

Geometric Limited

Q2 FY08 Analyst Presentation

October 22nd 2007
Mumbai

Disclaimer

Certain statements in this presentation concerning our future growth prospects are forward looking statements, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition in IT and engineering services including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price contracts, client concentration, restrictions on immigration, our ability to manage our international marketing & sales operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks, liability for damages on our service contracts & product warranty, the success of the companies in which the Company has made strategic investments, withdrawal of governmental fiscal incentives, political instability, legal restrictions on acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. The Company may, from time to time, make additional written and oral forward-looking statements and our reports to shareholders. The company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the company.

Q2 Summary

- 9.5% increase in sequential operating revenue in dollar terms
- Operating profit improved to 5.2% as against 0.3% in Q1 due to higher billing rate and productivity
- Other income in Q2 '08 was Rs. 52.95 million, lower than Q1 '08 by Rs. 82 million
- New orders of \$ 8.75 Million booked in Q2 '08
- Modern Engineering made a net loss of \$573K
- The products business fell short of its targets and this had a direct impact on profitability
- Single global brand “Geometric” launched; Geometric Software Solutions Company Limited renamed as Geometric Limited and all subsidiaries adopt the Geometric brand.

Outlook for FY 2008

- Our initial guidance for consolidated operations was 50% Revenue growth in USD terms and 30 – 35% PAT growth in Rupee terms, at 43 INR / USD. In Q1 we reiterated our guidance when the Rupee was trading at 41 INR / USD
- The following factors are expected to negatively impact PAT
 - Increased volatility of the Rupee. H2 average rate is expected to be around 39 INR / USD
 - Delay of 1 quarter in the turn to profitability of Modern, due to major business flux in the Detroit market and consequent delay in projects with meaningful offshore content
 - Continued shortfall in the Products business. Turnaround plan will be crafted starting H2
- The following factors are expected to positively impact PAT
 - Software services (PLM services, outsourced S/W product development) and India operations of Engineering Services, are expected to deliver better than expected performance in terms of profitability
 - Other income is expected to be higher than budgeted
- Given the above factors, the company may not be able to achieve the guidance given at the beginning of the financial year. We are not releasing any revised guidance at this point.

Financial Performance Q2 08

Consolidated Results as per INDIAN GAAP

Consolidated P&L Statement

Income Statement (INR Millions)	Q2 08	Q1 08	Q2 07	Var (PQ)	Var (PY)
Operating Revenue (in USD millions)	30.54	27.89	17.29	9.5%	76.6%
Operating Revenue	1225.02	1129.06	799.70	8.5%	53.2%
Cost of Revenue	790.35	776.09	478.01	1.8%	65.3%
Contribution	434.67	352.97	321.69	23.1%	35.1%
<i>Contribution as % of Operating Revenue</i>	<i>35.5%</i>	<i>31.3%</i>	<i>40.2%</i>		
SG&A Expense	290.74	274.38	166.65	6.0%	74.5%
Interest	16.12	15.87	0.00	1.6%	UF
Depreciation	65.22	59.07	53.89	10.4%	21.0%
Operating Profit	62.59	3.64	101.15	F	-38.1%
<i>Operating Profit as % of Operating Revenue</i>	<i>5.1%</i>	<i>0.3%</i>	<i>12.6%</i>		
Other Income	52.95	135.29	28.85	-60.9%	83.5%
Profit Before Tax	115.53	138.94	130.00	-16.8%	-11.1%
<i>PBT as % of Total Revenue</i>	<i>9.0%</i>	<i>11.0%</i>	<i>15.7%</i>		
EBITDA (PBT + Interest + Depreciation)	196.87	213.88	183.89	-8.0%	7.1%
<i>EBITDA as % of Total Revenue</i>	<i>15.4%</i>	<i>16.9%</i>	<i>22.2%</i>		
Tax & MI	24.85	22.40	29.09	10.9%	-14.6%
Profit After Tax	90.68	116.54	100.91	-22.2%	-10.1%
<i>PAT as % of Total Revenue</i>	<i>7.1%</i>	<i>9.2%</i>	<i>12.2%</i>		

Cost Analysis

Cost Of Revenue

<i>(figures in INR millions)</i>	Q2 08	% of OPR	Q1 08	% of OPR	VAR (PQ)
Manpower	697.12	56.9%	694.14	61.5%	0.4%
Travel	28.74	2.3%	26.23	2.3%	9.6%
Software	41.04	3.4%	33.44	3.0%	22.7%
Data Communication	6.83	0.6%	5.80	0.5%	17.8%
Others	16.61	1.4%	16.49	1.5%	0.8%
Total	790.35	64.5%	776.09	68.7%	1.8%

Sales, General & Administrative Expenses

<i>(figures in INR millions)</i>	Q2 08	% of OPR	Q1 08	% of OPR	VAR (PQ)
Manpower	78.64	6.4%	74.39	6.6%	5.7%
Travel	17.89	1.5%	13.73	1.2%	30.3%
Facility	46.56	3.8%	43.28	3.8%	7.6%
Recruitment & Training	9.26	0.8%	4.10	0.4%	125.8%
Information Systems	19.31	1.6%	19.45	1.7%	-0.7%
Others	119.09	9.7%	119.43	10.6%	-0.3%
Total	290.74	23.7%	274.38	24.3%	6.0%

Performance Analysis

- 9.5% increase in operating revenue in dollar terms
 - Services revenue increased by 10% vis-à-vis previous Q
 - Offshore revenue grew by 16.7%, offsite revenue increased by 28% and onsite revenue went up marginally by 2.9%
 - Engineering Services segment revenue (consolidated including Modern) remained flat as compared to previous quarter
 - Products revenue increased sequentially by 7.3%, but decreased by 6.8% y-o-y
- Significant increase in operating profit; 5.1% in Q2 '08 from 0.3% in Q1 '08
 - Improvement in pricing of new deals helped margin increase by more than 4%
 - Productivity gains from better offshore mix helped offset the impact of rupee appreciation and incremental losses in Modern on operating margin
 - At the organic level, operating profit was up from 3.4% in Q1 '08 to 10.6% in Q2 '08
- Gains from Other Income was lower at Rs 52.95 Million in Q2 '08 against Rs. 135 Million in Q1 '08
- Implemented hedge accounting in Q2 '08; Rs 14.4 MM of exchange gains accounted as reserves in Balance Sheet

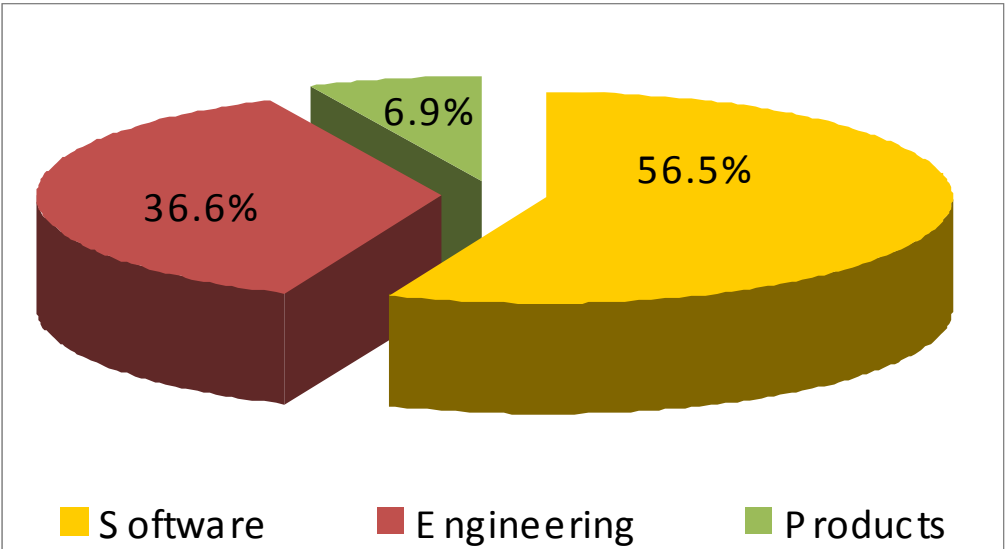
Business Achievements

- 8 new customers were added during Q2, taking the total number of active customers to 109. Total value of new orders closed > 8.75 MM USD (from new and existing customers)
- Key Wins
 - An agreement was signed with a leading air conditioning equipment manufacturer in the US to provide engineering design and development support for their manufacturing operations.
 - A contract was signed for PLM consulting for a major Hi Tech company in the Asia Pacific region.
 - An agreement was signed with a large player in the Oil & Gas Industry for enterprise process analysis and implementation within their PLM system.
 - An agreement was reached with a world leader in integrated technology solutions dedicated to the soft goods industries including Fashion, to set up a dedicated Offshore Development Centre (ODC) for enhancing their PLM product.
- Recognitions
 - Geometric was selected as one of the three winners of the SAP Manufacturing Co-Innovation Challenge for developing a product quality management applications that integrate business processes across manufacturing, quality assurance, ERP and PLM.

Operational Performance Q2 08

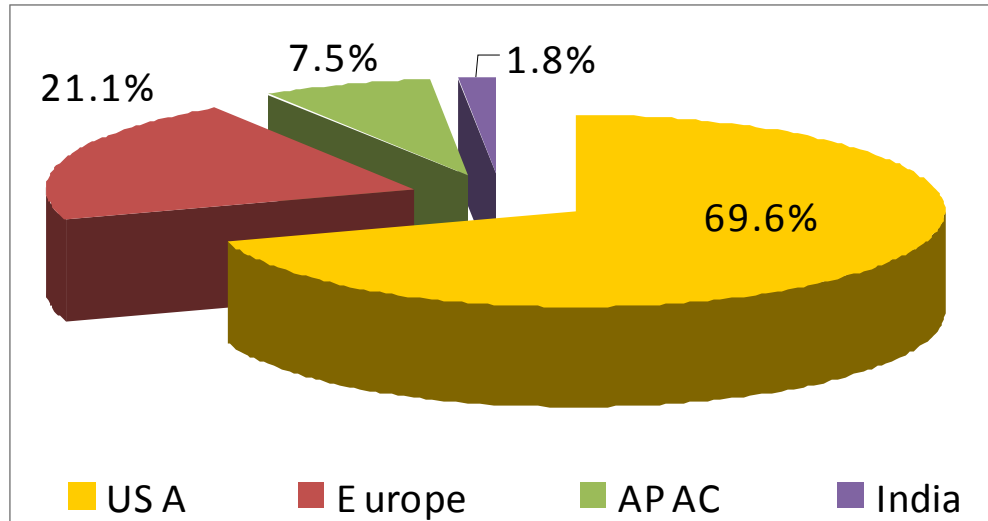
Consolidated

Service Line Performance



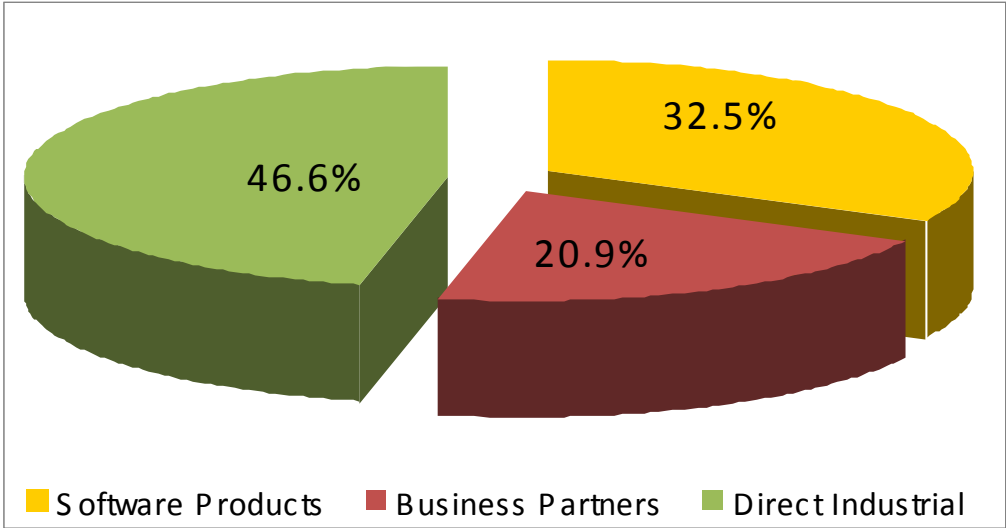
Service Line	Q2 FY08	Q1 FY08	Q2 FY07	FY07
Software Services	56.5%	52.8%	77.4%	64.2%
Engineering Services	36.6%	40.1%	9.4%	25.1%
Products	6.9%	7.1%	13.2%	10.7%

Regional Performance



Region	Q2 FY08	Q1 FY08	Q2 FY07	FY07
USA	69.6%	71.0%	57.6%	63.3%
Europe	21.1%	20.4%	34.0%	28.8%
APAC	7.5%	6.1%	5.7%	5.4%
India	1.8%	2.5%	2.7%	2.5%

Customer Profile Performance



Customer Profile	Q2 FY08	Q1 FY08	Q2 FY07	FY07
Software Product	32.5%	33.6%	46.0%	36.8%
Business Partners	20.9%	16.9%	32.2%	22.9%
Direct Industrial	46.6%	49.5%	21.9%	40.3%

Operational Parameters

Delivery Location Distribution

Revenue* (%)	Q2 08	Q1 08	Q2 07	FY07
Offshore	45.1%	41.0%	58.4%	46.0%
Onsite	49.1%	54.1%	28.4%	45.9%
Offsite	5.8%	4.9%	13.2%	8.2%

Project Type Distribution

Revenue* (%)	Q2 08	Q1 08	Q2 07	FY07
Time & Material	81.1%	82.4%	83.0%	87.7%
Fixed Price	18.9%	17.6%	17.0%	12.3%

Utilization

%	Q2 08	Q1 08	Q2 07	FY07
Including Trainees	83.9%	87.0%	87.0%	86.9%
Excluding Trainees	90.1%	87.6%	91.9%	90.2%

* Revenue is operating revenue less product revenues and hardware reimbursements

Customer Analysis

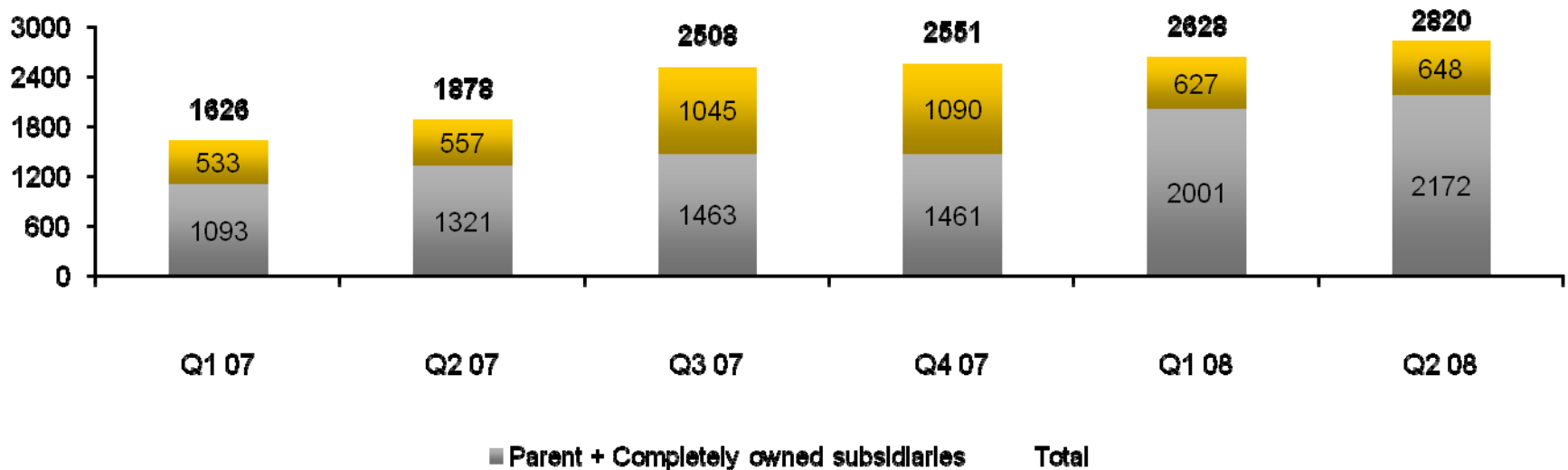
Revenue* (%)	Q2 08	Q1 08	FY07
Top 1	26.8%	24.9%	28%
Top 5	59.7%	58.1%	54%
Top 10	71.4%	71.7%	68%

New Clients	Q2 08	Q1 08	Q4 07	FY07
Number of New clients added	8	13	12	47

Order Book	Q2 08	Q1 08
New deals won (USD million)	8.75	6

Employee Base

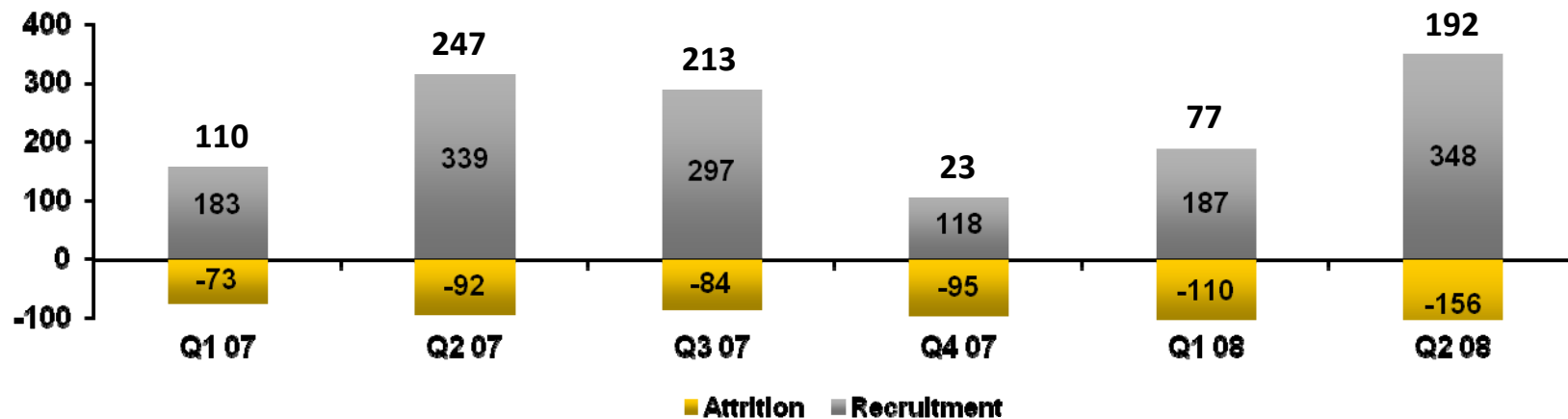
- Total number of permanent employees in Geometric, including subsidiaries, as on 30th September were 2820
- Staff strength of Modern was 512 employees and that of 3DPLM was 648 employees
- 9 % of permanent employee base was support staff



All numbers as of end of period

Recruitment And Attrition Analysis

- Total recruitment for the quarter was 348
- Annualized attrition for the quarter was 17.6% (including Modern Engineering)



All numbers as of end of period

End of Presentation
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