Moderator: Ladies and Gentlemen, thank you for standing by. Welcome to the Wipro earnings quarter ending December 2002 conference call. At this time, all participants lines are in a listen-only mode, later we will conduct a question and answer session, instructions will be given to you at that time. If you should require any further assistance please press 0 and then the star sign and we will assist you off line. As a reminder this conference call is being recorded. I will now turn the conference over to Mr. Sridhar Ramasubbu of Wipro, please go ahead.

Sridhar Ramasubbu: Good morning, ladies and gentleman and good evening to the participants across the globe. I am Sridhar Ramasubbu and along with Shankar and Lakshminarayan in Bangalore we handle the investor interface for Wipro. We extend a warm welcome to all the participants from US, UK and elsewhere to Wipro's third quarter results and earnings call for the period ended December 31st 2002. We understand that for the folks in west coast its pretty early in the morning 5:30 a.m. we appreciate your logging into the call at this time.

We have with us today, Mr. Azim Premji, Chairman, Mr. Suresh Senapathy, CFO, who will comment on the US GAAP results for the quarter ended December 31st 2002. They are joined by Mr. Vivek Paul, Vice Chairman, Mr. D.A. Prasanna, Vice Chairman, Mr. Suresh Vaswani, President of Wipro Infotech, Mr. Raman Roy, and other senior members of the management team who will be happy to answer the questions you have.

Before we go ahead with the call, let me draw your attention that during the call we might make certain forward-looking statements within the meaning of the Private Securities Litigation Reforms Act, 1995. These statements are based on management’s current expectations and are associated with uncertainty and risks, which could cause the actual results to differ materially from those expected. These uncertainties and risk factors have been explained in detail in our filings with Securities Exchange Commission in the USA. Wipro does not undertake any obligations to update forward-looking statements to reflect events or circumstances after the date of filing thereof.

The Call is scheduled for one hour. The presentation of the quarter results will be followed by a question and answer session. The operator will walk you through the procedure for asking questions. The entire earnings call proceedings are being archived and transcripts would be made available after the call at www.wipro.com. Ladies and gentlemen, over to Mr. Azim Premji, Chairman, Wipro.

Azim Premji: Good morning ladies and gentlemen. I wish you all a very happy new year although a little late. Your Board of Directors in the meeting held this morning approved the accounts for the quarter ended December 2002. I will share a few highlights for the results before I request Suresh Senapathy our Chief Financial Officer to comment on the results.
Our revenues in Wipro Technologies recorded a sequential growth of 10%. Both volume and price realization grew sequentially. While technology business grew 4%, the enterprise business grew sequentially by 14%. Our year-on-year growth in revenues was 23%. Comparing revenue from services that is excluding the product billing for systems integration we did last year during this period year-on-year growth was 34%.

Operating margin for the quarter declined sequentially by 1% to 28%. The decline was due to the impact of increase in onsite revenue, decline in utilization rates due to gross recruitment of over 1500 people, and investment in selling and marketing activities partially offset by price increase. Proactive regime negated the impact of 1% rupee appreciation to less than 15 basis points.

Globally technology sector continues to be under pressure. Our depth in skill set and commitment to technology business positioned us as a stronger partner. During the quarter, revenue from R&D services grew 4% sequentially, driven primarily by revenue from telecom equipment manufacturers. All the top 5 accounts in telecom equipment manufacturers grew sequentially.

Wipro Spectramind is on track to enhance shareholder value. Revenue for the quarter was 11.6 million compared with our expectation of approximately 12.5 million due to price decline and customer specific volume decreases. Enhanced operational efficiency ensured profitability and cash flow targets were met. An equally strong prospect base backs the strong financial results.

Our acquisition strategy focuses on both strategic acquisitions and opportunistic plays. Wipro Spectramind and Global Energy Practice of AMS Inc are strategic acquisitions, while the Ericsson R&D center was an opportunistic acquisition. We have invested in a strong business development team both in India and in the United States and are confident that this investment will realize results.

We are investing in Wipro HealthScience, our health care and life science business, for the future. The results are taking a longer time than expected and anticipated. We added two customers during the quarter taking the total number of customers to 10.

In Wipro Infotech, our India and Asia Pacific IT business, we grew our revenue for the quarter 13% year-on-year ahead of market growth rate. Our profit before interest and taxes was lower due to investments made for market development in Asia Pacific and consulting business. Wins like the five-year contract from AXA, Australia, VST Industries for IT outsourcing, and Shaw Wallace for IT consulting validate our investments. During the quarter, Wipro Infotech was assessed enterprise wide at PCMM level 5 version 2 for its robust people practices, making it one of the first products services and solutions company in the world to be assessed at this highest level.

I will now request Mr. Suresh Senapaty to comment on the results for the quarter before we start taking questions. Thank you.

Suresh Senapaty: Good morning ladies and gentleman in US and good evening to all in India and Asia Pacific. Mr. Premji shared the highlights of the results for the quarter ended December 2002. I’ll touch upon a few aspects of accounting significant for the quarter.
During the quarter, we acquired the entire stake in Wipro Spectramind of Housing Development Finance Corporation. With this acquisition, Wipro Spectramind becomes a wholly owned subsidiary of Wipro Limited effective January 01, 2003. We acquired 40% equity interest in Wipro Health Care IT Limited, erstwhile known as GE Medical Systems IT Limited. Wipro Health Care IT becomes a wholly owned subsidiary of Wipro Limited with effect from January 01, 2003. We also completed the acquisition of the Global Energy Practice of American Management Systems Inc. in December 2002. The financial results from this practice would be consolidated as part of our global IT business from quarter ending March 2003. In the financial statement prepared under the US GAAP based on a valuation report, the excess of consideration paid over the net tangible assets have been segregated between intangible assets and goodwill. The amount quantified as intangible assets is amortized over the period of benefit expected to be realized from these assets. For the quarter ended December 2002, an amount of Rs. 45 million, about a million dollars has been amortized pertaining to Spectramind and Rs. 3 million pertaining to Wipro Health Care IT Limited.

Interest income for the quarter contained Rs. 54 million, little more than a $1 million, of interest income on receipt of assessment orders and refunds from income tax department for earlier years. Excluding this, the interest income from investment is Rs. 170 million, it is about $3.5 million, compared to Rs. 171 million in the previous quarter.

We will be glad to take questions from here.

Moderator: Ladies and gentleman, if you would like to ask a question please press *1 on your touchtone phone. You will hear a tone indicating you have been placed in queue, and you may remove yourself from the queue by pressing the pound key. If you have pressed 1 prior to this announcement, please press 1 again at this time. First question is from the line of Manoj Singla from JP Morgan, please go ahead.

Sandeep Dhingra: Hi good morning, this is Sandeep Dhingra here and Manoj as well. Congratulations to the management team. I think it has been a pretty good quarter. Now, I just have a, you know, fairly general question. By all counts, the way I look at it, this quarter has been pretty good, I mean, the best we have seen from you all in quite a long time, and despite that, we just sense that you still sound not that upbeat about the outlook. Wanted to take your sense.

Vivek Paul: I think that as we look at what has been out there, I think the R&D services business is still not picking up as much steam as we would like it to be, and on the IT side, we have got the standard sort of ramp down and ramp ups of projects, and there is a slowness that we are seeing on the ramp ups, that is a little disturbing. So, I think, the way we put together the forecast was what we thought was the realistic estimate, would like to see better, but that was where we were. So, there is nothing that we saw that was substantially changed, just you know, the way the rhythm was flowing, it wasn't allowing us to give any better guidance than we have right now.

Moderator: Our next question is from the line of Trideep from UBS Warburg, please go ahead.

Trideep: Hi. I guess my first question has got to do with, like you know, next quarter or a next couple of quarters, we will see revenues from Lehman Brothers, etc. coming in, while, I mean, I
know you don't talk about individual specific account, but will this kind of impact your margins on the IT services front because of a large sized contract might be at a pricing discount or any such stuff.

Vivek Paul: I think that we can safely say that, you know, no particular contract is going to hurt our margins. I think that, if you look at where the pricing pressure has been coming literally through the whole year. It has primarily been coming from existing accounts, not new accounts, although new accounts have certainly not been easy. And, I think that as far as, I mean, we don't want to talk about any particular customers, but, I mean, we feel pretty comfortable with where we are on pricing in Lehman.

Trideep: I see. My second has got to do with the investment in sales and marketing that you have done, 17 people added in a quarter. Should we expect similar amount of investment in each of the coming quarters or the extent might differ but not to the same extent in coming quarters.

Vivek Paul: I think that we probably are not going to be adding 17 people every quarter, this certainly had an unusual impact this quarter where we decided to do a control experiment of hiring 8 new sales engineers, fresh from college versus being experienced like we were hiring before, with the notion that what we would like to do is start a rookie program as a way over a long term building a strong local sales force at a lower cost.

Trideep: I see. Any particular, I know you don't specifically guide on this, but on your SG&A expenses, I am talking about software SG&A expenses percentage of sales, where do you reckon this will stabilize over the next three or four quarters.

Vivek Paul: I think it's a number that we can't really give out, but I think that, what we continue to see is that acquiring business today is taking more sales dollars, you know, building brand is becoming more important. So, I think that we want to be absolutely not comprising our long term future, but you know, can't give any number guidance in terms of what way that ends up on SG&A.

Trideep: Okay. I guess my last question is a little bit general here. In terms of the large contracts that you see, as far as demands were concerned, how do you see that scenario now that the new fresh calendar year is beginning and I guess customers would be either looking forward to the new budgets and how are they positioning Indian vendors, especially the large contracts.

Vivek Paul: I think that on the large contracts, you know, we continue to see a growth out there. People are interested but no specific closures immediately. I think, what is happening is that, more and more the large contracts are coming into the defined purchase process that is being led by a consultant, and as a result, when you have a consultant in that process, it has all these specific milestones, and you know, it is difficult to accelerate.

Trideep: I see. Thanks a lot.

Moderator: Our next question is from the line Girish Pai from SSKI Securities, please go ahead.

Girish: Thank you. One of your peers from Bangalore mentioned that, you know, the customers are hurrying up in terms of ramp up. So, your experience seems to be a little different from theirs.
Sir, one thing you know, are the ramp ups slower of the existing clients, you know, the older clients or from the newer clients. Could you give some color on the slower ramp ups that you are having.

Vivek Paul: I think it is across the board. It is both existing and new customers.

Girish: Okay. Regarding the guidance for Spectramind, when the acquisition was made, you said it would touch about $45 million in terms of sales. Now, in terms of your assumptions then and assumption now, what has changed, I mean, which are the elements of your assumptions have changed and to what extent have they changed.

Raman: Girish this is Raman. See, the basic fundamental change is that there were certain projections that our existing customers had given us, and they had certain assumptions for which way their business would grow, and link to that was, which way the relationship with Wipro Spectramind would grow. Based on the economic downturn that these customers are facing, their growth and business volume has not been as robust. Simultaneously, we handle certain amount of technical support activities for some of our customers that are in the technology arena, they are seeing a fairly robust platform, what they are giving, leading to lesser calls, leading to again a decrease in volume. There are specific customer related decreases, which are very different from the projections that we had earlier agreed with the customer, that is causing this. Simultaneously, there is an intense amount of price pressure that is being caused by some of the players in the market place, particularly the newer players who are trying, in our opinion, to buy the top line. And, as a leader in the industry we have had to respond to a certain amount of pressure, particularly for our existing customers and that also has had an impact on the top line. Added to this has been that some of our newer accounts that we were hoping to close sooner, given certain conditions at the India-Pakistan border and some of the apprehensions that the customers had, took significantly longer to close, and that delay in closer coupled by the transition timeframe and their trainers inability to travel to India to help train our staff, etc., has brought in a decrease. So, these are the three major contributing factors to the impact that we have on the outlook.

Girish: Okay. Thank you. And, one, this is on telecom R&D, just one last question. This growth that we have seen in the last couple of quarters, is it growth, which is resultant of share of, you know, market share gain or is it because the market itself is expanding.

Vivek Paul: I think that what we are seeing is that the telecom equipment companies are now beginning to juice up their spend a little bit, and as a result, I shouldn't say add to the spend, I think that what we are looking at is beginning to say, okay, this is the kind of product line we are going to have, and as a result this is, we will spend money, and with that clarity beginning to outsource more. So, in that way it is not new money being spent, in other words their spend budgets are not rising, but once there is clarity emerging that, yes, we are going to do something in this area, then it is unfreezing their decision making.

Girish: Okay. Thank you very much.

Moderator: Next question is from the line of Moshe Khatri. Go ahead.
Mat Gracey: Thanks. This is actually Mat Garcey on behalf of Moshe. Can you speak about specifically how bill rates progressed in the quarter on a monthly basis, and where are you seeing them in January.

Vivek Paul: I think that we don't really share data on a month by month basis, but for the quarter we had a 2% increase, primarily in the onsite billing rates, and the call on the pricing for the next quarter has been stability but don't expect a lot of upsides there.

Mat Gracey: Okay. So, there wasn't can you speak to that on trend on a month by month basis.

Vivek Paul: No, I don't think there is any, I mean, there is 2% increase, that is not a trend.

Mat Gracey: Okay. And, similarly, how about utilization, can you speak to that on a month by month basis, and how it looks for January so far.

Vivek Paul: No, I think that the utilization is lower due to bringing in of about 500 freshers, campus grads, and they go into a three months training cycle. So, I think that that training cycle will persist through much of this quarter.

Mat Gracey: Okay. And then in general can you speak to the, I know, I just heard a little bit about the competitive landscape and some of the pricing pressures, can you speak through some of the sort of a market landscape and if you are seeing any more new entrants into the market, etc.

Vivek Paul: I think that what we are seeing is that the global IT service companies clearly are jumping into the offshore out of India space, which is not new, and I think that their relative competitive advantage is unchanged in terms of, we haven't seen them being able to win or deliver any projects of any significance from India. Other than that, I don't see any new entrants per se.

Mat Gracey: Okay. Very good. Well, thanks very much and good quarter.

Moderator: Next question is from the line of Manoj Singla from JP Morgan, please go ahead.

Sandeep: I was just referring to the Spectramind pricing pressure. Now, I mean, what are we talking about, if let us say, if we assume a particular service for which we were earning say $13-14, where is the rate being talked about currently.

Raman: You are saying what is causing the pricing pressure.

Sandeep: Manoj why don't you repeat it.

Manoj: No, what we are asking is that, you said that, that you are seeing pricing pressure, so what would be the kind of magnitude, for example, $13 to $14 was the average last quarter, so what is the quantification are we seeing, like it is $12, $10.

Raman: We feel people offer $7.5, and you know, these are what our customers are telling us about some of the other significantly large companies are offering for our work, for some works where our quote was in low teens. That doesn't mean that purely on price the contracts are going
with the people who are offering that price, but what is one offer can vary, can have anywhere between 10% to 50% of the price ranges at which we believe it is reasonable for Wipro Spectramind to do business.

Manoj: Sure. And, for the new customers that you ramp up, for example, there are nine customers already in the pilot stage, what is the kind of pricing compared to the current average.

Raman: The pricing that we have for the new customers is within the range of the average price of $13.5, it is even there. It is +/- 10% range of that.

Manoj: Sure. And, my third question is to Mr. Vivek Paul, and I think we discussed before about the guidance and going forward is muted. This quarter, we had seen roughly a 10% volume growth, and last quarter there was 8% volume growth, purely in terms of volumes, in terms of ramp ups onsite and offshore, do we expect to see the momentum, put enterprise and R&D together to continue in that range, may be over the coming three to four quarters.

Vivek Paul: I think that there is a, you know, I mean, without sort of trapping myself into giving a long term guidance I think that, like, I will repeat it that the secular trends are out there, more customers are interested, more work coming offshore, so I think that on a total volume or man-month basis, we continue to see good growth, and we continue to expect good growth. On a man-month basis, I shared this data in the morning, this quarter, quarter ended December versus quarter ended December last year, we had a 45% increase. So, that is pretty reflection of the statement we made earlier about volume growth.

Manoj: Sure. Thanks a lot. That answers my question.

Moderator: Next question is from the line of Nicholas Allen from Boyer Allen, please go ahead.

Nicholas: Hi. I just wanted you to give us a bit more color on your, how you see recruitment going forward, I mean, clearly you recruited quite a lot of people last quarter, and your guidance, I mean, your guidance sounded stronger on man-months and rates than on revenue, can you talk a bit more about recruitment.

Vivek Paul: I think on the recruitment side, we don't really recruit to any plan or any kind of a forecast. I think, we try to time our recruitment as best we can with business needs, I can't say we always get it right, but that is really the intention. So, we don't really give any recruitment forecast because that is kind of a way we run the business. We don't really have any recruitment plans or recruitment targets.

Nicholas: Can you talk a bit more about why recruitment was reasonably strong ahead of revenue on a quarter by quarter basis.

Vivek Paul: I think that as we are looking at the recruitment over the last couple of quarters, what we have seen is, as I mentioned earlier, both the induction of the campus recruits as well as getting ready for the volume ramp ups as and when they come.

Nicholas: Right okay. Thank you.
Moderator: Our next question is from the line of Girish Pai from SSKI Securities, please go ahead.

Girish: Thank you. Regarding the healthcare and life sciences business, it does not seem to be doing as well, could you give, you know, what is happening in the market there, I believe there is quite amount of business going out in the healthcare insurance area, is that an area that that particular division is looking at, and what is happening regarding sales and marketing in that particular division.

Rajesh: This is Rajesh from Health science. Regarding the certain clients in the US, we are seeing intense competition from the Indian players. The market is difficult to enter in terms of, because the customers are conservative compared to the other industries that Wipro Technologies addresses

Vivek Paul: But we continue to add in terms of the sales head counts and also in terms of customer wins. So, we had two customer wins this quarter.

Girish: Yeah okay. Vivek, regarding branding, brand building of Wipro, like we are having one of your peers doing color of activity on the brand building side, but we are not hearing as much for Wipro, could you throw some more color on your brand building activities.

Vivek Paul: I think that the way that we are looking at building the brand is along the several fronts, one clearly is getting out in front of the media, and the good news is that you are speaking at a time when you have got two major magazines in the US that has a very strong story on Wipro. The Business Week, that is a subscriber issue of Business Week right now in the United States, as well as the Fax company issue that is available right now, those carry good strong articles on Wipro. So, I think that on the PR front, we continue to make progress. I think the second for us is on the website, and we continue to have both a very high penetration of, Wipro white papers are on the online sites, as well as a very good integrated lead management system. We are beginning to get as much as 10% of our new business from that leads. So, I think we continue to do there. And, finally in speaking engagements, we have continued to ramp up speaking engagements. However, admittedly we got started and came a little late, and we are probably not where we want to be, but certainly we are moving forward. We don't see ourselves that we are getting into the situation where we sponsor super ball ads, but I think that there is a lot of work that we can do right now in getting our name out. The good news is, if you look at analysts, I think, we are beginning to see more mentions. If you look at media, we are beginning to see mentions, and more customers saying that, yes, they have heard of us. So, I think, progressed but certainly not satisfied with where we are.

Girish: Okay. Just one last question. Sir, on Ericsson, the deal that you have done, and you were mentioning about 17 million in sales from here on till the end of 2004, I thought the number was a little disappointing considering you are getting on board something like 290 people, and even if you look at an average billing of 50,000 per person, and all of it is done offshore, you should be landing up something like 30 to 35 million in sales. So, what has exactly happened there, is the volume going down or is the pricing under pressure in the Ericsson deal.

Balki: Actually the volume commitment is 100% for the first year and 50% for the subsequent year.
Girish: Okay. Thank you.

Balki: And that is a minimum number.

Girish: Okay. That is a minimum number.

Moderator: Ladies and gentleman, if there are any additional questions, please press *1 at this time. We have a question from the line of Amit Khurana from Birla Sunlife, please go ahead.

Amit: Hi. Vivek if you could throw some light on what would be your two biggest concerns as we get into Q4 FY2003, that would help.

Vivek Paul: I think that pricing continues to be a concern, as I said, we are calling stable pricing but we are really sort of still kind of biting our fingernails in terms of existing account pricing. Customers coming to us out of turn saying, you know we would like to be able to get a price discount, or we would like to get some more price reduction out of you. So, I think that continues to be one that we struggle with. And the second is on the volume side, it is driving ramp ups, you know, in terms of being able to push and make that happen. I think that from a tactical basis if you look at on the quarter side that would be sort of two figure things to work on a slightly more longer term basis I think that we want to make sure that we keep our execution control going, which as we grow and as we continue to do more and more projects of different kinds we want to make sure we don't mess, and the second is that with the hiring situation recovering nicely in India we don't want to be on the receiving under the pressure.

Amit: Okay, so if I were to just do a follow up on this how much would you say is the current hiring addition that we did in Q3 is related to the attrition part, would you say there is a fair amount of visibility that we have currently and that is how we have added 1300 plus people at the net level, or is there a sense of expectation that hiring could get tighten and that is why you are adding in advance.

Vivek: I think that there is no really linkage between an expected attrition while I may worry about it that does not mean I expect it, so I think that there is no expected attrition this quarter I am striving to hiring, as I mentioned earlier we have commitments on campus, we honored them.

Amit: Okay, second, just looking at the slightly longer term horizon, we have seen the Indian vendors trying to ramp up on the selling and general expenses for some quarters now. Now, with a scenario where in pricing continues to be under pressure we are getting some volume ramp up but there are uncertainties over there also, so, does it not imply that the whole business itself is shifting across and probably the margin expansion is something which is way way off now, until unless we have a substantial move offshore, which does not look likely.

Vivek: Well I would say there is margin expansion, you know this is just me playing micro-economist - be forewarned, but I think if you look at margin expansion frankly I think margin expansion will come with price expansion which will come with spending on new projects. And if you look at the business that most of us are doing right now, it is really in chasing existing money and whatever was on existing stand we were able to transfer it to India, take cost out, put quality in,
but as a result that spend is coming to us because of this stated motive of bringing cost out, but once we see new spend going in, new applications going in, the ability for us to differentiate you know what we think is the strongest palate of high value added services, I think that really helps, and I think that that can in turn allow us to both differentiate and get a higher price point. So, to me I think that our margin expansion for this industry and again as I said this is just Vivek Paul's mister economist talking here, you know I think that it is linked to some sort of a recovery that triggers new spending. Until then I think we all kind of hungered down in terms of our margin and you know we have been saying that for the last 12 months, not a great news, but we have been up front about it.

Amit: Okay, thanks Suresh thanks Vivek.

Moderator: Our next is question is from the line of Girish Pai from SSKI Securities, please go ahead.

Girish Pai: Yeah, two specific questions, in the previous calls you know previous quarters you had mentioned that Spectramind would hit the net margin between 17% and 20% this year. Would you stand by that the margin forecast for Spectramind or has that changed too?

Raman: What we said in the last call was that the industry norm for margins is between 17% and 23%, and that is based on you know mean that is the study that has been carried out by various firms and companies. If you look at the margins that we have presently for the first nine months of this year and particularly for this quarter you will see that we have a margin of about 25%, and we have indicated that as we started seeing the price pressures and some of the pressures on the volumes, we took action for the utilization of seats within our facilities and the general and admin expenses and started focussing on them, which has led to this margin. In terms of the next quarter we are comfortable to say that we would be better than the 17-23, we would be in the 20-25% range.

Girish Pai: And you are referring to operating margin or net margin here?

Raman: This is the net margin.

Girish Pai: Okay. Just one last question...

Vivek: He is talking about PBIT.

Girish Pai: PBIT margin okay, yeah so you are talking of the operating margin. Now, in terms of you know number of ODCs have seen a drop this quarter, I was wondering whether any customers have dropped off which has resulted in this drop in ODC number.

Laxminarayan: This is primarily because of the rationalization of some of the smaller ODCs, because if you notice the percentage of revenues from ODCs continues to be just around very close as in the past, so it is just a rationalization from smaller ODCs, plus the fact that in case of HP-Compaq post their merger, we are reckoning them as one ODC.

Girish Pai: Okay, thank you.
Moderator: Next question is from the line of Manoj Singla from JP Morgan, please go ahead.

Manoj: Hi sir this is Manoj and Sandeep again from JP Morgan. My first question is regarding the structure of the BPO contract as far as pricing goes as to what kind of structures are built into the contract, can prices be increased at any time or just on priority when we can increase or decrease prices?

Raman: We have BPO contracts that are multiple structures that operate for different clients, so we have a range where clients are willing to pay per person per month or per hour utilized or per hour actual work done and we also have contracts where customers pay us by per transaction that we handle. So, all this gives in a particular price point for each one of these elements and depending on the utilization it can benefit the customer or the productivity gains can benefit us. In terms of price points, it could be a renegotiation between 12-18 months, typically the contracts that we sign with our customers are between 3 to 5 year contracts.

Manoj: Okay, so can the customer come back and renegotiate like after every quarter or once the renegotiation is done it is frozen for a period of 12 to 18 months?

Raman: That is an unfortunate reality that a customer can come back and say let us have a chat. So, while at one point of time we got delighted that the customer wanted to come to see us, today we don’t entirely jump with joy when they are for a specific one on one meeting between their finance guys and our finance guys.

Manoj: But have you seen particular instance when a customer cut rates and came back after may be 2-3 months and again asked for a second round of rate cuts, has it happened with us?

Raman: Not yet, and god forbid it happens that they ask for one rate cut and they come back for another, but we feel customers that during solicitation phase has gone away saying that your price is high, we are getting a better price and a few months later have come back to say let us talk again may be your price is valid because at the lower price that some of our competitors were offering we were unable to fulfill the needs of the customer. In fact in the customers that we signed in the last two quarters, one particularly large customer came back to us though in the first round we were dropped from the list of finalists.

Manoj: Sure sir, and sir secondly you mentioned that this quarter we had a slightly lower growth than expectation because of the pricing pressures and the specific volume cuts from a client, now as our new customers ramp up going forward, not for next quarter but going beyond that, would we again expect our growth to ramp up to like the 130 or 40s quarter-on-quarter as we have seen before end?

Raman: We see a very strong possibility of robust growth. There is a huge market place, there is a huge opportunity that is sitting there, it is dampened by the confidence that some of the customers have India as a country, the infrastructure and the capability, we have to build on demonstrated steps and we are very excited that what our customers are saying in and what they are saying of the quality of work that they are seeing from us.
Manoj: We said we have 16 customers in BPO, so what would be the total commitment from these customers, may be over 2-3 year horizon from these customers, in terms of number of seats and number of people that we have? From the existing clients.

Raman: See BPO is not all clear unlike some of the aspects in the IT industry, BPO is not project type where you can have a commitment. BPO is to do a particular process, say if you are handling customer servicing queries, their business goes off our business goes off. If you are handling invoices, there are no commitments to say that you know even if I don’t buy material I will want to pay a 100,000 invoices and I will invite invoices from somewhere and you pay this. It is very different from a project based environment where you can have that kind of commitments, and it is a true element of partnership to work with your customers to fulfill their needs and we see a great opportunity in increasing the portfolio of services that we offer to our customers.

Manoj: Sure sir, thank a lot.

Moderator: Our next is from the line of Philip Cornetti from Bears Turns, please go ahead.

Philip: Yeah, I just had a follow up question, sir one of your biggest concerns was volume and the ramp ups, can you explain is this something new that we are seeing and why we are expecting this?

Vivek: The concern really is that you know our products has zero shelf lie, in other words if the customer delays be a week the ramp up, that is the week that you are going to last, and what we are seeing is that customers are kind of taking their time in terms of the their ramp ups. So, there is nothing that worries you as to you get that a business or not, the question is when do you get ramped.

Philip: Fair, but is that a change from what we have seen previously I think previously most offshore firms have been seeing an increase in ramp time projects.

Vivek: Yes, it has.

Philip: We have seen a slowdown in the last quarter.

Vivek: The slowdown in the desire to customers to ramp up.

Philip: And this is only IT services front, not BPO?

Vivek: That is right, this is only IT services front.

Philip: Any instance on why we think it has changed, why it has slowed down?

Sudip: You know in the month of December there are a lot holidays and many of our large customers actually had shut down from about 18-20 December onwards and so some of the projects people were just coming back and then restarting some of the work, so you know typically we have this for about 30-35 days, think at the end of third quarter and beginning of the fourth quarter. So, we will see the ramp ups picking up a little later.
Philip: Okay, so you do sense a speed along the expected set back up.

Vivek: That is right, there is nothing secular about it. This is just kind of as I said earlier just a rhythm affair.

Philip: Okay thank you.

Moderator: Our next question is from the line of Amit from Birla Sunlife, please go ahead.

Amit: Yeah, thank you so much. Vivek just looking at the last about two years of trends on quarterly basis, two out of three times the decline in the margins for us happened because of selling and general expenses moving up. Now, I am not specifically looking at Wipro as a case in point, but this is something across the industry. Now, going the long term, do you think this number would have to consistently move up, or would this be a phenomenon let us say for one year to build up their brand and then probably stabilize, let us say at a certain number, or will this continue to move up probably in the direction of what before would spend at this juncture?

Vivek: You know it is tough to call, but I would say that right know directionally the more you compete with the big 4 the more there is going to be an increase in pressure on our sales and marketing expenses, or you know is that sort of you know at some level we kind of reach a situation where there is a global consolidation and there is only three players and as a result you can sit back on the G&A expenses perhaps, but you know it is too early to call that.

Amit: Okay alright, thank you.

Moderator: Our next question is from the line of Sourabh from ABN Amro, please go ahead.

Sourabh: Sir with a lot of clients looking at outsourcing at a strategic level both in IT services and BPO, are we seeing pressures of another kinds apart from the billing rates, for example, clients looking at equity stake or clients looking at an option to acquire or on a build operate transfer kind of basis. So, have you seen any of these kinds of pressures in those service things.

Vivek: I think on the IT side, no. On the R&D services and the BPO side, yes, because on the IT side I think customers are used to outsourcing so they feel pretty comfortable about that, but when you have customers in the BPO side or on the R&D services side, there is basically a view in process sending out of the door organizational knowledge that they would like to retain and have an option to retain, we are seeing a issue in terms of the build operate transfers and you know frankly we had a couple of deals which were I mean ridiculous, we had one customer pretty large deal that wanted a build operate transfer with a 6 months trigger capability, in other words there could be a transfer in 6 months.

Sourabh: Okay, but have you entered into any such kind of engagements in the BPO space or in the R&D space.

Vivek: No.
Sourabh: Okay, and are you open or you are clearly not open to it?

Vivek: I think that what we have tried to do is structure deals whereby if we can get a continuous growth in our volumes we can in turn turnback some of our growth into a company owned center, but we have been clear is that we don't want go through dips in values there, it is not good for us, it is not good for them.

Sourabh: Okay, thanks a lot.

Sridhar: Can we have a last question.

Moderator: We have no further question sir.

Sridhar: Thank you very much and we would like to remind you that digitized replay of the proceedings are available till 5th of February. Thank you.

Moderator: Ladies and gentlemen this does conclude your conference for today. Thank you for your participation and for using AT&T executive tele-conference. You may now disconnect.