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"Wipro Limited Earnings Conference Call"

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Moderator Ladies and gentlemen, good day and welcome to the Wipro Limited Earnings Conference Call. As a reminder, all participants' lines will be in the listen-only mode, and there will be an opportunity for you to ask questions at the end of today's presentation. If you should need assistance during this conference call, please signal an operator by pressing "*" and then"0" on your touchtone telephone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Manoj Jaiswal. Thank you and over to you, sir.

Manoj Jaiswal Thank you, Marina. Good afternoon, everyone. Thank you for joining this call. My name is Manoj Jaiswal and I head Investor Relations for Wipro, along with Aravind in Bangalore and Sridhar in US, we manage the investor interface. A very warm welcome to all of you to our Annual and Q4 Results of Fiscal 2012. We will begin with a short address by our Chairman, Mr. Azim Premji, followed by IT business highlights by Mr. T.K. Kurien – CEO of IT Business and Mr. Suresh Senapaty – CFO of Wipro Limited who will present financial highlights, the operator will then open the bridge for Q&A with the management team. We have the entire senior management here to take Q&A from the analysts and investors.

Before Mr. Premji starts with his address let me draw your attention to the fact that during this call we might make certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations and are associated with uncertainties and risks, which would cause the actual results to differ materially from those expected. These uncertainties and risk factors have been explained in our detailed filings with SEC of U.S.A.

Wipro does not undertake any obligations to update forward-looking statements to reflect events or circumstances after the date of filing thereof. This conference call will be archived, and the transcript will be available at our website www.wipro.com

Ladies and gentlemen, let me now hand over the call to Mr. Premji -- Chairman, Wipro.

Azim Premji Good afternoon to all of you. Let me just cover some of the financial highlights of the last quarter and of the last year. Wipro recorded revenues in Q4 Financial Year '12 of Rs. 99 billion, a YoY growth of 19%. Financial Year '12 Wipro recorded revenue of Rs. 375 billion, a YoY growth of 21%. Net income for the quarter at Rs. 14.8 billion, a YoY growth of 8% and net income for the year at Rs. 55.7 billion, a YoY growth of 5%. IT Services business delivered a sequential growth in line with our guidance.

A little bit about macro environment. Overall, macro environment continues to be volatile. While we have seen signs of positivity in the environment over the last three months customers continue to be cautious. In my discussion with business leaders, we are seeing customers focus on globalization and productivity.

Since clients want to identify newer growth opportunities, what they seek from us as a service provider is collaborative innovation and solutions which can change the way they do business, bring in more innovation and improve revenue and customer insight. This approach is changing the nature of demand we have seen and it is reflected in our stronger pipeline. However, these programs have a long cycle time for closures.

In Consumer Care and Lighting business, we saw another quarter of 20% growth. Santoor revenue has crossed the Rs. 10 billion milestone coinciding with the completion of 25 years of existence. Unza business continues to do well with Enchanter brand crossing the milestone of $100 million of revenues.

Wipro Infrastructure Engineering: We continue to see a strong growth in the Wipro Infrastructure Engineering business, with India doing well and Europe stabilizing. Successful entry into two growth markets - Brazil integration on track, strong signs of synergy from the global OEMs and sourcing from LCC. We have set up a manufacturing base in China. We have successfully completed a Joint Venture with Kawasaki. Production is expected to start by second half of Financial Year '13.

Let me cover some points on sustainability. We recently released our fourth sustainability report, titled "The Imperative of Hope". The report provides strategic insights into our vision, goals and progress on our sustainability initiatives. Based on an independent assurance by DNV the report has been awarded A+ rating in the fourth year in succession, a clear reflection of the quality and strength of our sustainability disclosures. We were recognized by the Ethisphere Institute, a leading business ethics think-tank, as one of 2012 World's Most Ethical (WME) Companies. I will now request Senapaty to give an overview on the overall financial results.

Suresh C. Senapaty Good day, ladies and gentlemen. Before I delve into our financials, please note that for the convenience of readers, our IFRS financial statement has been translated into dollars at the noon buying rates in New York City on 30th March 2012 of cable transfers in Indian rupees as certified by the Federal Reserve Board of New York, which was $1 equal to INR50.89. Accordingly, revenue of our IT Services segment, that was $1,536 million or in rupee terms INR76 billion, appears in our earnings release as $1,491 million based on the convenient translation.

Let me start by saying that the Board of Directors have recommended a final dividend of Rs. 4 per share taking the overall dividend for the year to Rs. 6 per share.

Moving on to the quarter performance, our IT Services revenue for the quarter ending 31st March was $1,536 million on a reported basis, a sequential growth of 2% and a YoY growth of 10%. For the full year we delivered a revenue of $5,921 million, a YoY growth of 13.4%. For the quarter growth was led by Energy and Utilities with a sequential growth of 6.8% and Retail of 5.9%. We saw weakness in the Telecom vertical, particularly on the OEM side. BFSI was impacted by weakness in investment banking in the current quarter. From a service line perspective we saw a strong growth in Infrastructure Services at 6.4% sequential growth and Business Analytics at 5.4% sequential growth.

We moved the needle further on our focus area of client engagement. In the current quarter, on a trailing 12-month, we have seven accounts which are more than $100 million in revenue, up from three a year before. We are happy with our progress and we will continue to make investments in this area.

We saw an improvement in revenue productivity in the quarter. Offshore realization improved by 1.4 percentage points and onsite realization improved by 0.4 percentage points sequentially. We continue to characterize the pricing environment as largely stable. Sequential volume growth in the current quarter was 0.8%.

Operating margin drop was limited to only 10 basis points despite an appreciation of the Rupee in the quarter. As of March 31st 2012, our DSO showed marked improvement and was at 70 days down from 71 days in the previous quarter.

Our IT Products business showed an operating profit growth of 32% YoY in the current quarter. Consumer Care and Lighting business continued to see a good momentum with revenue growth of 25% YoY and EBIT growth of 30% YoY.

On the foreign exchange front our realized rate for the quarter was INR49.43 versus a rate of INR50.53 realized for the last quarter. On a QoQ basis, Forex gave us a positive impact of 10 basis points to operating profit. Our OCI reduced from Rs. 5.5 billion to Rs. 1.6 billion as of period end and we had about $2 billion of Forex contracts hedges outstanding. The effective tax rate for the quarter was 21.2%.

We generated a free cash flow of Rs. 16 billion in Q4 as against Rs.8 billion a quarter before, which was 109% of the net income. Operating cash flow was Rs. 18 billion in Q4 as against Rs. 11 billion in Q3. Operating cash flow was 121% of PAT. Our net cash balance on the balance sheet was Rs. 59 billion, an increase of Rs. 16 billion.

Can I request Kurien to give a brief talk please?

T. K. Kurien Good afternoon, ladies and gentlemen. We appreciate you for taking the time for attending this conference. Very quickly, I will give you a sense of what is happening from our perspective, what we see in the marketplace and what we are really doing both in terms of account mining and in terms of service offering.

In the last few quarters, we have really invested significantly in two areas; one, in terms of differentiation in front of the company and at the back end in terms of making sure that our execution remains seamless. This has really been built around two pillars that we think are critical for any service organization, which is customer satisfaction and employee satisfaction. Having said that Q4 for us was a quarter of execution. When we entered Q4, there were macroeconomic volatility and other challenges that we saw, but we have been able to deliver the guidance range that we had committed.

Our pipeline is robust but given the nature of the deal and proactive engagement that we are going after, closure in the last quarter has taken time. Our pipeline and the nature of pipeline has changed. Today, a healthy part of our pipeline is proactive. As we look ahead, we see signs of closure will pick up in Q1 this year and growth will come back in the next few quarters.

The focus on account mining and alignment of accountability at the account level is beginning to show results. Our top ten accounts contributed immensely to our revenue growth. We now have seven of these relationships crossing $100 million in revenue compared to just three a year ago. In fact, the top ten accounts grew faster than the company average growth but the average size of the top ten accounts having gone up from $111 million to $123 million.

Our customer satisfaction across accounts continues to improve. We have added 20% improvement in the top two boxes. In fact, the improvement trend is across all outcome measures- loyalty, advocacy and overall satisfaction.

Our quarterly annualized employee attrition fell YoY in Q4 by 6.5% between last Q4 and this year to 14.4%. A clear reflection of the fact that our engagement cycles are working.

On the solutions side in the past few quarters we have focused on four themes we see broadly shaping our future. One is what we call variabilization of technology for business utility, the second is consumerization of technology for value, business performance improvements through analytics and finally, innovation to win a world of constraints. We see that these four trends will drive the next technology disruption which really will be in the intersection of Cloud, Analytics and Mobility.

And here is an update on the three core areas for us. Analytics – In the Analytics business we continue to pace market leadership around specific technology which is absolutely new, specifically related to areas like Process and Big Data. We have shown an impressive growth last quarter registering a 5.6% QoQ growth. We have added 35 new accounts this year. As we talk to our customers, they are investing a significant part of their IT budget in Analytics and we expect to see an increase further.

On Cloud, we continued to make rapid progress especially in the last quarter. We had 40 new wins across various industry segments and types of engagements in the last quarter alone. We see the complexity of Cloud deals increasing rapidly. We are seeing the Cloud after many years is now seen as a part of enterprise IT and a part of our strategy by our customers to increase variabilization.

On Mobility, we continue to see traction in the Mobility space, and we have added over 50 customers over the year. More importantly, an initiative we launched called Wipro AppLife has over 50 applications developed by employees which are now monetized. We also have over 1,000 employees who have signed up and are now creating applications for Wipro.

I want to conclude by saying that the last five quarters have been very exciting. We have seen a lot of changes. We have seen some wins. We believe we are in the right track and the core of what we do is execution. Bottom-line, we expect to continue to keep winning in the marketplace. Thank you.

Moderator Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from Mitali Ghosh from Bank of America. Please go ahead.

Mitali Ghosh Firstly, if you could help us understand the challenges that you are facing in the India market and why you expect it to resolve in the second quarter?

T.K. Kurien I will take a stab at it Mitali, and then I will pass it on to Anand Sankaran to continue. So here is what we have seen in the last quarter, we were coming out of a fairly robust growth in the previous quarter, Q4 our growth in the India market was over 7%. There are two segments that we see clearly challenged as far as India is concerned which is Telecom and Government and because of that we see some level of negative growth coming in Q1. Now, based upon whatever wins we have had over the past year, we expect to see growth coming back, not necessarily in the industry that we spoke about, but in other industries in Q2.

Anand Sankaran I think, Mitali, TK has spoken about the reasons why we are seeing a slowdown in Q1 as compared to Q4, broadly, we are noticing slowdown in the verticals that TK spoke about. Telecom, all of us know that has been slow for the last 12 months and I believe it will continue to be slow for the next 12 months as far as the Indian market is concerned. Government, though we are seeing opportunities coming up, it is taking time for us to convert those opportunities into real deals. So, it is taking time for those opportunities to convert to orders. So, while we will see a slowdown in Q1, I believe that we will have a strong recovery in Q2 and Q3 going ahead. We have got a reasonably robust pipeline in the other verticals and we would see that coming up in Q1 resulting in revenues in Q2 and ahead.

Mitali Ghosh And what would some of these verticals be?

Anand Sankaran BFSI vertical is showing promise in India. So that is clearly one vertical which is showing promise both in terms of, banks looking at a lot of surround solutions and around core banking. There is also Manufacturing that is seeing momentum in the country. So, some of these verticals should give us upsides in Q2.

Mitali Ghosh On Infrastructure Management Services which actually saw a good growth this quarter. If you can just help us understand what the main drivers were for this and what the pipeline looks like?

Anand Sankaran Mitali, the growth on the Infrastructure Services side I would say it has happened globally. So we have seen reasonably a strong momentum in our global business and the good news is that the global business as we look ahead we are seeing a fairly robust funnel for Infrastructure Services. So, I think it has been a good run in the last quarter for Infrastructure Services globally, and so is the case in India. We have seen also robust momentum in Infrastructure Services in the Indian market and therefore we also believe that looking ahead the Indian market and the Middle East market will also show a lot of promise and a lot of momentum as we go ahead in the next few quarters. So, it has been a combination of a few large deals and run rate business in Infrastructure Services both in India and globally.

Mitali Ghosh Final question from me on the net headcount addition which was slightly down this quarter, the total headcount was slightly down and I understand it is because of the decline in the BPO business headcount. If you could give us some color in terms of the gross hiring done and how that pans out versus IT and BPO?

Saurabh Govil On the backdrop of two quarters of 5,000 plus net adds and a gross hiring of more than 6,000 people in this quarter, it was only in BPO where we were doing a large transformation program and there was some transition which is happening, which had people both onsite and offshore and that got concluded. It is a one quarter issue. I do not see this. Pipeline is robust and we will see continued hiring in the coming quarters.

Mitali Ghosh What was the gross hiring, did you say 6,000 this quarter and what was the previous two quarters?

Saurabh Govil 7,400 in this quarter and net hiring to the last previous two quarters of 5,000 each, for Q3 and Q2.

Moderator Thank you. The next question is from Sandeep Shah from RBS Equities. Please go ahead.

Sandeep Shah If we look at the first quarter guidance and we believe that India is a major cause in terms of giving a weak guidance versus earlier guidance. It seems the extent of the impact on India on the guidance looks higher because it is 9.6%, India and Middle East to the total revenues of IT Service. Does that mean that India will decline by high teens QoQ in the first quarter?

TK Kurien Sandeep, we do not break out guidance by geography, number one. But I just can give you a little bit of color on that. I mentioned this during my opening remarks. The combination that we are seeing in Q1 of a weak guidance is really two things. One is that slower closures in Q4 in our global business as well as a lower growth that we expect to see sequentially in our India business. In India IT business, it is a combination of both.

Sandeep Shah And TK, you also commented that for FY13 we are still looking to achieve the industry growth and if you look at 11 to 14% is the NASSCOM guidance for the export revenues. That means from the second quarter onwards, our growth should be really high single-digit to actually achieve near to the NASSCOM growth rate.

T. K. Kurien We do not give an annual guidance, you know that right. And fundamentally, what we do is that when we look at our pipeline, as where we are sitting today and we look at how the pipeline is going to liquidate over the next couple of quarters, we did believe that ultimately as far as we are concerned our endeavor is to make sure that we remain within the NASSCOM guideline or above if possible, that is really our endeavor. But it is not a guidance. I just want to kind of clarify that.

Sandeep Shah Can you give some color in terms of the deal wins in this quarter versus last quarter?

T. K. Kurien Typically, what we have done is that we have seen certain areas which I think are clearly standing out in terms of large deals. So, if I have to very quickly break it out, broadly two, three areas where we have seen wins coming in, which are typically bread and butter wins. Really from a service line perspective first and then I will come down to industry. So the first big thing we are seeing is that application management and application support, there are some large deals out there and we have had a fair share of wins in that area. The second big area that we are seeing opportunity in is around technology infrastructure, which GIS now integrated between India business and our global business. We see the big opportunities coming there. The third is we have seen a pickup in BPO not as fast as you would have probably liked it to be but we see a BPO growth coming back in the next couple of quarters. Overall if I look at the business, our BFSI continues to kind of win deals both in our existing customer base as well as new customers. Our Healthcare continues to win deals. As far as Manufacturing is concerned, they really kind of had a tough time for about couple of quarters and now they are back on the recovery path. Telecom equipment vendors continue to be a challenge for us and that is an area especially the engineering side. We see an opportunity coming up on the Enterprise and the BPO side of the same vendors. On Telecom service providers, we see opportunities not amongst the big guys but amongst the smaller guys in Europe and in parts of Asia. That is broadly what we are seeing in terms of demand coverage. Oil & Gas, again, I hate to miss that business. Oil & Gas business continues to be robust as we see from the results and that we think as an area for a true differentiator for us.

Sandeep Shah In the earlier quarters, you used to give a number of deal wins and TCV of new deals wins on QoQ basis. So, is it possible to give the same for the fourth quarter?

Jatin Dalal We can share that number with you but from a trend standpoint we have had healthy deal closures, except for the fact that some of the deals that we would have liked to close have not closed in Q4 and have got pushed out to Q1. But overall, it is not a significant deceleration vis-à-vis the earlier quarter**.**

T. K. Kurien Just to add on, I think there is a marginal improvement in terms of deal closures in Q1 in terms of the TCV.

Sandeep Shah So Q4 versus Q3 is what you are saying?

T. K. Kurien That is right, Q4 versus Q3.

Sandeep Shah What I am saying is, given the currency and the hedges as well as the wage hikes which may kick in effective June, can you give some color in terms of margin movements going forward?

Jatin Dalal Sandeep, our view on margin is no different than what it has been in recent times, we want to remain invested vis-à-vis the front-end investment that we want to make in the domain and solutioning and we will also have an impact of the wage hike in the current quarter. In the short-term will remain in a range and towards the end of the year we will look at upward bias in margins.

Moderator Thank you. The next question is from Vihang Naik from MF Global. Please go ahead.

Vihang Naik Can you just provide us with some clarity about the way BFSI panned out in 4th Quarter. Have you seen any kind of slow downs or difficulty in startups and things like that?

Soumitro Ghosh Last three quarters we had a fairly robust growth. Last quarter what you see is really an impact of a couple of things. One is on the investment banking part as T.K. has also mentioned in the earlier quarters that has been relatively challenged compared to retail banking and insurance. So some of our IB customers we are seeing a slowdown in the discretionary spend, that is one. Second is in insurance, there have been a couple of projects which have come to a closure which needs to be refreshed with new projects and that is really fundamentally causing the lack of growth in this particular quarter. But going forward we feel pretty positive about it because even though on the IB side there are challenges, we are also seeing new opportunities which are really coming across and the opportunities are really in terms of cost takeout, cost variablization as well as on the regulatory space.

Vihang Naik Speaking about regulatory and compliance, have you seen any kind of changes in regulation that has perhaps adversely affected you in the last quarter?

Soumitro Ghosh Well, not really. Actually it can open up a whole lot of opportunities though I must admit that we had expected that the pace of the demand will be pretty quick but it is really not so much because of delay in some of the stuff getting implemented. For example, Dodd Frank, it is not growing at the same pace as what one had thought about say two quarters back but otherwise if I look at the overall regulations especially in Europe whether you pick up Basel III or you pick up Solvency II or you pick up RDR as well as in Australia as FOFA, I see a fair bit of spend which is happening out there. In US on the Dodd Frank, my guess is in two to three quarters' time even that will pick up. One of the leading investment banks incidentally has chosen us, this is in Europe, as their Basel III implementation partners, which is a pretty prestigious project to be awarded.

Vihang Naik Lastly, on your top client actually this time that has de-grown quite sharply, what is the nature of this de-growth really. Would we probably continue at this level of run rate with this client?

T. K. Kurien Customers go up, customers go down, as far as we are concerned we will remain invested with our customers because we cannot afford to go up and down based on how their business grows at least from an investment perspective. If you look at the customer, between last quarter and this quarter, this year's last quarter we have grown 24% in terms of top-line. So while we have de-grown last quarter overall the growth for the last year has been very robust. To that extent we are not worried about the fact that we are going to continue to have significant ramp downs with that particular customer.

Jatin Dalal Vihang, Jatin here. You have to look at this Top 10 in the bucket and if you see despite this sequential de-growth in the top customer we have grown at company level 2.6% in Top 10. So we are seeing a significant benefit of the investment that we are making with our top customers as a bucket.

Moderator Thank you. The next question is from Nitin Mohata from Macquarie. Please go ahead.

Nitin Mohata Thanks for taking my question. Kurien earlier you mentioned about deal closures, just wanted to understand what has changed between 4th Quarter and 1st Quarter that is giving your clients confidence to close this and start spending, is it more confidence in macro something that is changing in the business of the client itself?

T. K. Kurien I wish I could say that the macro environment has changed between 31st of March and the first three weeks of April, nothing much has happened. I think what has happened is that we have seen some of the deals that we expected to close actually closing primarily because some of them had got delayed and pushed out in Quarter 2 calendar and Quarter 1 of our year, it is just a natural process of delay. So I think that is what we are seeing. So in the first three weeks we clearly see closure. Quite a few closures, of course, like every closure cycle we will not win everything that we compete for, we will lose some, we will win some. But right now we feel pretty positive about the fact that closures will happen and as of now we think that the other two months of the quarter will really determine where it is going to end but today we feel pretty confident that we will win our fair share.

Nitin Mohata If I understand this correctly, most of it is just a timing issue of deals getting pushed out, is that a fair understanding?

T. K. Kurien Most of it is timing. Some of it is also driven by changes in business model and all kinds of small stuff. But it is not something that I am unduly kind of worried about.

Nitin Mohata If I can squeeze the second one on vertical-wise performance. Now obviously we have seen very good growth from retail and transportation if I look at the last seven to eight quarters trend. Just your thought for what exactly is driving that growth in that vertical?

T. K. Kurien Very simple. If you look at our past performance it has not been very great. We have performed last quarter, we are just catching up. It is as simple as that. I wish I could say there were some strategies behind that or something unique that we have done to make it grow and that is not necessarily true. But we have just kind of managed to catch up and grow in that segment. Overall, I think if you look at it, energy and utilities continues to be a big area of focus for us and we continue to grow there. Retail US, decision-making is a little slow and that is what we are seeing today especially among the big box retailers. As far as online players are concerned we do not see too much of an issue. But besides that Srini you want to add any more color to it? Srini runs our RCTG business.

Srini Pallia I think from a macro trend perspective retail Europe has been slower than US. Having said that, specifically in the US what we are seeing is customers now investing in two specific areas, one is I would say multi-channels where they want to kind of give a consistent experience to their customers across brick and mortar and online channels and the second one I think T.K. talked about is about business performance which is actually been helped through analytics, we are trying to do a lot of consumer analytics, merchandising and trying to look at what is the store layout one needs to look at for each of the products and so and on and so forth. I think these are two areas that we have seen in the last couple of quarters where the customers have invested and we seem to be there at the right places at the right time.

Moderator Thank you. The next question is from Viju George from JP Morgan. Please go ahead.

Viju George Thanks for taking my question. T.K., when you refer to pushing out to deal closures, is there any concentration of the deal closures by way of verticals or kind of work or is this generally seen across, spread out?

T. K. Kurien I think what we have seen is that it has been generally seen across primarily driven Viju to some extent by ourselves because what we did was that we went after a lot of proactive deals and to some extent those got delayed. Apart from that if I look at vertical segments, I would say banking was one where quite a few deals have not come through in Quarter 4 which we are now seeing as may happen in Quarter 1. And the other area where we are really seeing an opportunity is where there were some pushouts with manufacturing again, we are seeing closures there.

Viju George The other thing I wanted to ask you is that when you talked about deal pipelines looking up better, the fact that your order pipeline today is much better than one year back. Is that because your sales pattern is much better today or is it because your conversion of the sales pattern to order, that is your win rates have improved? Where have we seen really the improvement, if you will, over the past year, 12 to 18 months or so?

T. K. Kurien I think we have seen it in both Viju. We have seen the pipelines going up very significantly primarily because we are calling a whole host of existing customers and new customers. I don't know if you are aware of that. We have really broken up our sales team now into two. We have got a farming team which goes after all the core accounts that we believe are important for us for the future as well as we have a separate hunting team that chases new accounts. So we are seeing traction obviously in more near-term traction legacy accounts and more medium-term traction in terms of hunting accounts. The key what we are seeing though is the overall pipeline has kind of gone up. I think the other important thing that we are seeing is that the win ratios have changed and also what we have seen is that the kind of deals that we are chasing, the quality of deals have also changed. A year ago if our pipeline was primarily around project-based business that is moved significantly now towards more managed services. So I wish I could tell you, normally what happens is all of us tend to get a little overwrought by all the new technology like cloud, mobility and analytics but the reality is that our pipeline today consists of bread and butter stuff and we believe the bread-and-butter will still continue to be a large part of our business.

Viju George Finally, when I look at your client metrics, no doubt $100 million clients account has moved from 3 to 7, etc., but it seems to me that the count of the other revenue bucket is fairly static from a one-year basis. What I am trying to say is let us say 50 to 75, 75 to 100, really hasn't really moved up. I do not know whether you guys have seen that traction. I have observed that metric. Above $50 million, yes you are getting an increase that is largely because of the push into the $100 million plus category. So it seems to me that you have put in a lot of energies to get your clients to the $100 million plus category but we have not seen much action in terms of increase in number of clients or accounts between 50 and 75, 75 and 100, that is pretty stagnant YoY terms.

T. K. Kurien Let me just get Jatin to answer that question and then I will chip in immediately after that.

Jatin Dalal Viju, if you see from an overall full year to full year basis although one can look at also equally on Q3 to Q4 but after all the brackets you would see a movement. So while one particular bracket or particular quarter may seem not moved at all from 18 to 19, or similar number, but if you see greater than 10 million customers which we had 170 for 2010-2011 is 121 now and if you see all the bracket upwards which is more than 20, more than 50, more than 75 and more than 100, all have shown a good progress and none of the categories have remained stagnant. So while in one bracket you might have moved by 5 numbers and other bracket you might have moved by 3 and, therefore, between categories you might have some stagnancy but if you see the overall pyramid you will see that more than $10 million or even more than $5 million, there is a steady increase all around.

T. K. Kurien I can add to that. We also recognize that a change in that segment is not fast enough compared to market. So what we have done this year is that earlier you remember we had talked about mega gama accounts being there as part of our structure and we had really focused on a certain number of accounts that we believe they are core, what we have done this time effective March is that we have also expanded the number of customers under which we are going to put a dedicated account team and they can dedicate solution and this time that number has gone up by roughly about 2x. So we recognize the fact that we are not growing as much in that segment compared to the rest but clearly it is our objective to make sure that we catch up in that area.

Moderator Thank you. The next question is from Sandeep Agarwal from Edelweiss. Please go ahead.

Sandeep Agarwal One question to T.K. and then one question to Suresh Senapaty. First of all T.K., if you can throw some more light on the BFSI vertical how you are seeing the traction, I know you have answered a part of it but I still want to know little bit more. Is there a risk this year of the global spend in BFSI going down? What is your take on the global spend? Second question if I can ask, where do you see the telecom equipment impact in the overall vertical this year? I know there is some softness in telecom equipment makers but do you think that it can be offset by the services providers?

T. K. Kurien I will do one thing Sandeep, I will hand over that question to Soumitro Ghosh who runs our BFSI business and he can talk about that particular segment. But to give you a little bit of color that Soumitro talked about, I talked about in the beginning. If you look at retail banking today, we see no decline as far as retail banking is concerned. We do not see any cause of concern there. I may be kind of a little more emphatic than I probably should be but sitting there, we do not see it. As far as investment banking is concerned clearly challenged. Our challenge both in terms of price as well as in terms of the kind of business that we get and the volume of business. As far as insurance is concerned our presence in insurance is just starting to grow, to that extent we are under penetrated in that space and we have seen enough head space ahead of us to make sure that we can better grow in that segment. As far as securities is concerned that has been an area of growth last year for us, continues to be an area of growth this year even though the number of clients are concentrated. But Soumitro can give you a little more color on that one.

Soumitro Ghosh Thanks T.K. So broadly if you look at the market per se, we look at it in two broad buckets, one is insurance and second is the banking and capital market space. And within banking and capital markets you can further sub-divide into retail banking and financial services and the other being securities and capital markets. So broadly retail banking is actually showing very strong trends and we are seeing customers besides doing cost take-out initiatives, they are spending a lot in terms of growth. So a lot of initiatives in terms of the platform replacement, to launch new products, new services in new geographies, new channels, etc., and a lot of stuff even on the regulatory side on the retail banking side. In insurance again a fair bit of spend is being done on the growth side. IB, as T.K. explained because of the current market conditions and the trading volumes being fairly low, it is directly sensitive to their revenue growth and their profit. So as far as the CIO budget is concerned, we are seeing on the retail bank side, the CIO budgets to be in the positive area. On the insurance side, again depending on which insurance company you are talking about but by and large it is flat to positive. On the IB side, depending whether the IB customer is more from Europe versus US, it varies a little bit but broadly it will be flat or negative. So the opportunities which are really coming about both in banking and insurance is from growth as well as cost take out, while on the IB side the opportunity is really in terms of taking cost take out, cost variabilization, asset monetization and regulatory. There is not much being spent in terms of growth out there. So what we have done is really come out with a strategy to address in each of these segments, with very specific offerings to address the opportunities either on a top-line growth or in terms of cost take out for the customers. Regulatory and analytics are two other pieces where irrespective which segment it is, people are spending in money because that is either going to help in taking cost take out or improved performance or help in better cross sell to increase top-line. So broadly speaking these are four buckets where we have come out with very pointed service offerings.

T. K. Kurien On the telecom equipment, I will ask Ayan Mukerji who runs our telecom business, he will give you a little bit of color.

Ayan Mukerji Sandeep, a simple answer to your question based on our deal flow and our pipeline that we see, I think we should be able to offset the uncertain nature of our equipment vendor business.

Sandeep Agarwal One question to Kurien on the tax, if you can throw some light on the tax rate going forward. I know you do not give guidance but some kind of sense on that and also one question on the total number of fresher offers made for next year?

T. K. Kurien The first part of the question, I will give it to Senapaty because he is the guy who manages taxation for Wipro. So he can talk about it and on the fresher hiring I can get Saurabh Govil to give you some color but we do not separately break our fresher hiring.

Suresh C. Senapathy So far as tax rate is concerned if we go forward there would be some amount of softening of the tax rates, so our expectation would be about 1 to 2% range, variation as you go forward.

Bhanumurthy Our fresher hiring the strategy continues to be the same that we want to induct a lot of talent within the organization and groom the talent up. And we have visited the campuses that we consider as important for us and we have made offers for those people already and for the coming year already the process is in place for us in terms of preparing for the campus selections for us.

Moderator Thank you. The next question is from Pankaj Kapoor from Standard Chartered. Please go ahead.

Pankaj Kapoor Sir, just want to get some sense in terms of what is happening in our BPO business where I think for the past few quarters we have seen a sequential de-growth and given what you mentioned earlier about the ramp ups and ramp downs, is it some kind of a restructuring which has been going on over there and how do we see this panning out over the next 2 to 3 quarters?

T. K. Kurien I will ask Manish Dugar who runs our BPO business to answer.

Manish Dugar Hi Pankaj, Manish here. We spoke about this last quarter as well and we have had some softness in our pipeline and order book say about three quarters back. We had seen both pipeline improving significantly because of one, a greater record with the clients, better customer satisfaction of course and higher recall with the analyst and the advisor community and we have also seen a significant increase in win ratios also which has led to decent order books in the last three quarters. Our belief is with that kind of an order book behind us, it gives us a lot more confidence of what revenues we are expecting in the coming quarters and to some extent the revenues in the last 2-3 quarters have been impacted by movement of business in transition from on-site to off-shore and as you would have seen that has also resulted in decrease in our head count because we have just about completed those transitions and having been already concluded with the order books that we have, I think we will be expecting a much better revenue growth in the coming quarters at least from now onwards.

Pankaj Kapoor Sir, this head count reduction that we explained was largely in BPO but if I look at our global IT services available person months also, the delivery person months seems to have hardly moved quarter on quarter. So is there some kind of a head count reduction on a period end period basis in IT services as well?

Jatin Dalal Pankaj, Jatin here. There is no reduction on period end basis. It might just be the pace at which the recruitment happened during the quarter and the attrition that happened during the quarter. We have maintained our utilization at a level that we are comfortable with and we are confident of the hiring that we will do for the next year as we enter the next year.

Suresh Senapaty And the volume growth is at 0.8%.

Moderator Thank you. Ladies and gentlemen due to time constraints we will take one last question from Amar Maurya from India Nivesh Securities. Please go ahead.

Amar Maurya Thanks for the opportunity. Only thing is that Japan has shown a significant decline this quarter. Just wanted to have your comment on that?

T. K. Kurien If you look at the total size of the Japan market for us, it's pretty much insignificant. So while we have had a de-growth there, I personally would not lose too much of sleep on that one.

Jatin Dalal Because Amar what happens is that if the critical mass is small, one large project execution pushes off the growth and when it gets completed it does not get replenished fully, so there is a little bit of lumpiness there.

Moderator Thank you. Ladies and gentlemen that was the last question. I would now like to hand over the floor back to the management for closing comments.

Manoj Jaiswal Thank you Marina. We thank all of you for participating in this call. Should you have any other questions that we could not answer due to time constraints, please feel free to get in touch with Aravind or me, we shall be happy to answer them for you. The transcript of this call will be archived in our website as soon as possible. Thanks a lot and have a wonderful day ahead.

Moderator Thank you gentlemen of the management. Ladies and gentlemen on behalf of Wipro that concludes this conference call.