

Infosys Technologies Ltd. (ADR) (INFY)

IT Services

Company Highlight

Stock rating: Neutral

Coverage view: Attractive

Large-Cap Growth

Price: \$52.68

December 20, 2006

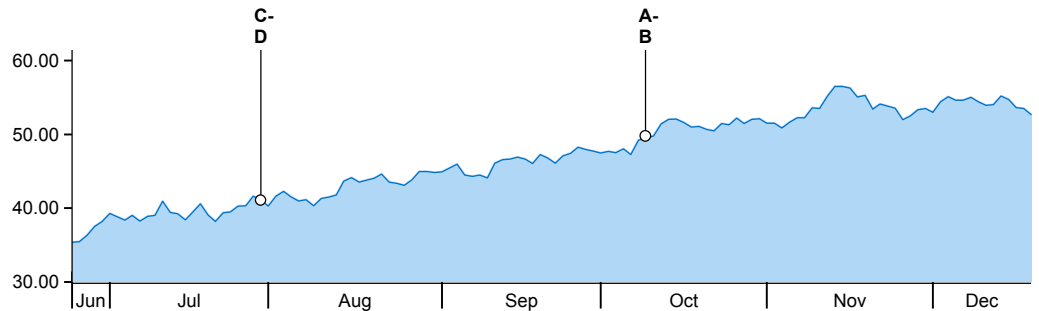
India

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Price Performance

Currency: U.S. Dollar



A. Oct 11, 2006 First Take: 2Q results strong. FY07 guidance raised.

News

B. Oct 11, 2006 First Take: 2Q results strong. FY07 guidance raised.

Infosys reported fully diluted FY2Q2007 EPS (including ESOs) of \$0.35 (+44% yoy), \$0.03 above our estimate. Total revenues finished at \$746 mn (+42% yoy/+13% qoq), \$32 mn above our estimate of \$714 mn (+36% yoy). Management expects Dec-qtr (F3Q) revenues to finish at \$790-\$795 mn (+41%-42% yoy; +6%-7% qoq), above our current estimate of \$749 mn (+34% yoy). On a fully diluted basis and including ESOs, Dec-qtr EPS is now expected to finish at ~\$0.36 (+42% yoy), above our current estimate of \$0.35 (+38% yoy). For FY2007, management now expects revenues to finish at \$3.03-\$3.04 bn (+41% yoy) and basic EPS is set at \$1.44 (+41% yoy). Assuming about 3% dilution, we estimate fully diluted EPS of \$1.39-\$1.40. Our current FY2007 estimates stand at \$2.92bn (+35% yoy) for revenues and \$1.34 (+37% yoy) for fully diluted EPS (including ESOs).

C. Jul 31, 2006 No surprises at analyst day in India; FY2007 outlook unchanged

Whats changed

D. Jul 31, 2006 No surprises at analyst day in India; FY2007 outlook unchanged

Infosys hosted its annual analyst meeting in India on Sunday (7/30) and Monday (7/31). There appear to be no new developments or revisions to the earnings guidance for FY2007. This is not much of a surprise as the company recently provided its initial earnings view for FY2007 on its 7/12 earnings conference call with investors. At the time management indicated that it expected revenues to finish at \$2.91-\$2.92 bn (up 35.5%-36.5% yoy) and "basic" EPS was expected to finish at \$2.70-\$2.73 (up 32%-34% yoy). Assuming about 1%-2% dilution, we estimated EPS of \$2.65-\$2.70 (up 36%-38%). Overall, the meeting provided strategic review of key verticals and service offerings which are increasingly gaining traction for the company.

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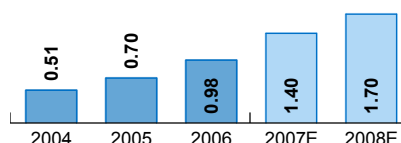
Currency: U.S. Dollar

Earnings Trends

EPS Growth

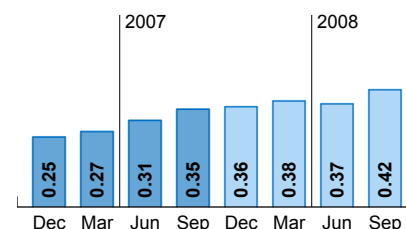
Fiscal Year 2007 Estimate	42.9%
Fiscal Year 2008 Estimate	21.4%

EPS Expectations (\$)



Annual EPS for Infosys Technologies Ltd. (ADR) grew 40% from 2005 to 2006. EPS is expected to grow 43% from 2006 to 2007.

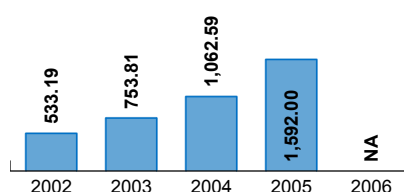
Earnings Progression (\$)



We expect Q3 2007 earnings for Infosys Technologies Ltd. (ADR) to grow 44% versus Q3 2006 and Q0 2007 earnings to grow 41% versus Q0 2006.

Fundamentals

Revenue (\$mn)



Historical revenues provided by Worldscope via FactSet Research Systems.

Stock Data

52 Week Price Range	56.50-32.85
YTD Price Change	30.3%
Market Capitalization (bn)	\$29.8
Current Yield	0.9%
Shares Outstanding (mn)	564.9
Fiscal Year Ends	March

Infosys Technologies Ltd. (ADR) is trading at 7% off of its 52-week high and 60% above its 52-week low.

Price Performance

1 Week	-2.5%
1 Month	-4.7%
3 Months	11.5%
6 Months	49.0%
9 Months	44.1%
1 Year	34.2%

The Year-to-date price performance for Infosys Technologies Ltd. (ADR) is 30%.

Other Companies in the Goldman Sachs IT Services Industry

Comparable companies listed below are companies covered by Goldman Sachs Research, in the same industry, and are selected based on market capitalization relative to Infosys Technologies Ltd. (ADR); additionally, these companies are domiciled in the same country as Infosys Technologies Ltd. (ADR).

	Goldman Rating/ Coverage View	Market Cap (\$bn)	Price/Earnings		LT EPS Growth Estimate	P/E to Growth Ratio
			Current Fiscal Year	Next Fiscal Year		
Accenture, Ltd.	Buy/Neutral	30.71	19.0X	16.6X	NA	NA
Infosys Technologies Ltd. (ADR)	Neutral/Attractive	29.76	37.6X	31.0X	NA	NA
Automatic Data Processing Inc.	Buy/Attractive	27.64	22.0X	18.9X	NA	NA
Wipro Ltd. (ADR)	Neutral/Attractive	22.03	36.4X	31.2X	NA	NA
First Data Corp.	Neutral/Attractive	19.39	22.0X	16.8X	14%	1.6X
Western Union Co.	Buy/Attractive	17.11	19.5X	20.5X	NA	NA

Important Definitions

EPS (Earnings Per Share) is the total earnings divided by the number of shares outstanding. Companies often use a weighted average of outstanding stock over the reported term.

A Fiscal Year (FY) is an accounting period that covers 12 consecutive months at the end of which profit and/or losses are determined. This may or may not be the calendar year.

Market Capitalization is the market value of a company, determined by multiplying the price of its stock by the number of shares outstanding. Companies valued at upwards of US\$8-to-US\$10 billion are usually classed as large cap; those valued at less than US\$2 billion as small cap, and those in between as mid cap. In general, a stock's volatility varies inversely with its market cap.

Price/Earnings Ratio (P/E) is the price of a stock divided by the annual earnings that the security will produce. The P/E multiple indicates how much an investor is paying for the company's earnings power. A higher P/E means that an investor is paying more and thus should expect to achieve higher earnings growth. Low P/E stocks are usually slower growing (value), more mature stocks that pay more dividends.

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Goldman Sachs makes a market in the securities: Infosys Technologies Ltd. (ADR) (INFY), Infosys Technologies Ltd. (INFY.BO).

B. October 11, 2006

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C. July 31, 2006

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Goldman Sachs makes a market in the securities: Infosys Technologies Ltd. (ADR) (INFY).

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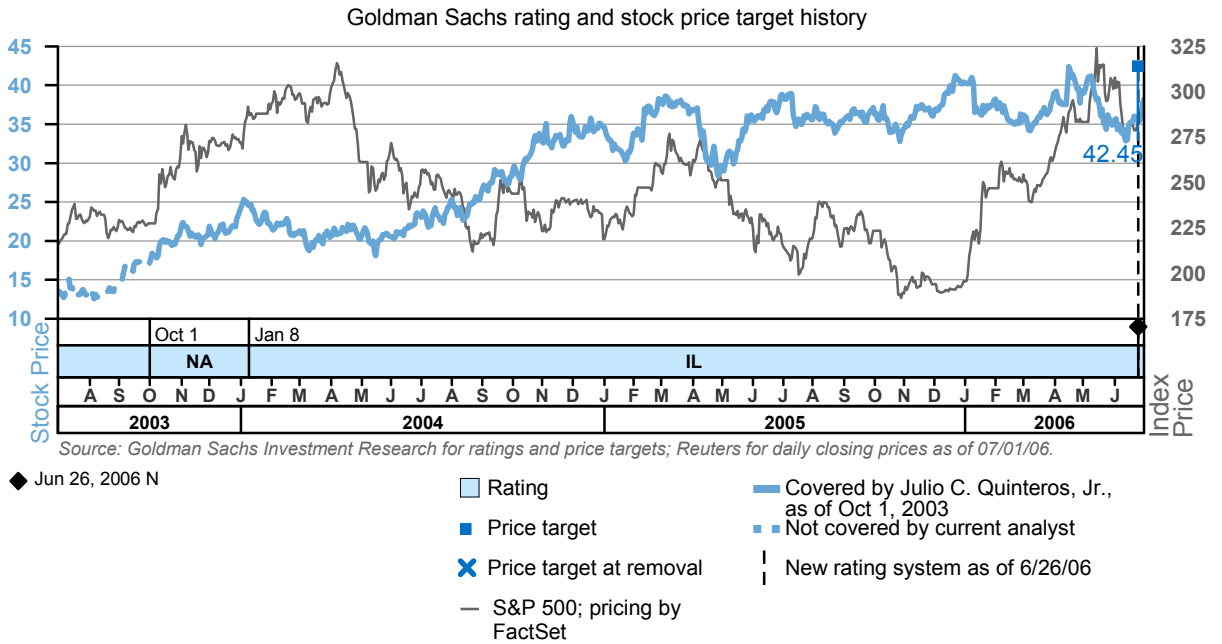
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	Rating Distribution			Investment Banking Relationships		
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Infosys Technologies Ltd. (ADR) (INFY)

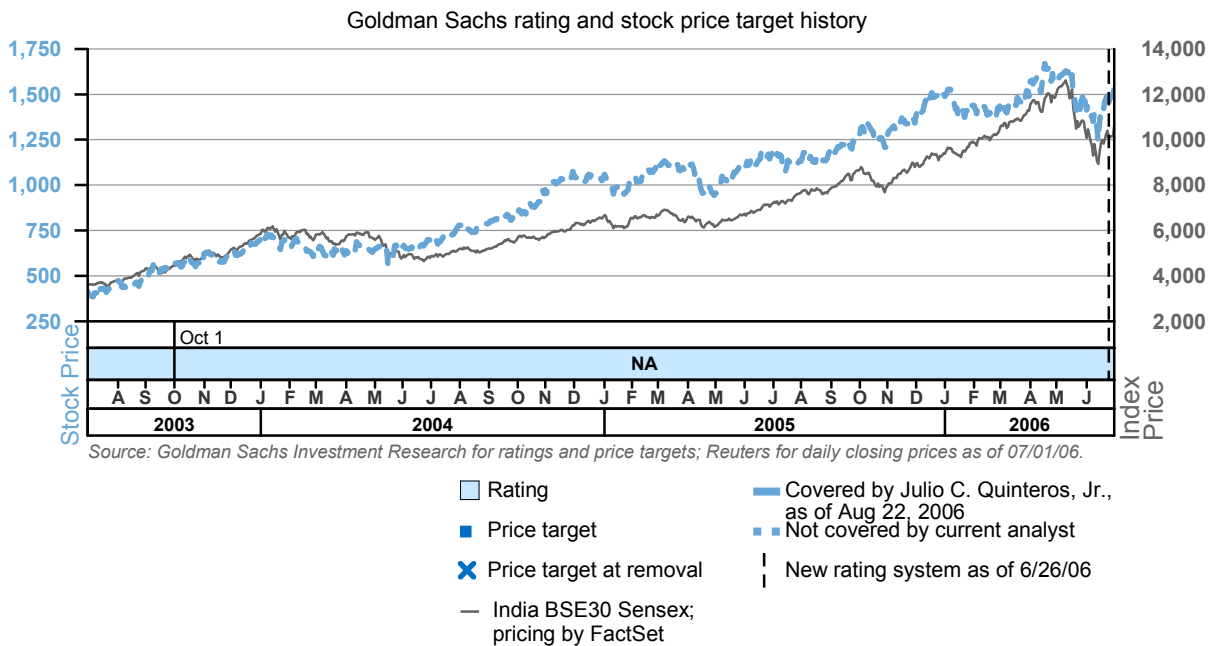
Currency: U.S. Dollar



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Infosys Technologies Ltd. (INFY.BO)

Currency: Indian Rupee



The price targets shown should be considered in the context of all prior published Goldman Sachs research, which may or may not have included price targets, as well as developments relating to the company, its industry and financial markets.

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