

Excerpts of live interview with New Delhi Television on December 23, 2005 – from 10:00 to 10:30 PM (IST).

NDTV is the largest private producer of news, current affairs and entertainment television in India. It enjoys higher ratings than any of its Indian competitors.

Kismet Singh (NDTV): With the year coming to an end – NDTV thought it may be interesting to count down some of the defining events of 2005 – from the perspective of an IT sector analyst.

Ashish Thadhani (AT):

- **Let's begin with number five? Departure of Vivek Paul from the industry.** To many in the U.S., Mr. Paul was regarded as a key ambassador of offshoring. His bold and charismatic brand of leadership included initiatives that positioned *Wipro* as a major long-term threat to global competitors. *Wipro* may not have surpassed *Infosys* during his tenure but Vivek Paul made a rich contribution in showcasing India on the global stage.
- **Four? Release of “The World Is Flat.”** Author Thomas Friedman is a three-time Pulitzer Prize winner. His book embraces the forces of globalization and offshoring – marking welcome progress from the misinformed and partisan rhetoric of the presidential campaign. Bear in mind that U.S. sentiment has implications for a majority of industry revenue.

While on the subject, it may be helpful to offer some context: the U.S. workforce stands at ~140 million, illegal immigrants at 10 million, the annual H1B visa quota at 65K – and jobs lost annually to offshoring at well under 1% of the labor force. Ultimately, the U.S. economy is the biggest long-term beneficiary of offshoring.

- **Three? Unexpected rupee weakness in 2005 – as much as 6% vs. the U.S. dollar.** This can be attributed to an environment of rising U.S. interest rates and a growing oil import bill. For “unhedged” companies, it has resulted in near-term profitability tailwinds.
- **Two? Subdued revenue guidance by bellwether *Infosys* in April.** Not only did this cast a long shadow over 2005, it also showed that offshoring companies are not immune to occasional distortions or softness. *Infosys* did redeem itself with an oversubscribed \$1 billion ADS offering, as well upward revisions in both July and October.
- **And, the watershed development in 2005? The landmark ABN AMRO awards in September.** This signaled the unbundling of offshore work from large outsourcing contracts, as well as gathering momentum across Europe due to competitive pressures. It is an acknowledgment of the integral role that offshoring is expected to assume in the future.

... Cont'd. on page 2

NDTV: And some non-events?

AT: The industry has shrugged off periodic bouts of concern, e.g., the fringe benefit tax, aggressive expansion by international competitors, security breaches and weather disruptions.



NDTV: By way of a back-test, how have fundamentals fared compared with your expectations at this time in 2004?

AT: At the four U.S. listed majors – *Infosys*, *Wipro*, *Satyam* and *Cognizant* – our aggregate CY05 revenue estimate is ~5% above the level that we were forecasting a year ago. In terms of EPS performance, *Satyam* leads this group with ~20% overachievement during the same horizon.



Copyright NDTV 2005

NDTV: Does the Indian Government have an active role to play in the IT sector?

AT: Absolutely. In five years, IT exports are projected to reach ~7% of GDP. For the sector to realize its full potential, continued government engagement and ministry support is critical -- particularly in the areas of education, taxation, infrastructure and bilateral/trade relations.

This communication accurately reflects the analyst's personal views about a company. The analyst has not and will not receive compensation with respect to the issuance of this report. The author has no beneficial interest in the securities mentioned in this report. In the normal course of business, Gilford Securities seeks to perform investment banking and other services for various companies and to receive compensation in connection with such services. As such, Gilford Securities intends to seek compensation for investment banking services from subject companies in the next three months. Gilford Securities has co-managed an offering of SAY common stock during the preceding 12 months.