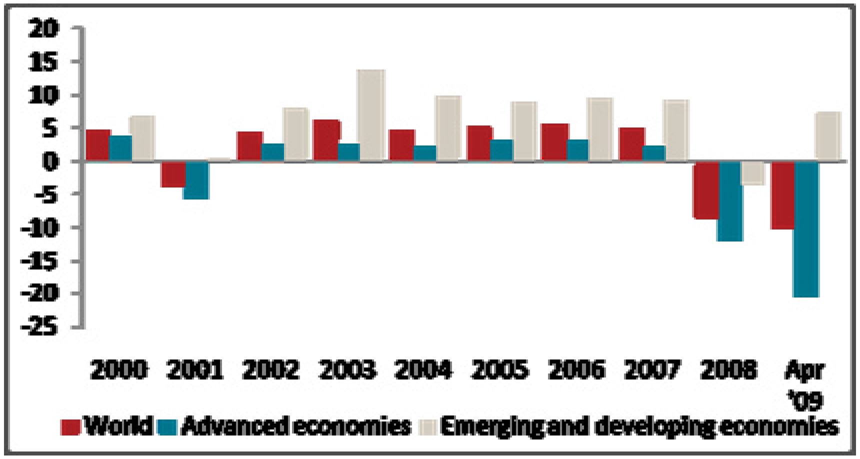
Major stock indices on upswing during Q1 2009

Indices	Change (Apr'07–Mar'09)	Change (Apr–Jun'09)
Dow Jones	42%	4%
FTSE	39%	0.1%
DAX	45%	0.8%
Nikkei	53%	13%
Shanghai	38%	19%
BSE (India)	30%	27%

Oil prices have been stabilizing since Jan 2009



Industrial Production (% change): Emerging economies leading recovery in 2009

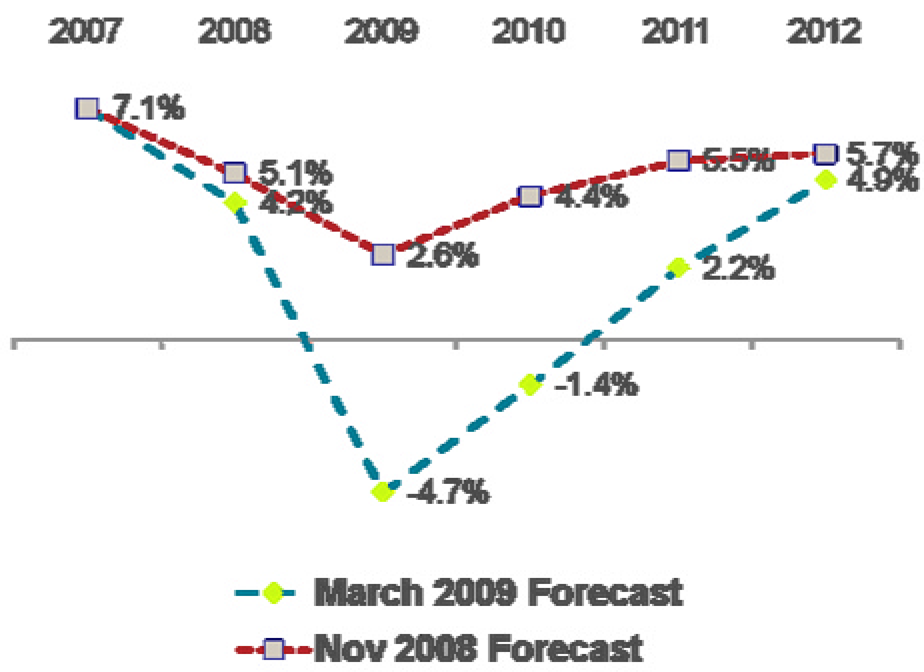


Source: IMF; OPEC; Yahoo Finance

…environment continues to be challenging making it difficult to estimate possible scenarios

NASSCOM®

Worldwide IT spending Growth (%)

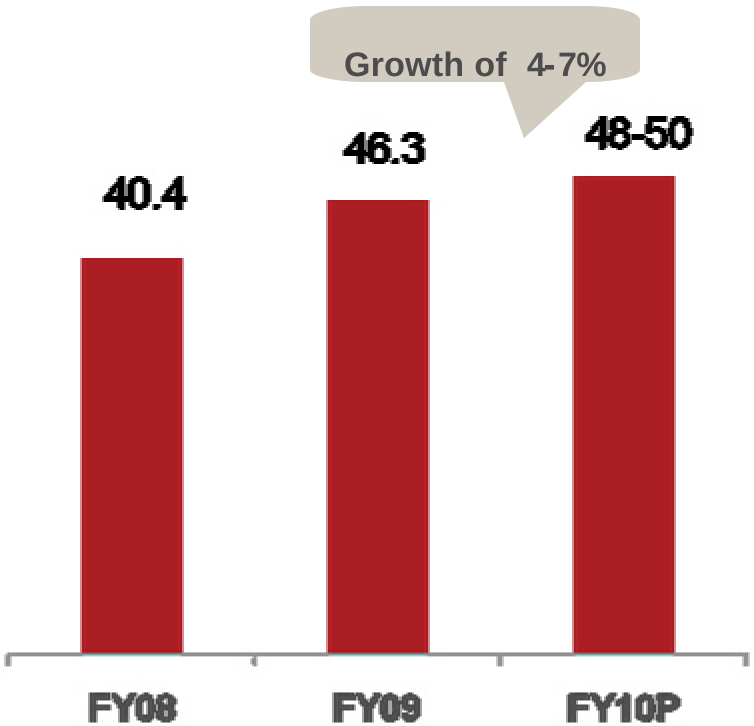


- Demand environment continues to be weak
  - Worldwide IT Spending Growth is expected to come down further in 2009 and 2010
  - Clients returning to discretionary spend but such cases are sporadic
  - Buyers still cautious; expecting clear upfront cost savings; delayed decision making
  - Absence of large deals
  - Vendor consolidation expected to add more business to existing service providers
- Pricing/value pressures — in both onsite and offshore realization
- Buyers “stretching the dollar” to include greater value delivery

Source: IDC

FY10 outlook: Software and services export revenues to grow by 4-7%...

Indian IT-BPO sector-Export revenues (USD billion)



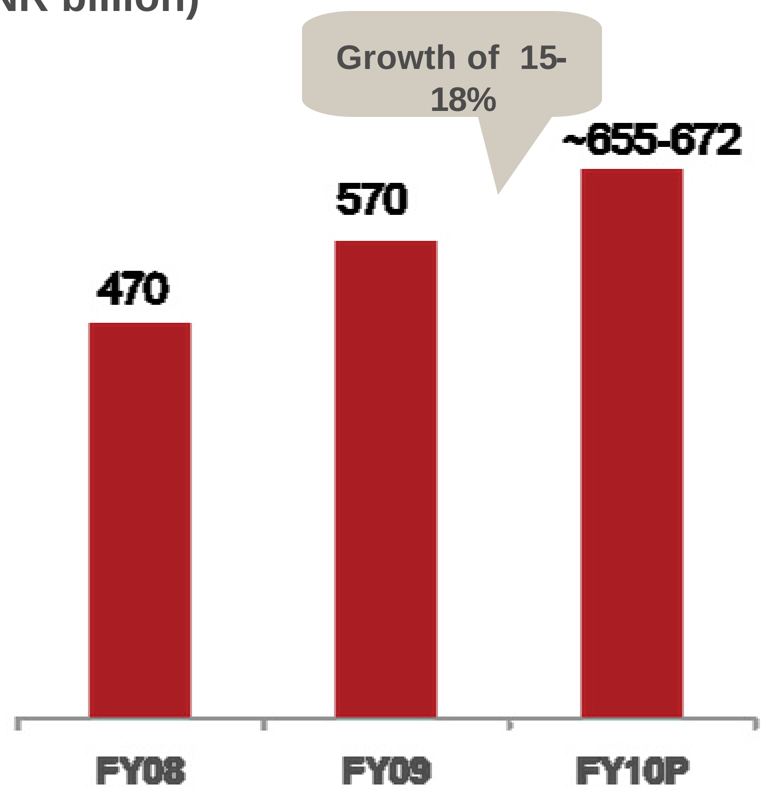
- FY10 software and services growth forecast 4-7% (USD)
- Core markets, North America and BFSI, have started to stabilize
- Increased investments expected to yield results – S&M expenses going up, R&D investments by top tier firms
- Bundled end to end IT- BPO offerings
- BPO growth to be led by procurement outsourcing, analytics/KPO, FAO

Source: NASSCOM

…with the domestic market continuing to remain on the growth path

NASSCOM®

Indian IT-BPO sector- Domestic revenues (INR billion)



- Opportunities exist in addressed IT services market space
  - IT-enabled public services across several departments
  - BFSI, Manufacturing, Telecom are key growth verticals
  - Education, retail and healthcare are relatively unexplored
  - SMB market largely unaddressed accounting for 50-60% of the potential market in India
  - Emerging verticals with significant growth potential in the BPO market - aviation, hospitality and retail
  - Firms including, mid sized firms expected to increase IT budgets to improve efficiency

Source: NASSCOM

To summarize…

- Economies across the world are facing pressure; recovery expected mid 2010
- Our core markets have started to stabilize
- Global resourcing will be critical for improving competitiveness
- Industry focusing on alternate revenue streams – new geographies; new verticals
- Industry focusing on greater efficiencies and value
- Industry has shown resilience against the backdrop of an unprecedented slowdown

Industry actions to mitigate downturn; will help us emerge stronger from the crisis

RANKINGS

- NASSCOM TOP 20 IT SERVICES EXPORTERS FY08-09
- NASSCOM TOP 15 BPO rankings in FY08-09
- NASSCOM TOP 20 IT-BPO EMPLOYERS in INDIA FY08-09

NASSCOM TOP 20 IT SERVICES EXPORTERS FY08-09

NASSCOM®

1	Tata Consultancy Services
2	Infosys Technologies Ltd.
3	Wipro Ltd
4	HCL Technologies Ltd.
5	Tech Mahindra Ltd
6	Patni Computer Systems Ltd.
7	MphasiS Ltd
8	Oracle Financial Services Software Ltd
9	Aricent Technologies (Holdings) Ltd
10	CSC India Pvt Ltd
11	Larsen & Toubro Infotech Limited
12	Prithvi Information Solutions Ltd
13	Polaris Software Lab Limited
14	MindTree Ltd
15	Mascon Global Ltd
16	3i Infotech Ltd
17	HSBC Software Development (India) Pvt. Ltd.
18	Hexaware Technologies Limited
19	Mastek Ltd.
20	Sonata Software Limited

The Top 20 companies account for 63% of the IT Software and Services Exports in FY08-09 as compared to 70 % in FY07-08

Note:

•Includes IT Services, Engg Services, Software Products and Offshore Product Development revenues

•Ranking is based on companies that have submitted the detailed form. It does not include Mahindra Satyam whose revised audited revenues are not available

•This list does not include some companies whose corporate headquarters are located outside India, but have significant India-centric delivery capabilities, and have not shared their India-centric revenue figures. Had they been ranked based on their India revenues, companies such as Accenture, Cognizant and IBM and would have also appeared in this ranking.

NASSCOM TOP 15 BPO EXPORTERS in FY08-09

NASSCOM®

Rank	Company
1	Genpact India Pvt Ltd
2	WNS Global Services (P) Ltd
3	IBM-Daksh Business Process Services Pvt. Ltd.
4	Wipro BPO
5	Tata Consultancy Services BPO
6	Firstsource Solutions Ltd
7	Aditya Birla Minacs Worldwide Ltd
8	Aegis Ltd
9	Infosys BPO
10	HCL BPO
11	EXL Service.com (India) Pvt Ltd
12	Intelenet Global Services Ltd
13	Hinduja Global Solutions Pvt Ltd
14	24/7 Customer Pvt Ltd
15	MphasiS BPO

The Top 15 companies account for 38% of the BPO Exports in FY08-09 as compared to 36 % in FY07-08

Note:

•This list does not include some companies whose corporate headquarters are located outside India, but have significant India-based delivery capabilities, and have not shared their India-based revenue figures. Had they been ranked based on their India revenues, companies such as Convergys and Sutherland Global Services would have also appeared in this list.

•Since several companies are privately held, in order to maintain uniformity, revenue figures for the ranked companies are not being shared.

NASSCOM TOP 20 IT-BPO EMPLOYERS in INDIA FY08-09

NASSCOM®

1	Tata Consultancy Services
2	Infosys Technologies Limited
3	Wipro Ltd
4	Cognizant Technology Solutions India Pvt. Ltd.
5	HCL Technologies Ltd.
6	HP India
7	MphasiS Ltd
8	Intelenet Global Services Ltd*
9	IBM-Daksh Business Process Services Pvt. Ltd.*
10	Genpact India Pvt Ltd
11	Tech Mahindra Ltd
12	Aegis Ltd*
13	WNS Global Services (P) Ltd*
14	Firstsource Solutions Ltd*
15	CSC India Pvt Ltd
16	Patni Computer Systems Ltd.
17	Larsen & Toubro Infotech Limited
18	Hinduja Global Solutions Pvt Ltd*
19	Oracle Financial Services Software Ltd
20	Convergys India Services

Note:

•This list is based on the India-based headcount of firms with IT-BPO operations in India, as reported to NASSCOM in its annual survey. Based on publicly available information, few other MNC's such as Accenture and IBM would have also featured in this list. However, as they have not participated in the survey, we do not have all the required details and are unable to rank them. Most companies on this list are engaged in IT as well as BPO.

*•Companies marked with an * indicate pure-play BPO firms.*

NASSCOM®

Thank You