



WIPRO LIMITED

Investors/Analysts Conference Call for the quarter and year ended March 31, 2008

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Participants - Wipro Management

- Azim Premji, Chairman
- Suresh Senapaty, Chief Financial Officer & Director
- Dr. A Lakshman Rao, Chief Operating Officer
- Girish Paranjpe, Joint CEO, IT Business and Director
- Suresh Vaswani, Joint CEO, IT Business and Director
- Pratik Kumar, Executive Vice President - Human Resources
- Sudip Nandy, President Product Engineering Solutions SBU
- Lakshminarayana Lan, Chief Strategy Officer
- T.K. Kurien, Chief Executive – Wipro BPO
- Rajendra Shreemal, Corporate Treasurer & Head- Investor Relations
- Zach Lonstein, CEO Infocrossing
- Vineet Agarwal, President – Consumer Care & Lighting SBU

Moderator: Good morning Ladies and Gentlemen. I am Rita, the moderator for this conference. Welcome to the Wipro Quarterly Earnings Conference Call. For the duration of the presentation, all participant lines will be in a listen-only mode. I will be standing by for the question and answer session. I would now like to hand over the floor to Wipro management. Thank you and over to the management.

Rajendra Shreemal: Hi. Ladies and Gentlemen, greetings from Team Wipro to all people joining in from different parts of the world. Let me introduce myself. My name is Rajendra Shreemal. Arvind, Sridhar and I form the IR team at Wipro. We are delighted to have you with us today. In the call today, we will discuss the result for the quarter gone by and outlook for the quarters ahead and to do that, we have the entire top management of Wipro. We will begin with a short address by Mr. Azim Premji, Chairman and Mr. Suresh Senapaty, CFO, and follow it up with a Q&A session with the management team, but before we do that, I have a small duty. During the call, we might make certain forward-looking statement within the meaning of private securities litigation reforms of 1995. These statements are based on the management's current expectations and are associated with uncertainty and risk, 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 and Exchange Commission of USA. Wipro does not undertake any obligation to update forward looking statements to reflect event or circumstances after the date of filing thereof. This conference call will be archived and a transcript will be available in our website www.wipro.com. Let me now hand over the floor to Mr. Azim Premji, Chairman.

Azim Premji: Good morning to all of you all. I am sure you would have seen our results posted on our website. I would like to spend some time reflecting on the management changes and our performance for the quarter as also our performance for the year ended March 31, 2008. Following that, Suresh Senapaty, our CFO will share financial highlights before we begin the Q&A session. Our journey over the last few years has been one of fast pace growth in all of its dimensions. We have expanded our global reach, added an impressive list of valued customers and built a strong Wipro team, which we are extremely proud of. I am pleased to announce the appointment of Suresh Vaswani and Girish Paranjpe as Joint CEOs of the IT business. We believe Wipro has tremendous potential to grow aggressively and further strengthen its leadership position in the IT space. A Joint CEO structure is the best way forward to leverage the depth of our leadership and maximize the opportunities which are ahead of us. Girish and Suresh have worked closely over the last 10 years in spearheading the growth of Wipro's IT business and will work together to jointly shape and drive the vision strategy and results of the newly structured IT business. I am equally pleased to welcome Suresh Senapaty, Suresh Vaswani, and Girish Paranjpe to the Wipro Board as Executive Directors. Their inclusion will significantly add richness and breadth to the Board of Directors of Wipro Limited. Now, let me share my thoughts on performance. Results for the year 2007-2008 have been satisfying on several grounds. Wipro Limited recorded revenue growth of 33% year-on-year and net profit growth of 12% year-on-year. Our combined IT revenue for the year was 4.3 billion with 43% year-on-year growth. In rupee terms, the growth was 28% year-on-year. During the year, we made a strategic acquisition and invested in sales footprint, large accounts and very large account strategy, a 360-degree engagement model for these large accounts and very large accounts would present one phase to the customer and we invested significantly in project management training and at a more senior level program management training jointly in collaboration with Stanford University. We also started local delivering centers in Atlanta in the US; Troy, Michigan in the US; Monterey in Mexico, Cebu in the Philippines, and Wroclaw in Poland. Our acquisition of Infocrossing has positioned us strongly in the total outsourcing deals and quite uniquely as compared to our Indian competitors. All these initiatives yielded industry leading growth rates for our global IT business at 38% year-on-year in dollar terms. Telecom service providers, financial services, manufacturing, and energy and utility businesses grew ahead of organic company average. Our differentiated services lines, example, technology infrastructure services, testing services, BPO services, and package implementation services also grew ahead of the organic company average. We won several large deals in the TIS space and also deals with integrated ATM and TIS offerings. We have restructured our consulting business and brought various consulting practices that were embedded in each of our service lines and competency groups under one umbrella of Wipro Consulting Services. The objective of Wipro Consulting Services will include upstream business transformation consulting, building IT strategy for customers, and helping clients build business solutions that leverage IT. This single consulting phase will have about 1000 consultants spread across America, India, and Asia Pac. Our India, Middle East, and Asia Pac IT business delivered strong revenue growth of 51% year-on-year and profit growth of 46% year-on-year exiting with revenue run rate of dollars 1 billion. These growth numbers were on the back of strategic investments made in the last 2 years in total outsourcing space. We won five large contracts during the year and are well positioned to capitalize on our experience for future momentum in this unique, specialized service line. India, Middle East, and Asia Pac IT business has leveraged the domain and solution capability of the global IT business in several of the large deals. We are seeing huge potential in India and Middle East market with considerable investments being planned by customers. Our global IT business has built excellent domain and transformational capabilities while India, Middle East, and Asia Pac IT business has deep-rooted relationship with customers and a very high brand recognition. We believe it is now appropriate to present our IT business on a combined basis as the business has reached pretty good scale. You would report the combined business going forward split into IT services and IT products. For the fiscal, Wipro Consumer Care and Lighting business has an industry leading growth rate. India revenues have crossed the milestone of rupees 10 billion. Santoor, our flagship brand is now among the top three toilet soap brands in India by value. Our acquisition of Unza in August 2007 is showing good growth in Malaysia, in Indonesia, and the Middle Eastern markets. Enchanteur, a flagship Unza brand, has now been launched in India. We look at fiscal 2009 with cautious optimism. Market situation is changing rapidly which

has a bearing on our immediate business dynamics. However, we remain resolute, agile, and confident of our progress and prospects. Considering this, we have drawn up an aggressive plan to capitalize on the likely back-ended positive momentum for a profitable volume growth for the year. We are bullish on our India and Middle East geographies, but delivered turbocharged growth riding on the investments which we have made in the past in these markets and which we will make in these markets going forward. I will now request Suresh Senapaty, our CFO to comment on financial results before we take questions.

Suresh Senapaty: A very good morning to all of you Ladies and Gentlemen. I will touch upon areas in our performance and financials that would be of interest to you all. Global IT Services for the revenue for the quarter of 959.9 million dollars included 80.5 million dollars from BPO Services and 63.5 million dollars from acquisition. This is a sequential growth of 5.5%. The sequential growth was enabled by energy and utility, financial services, and retail growing at 19%, 7.7%, and 5.8% sequentially respectively. Technology infrastructure services with 30%, testing with 6.5%, and BPO with 5.3% led to sequential service line growth. Europe steered ahead with 9.2% sequential growth in the current quarter. On the foreign exchange front, our realized rate for the quarter was 39.94 versus rate of 39.74 realized for the quarter ended December 2007. As at the period end, we had about 3.5 billion dollars of contract at rates between 39.50 to 43. During the quarter, we added 29 new customers, two of which were Fortune 1000 Global 500 customers. The number of clients more than 50 million has increased to 14 in quarter four from 12 in quarter three and 8 in quarter four of last year. During the quarter, we won three large deals. Our year-on-year PAT realization in the IT Services business went up by 0.7% at onsite and 1.5% offshore. We are seeing good traction in Infocrossing and have won the top TCV (total contract value) worth 38 million dollars during the quarter. The joint go-to-market has robust deal pipeline. During the quarter, we had an adverse impact of 100 basis points on margin due to onsite project increases effective January 1, 2008, which are significantly mitigated to improvement in utilization, acquisition margin, other operational parameters. The India, Middle East, and Asia Pac IT business has reached critical stage and more integrated with the Global IT business. We have now integrated the two IT businesses and will report data on a combined basis in line with the industry practice. The combined IT business will be reported as services and products. As part of our long-term talent retention plan, we gave approximately 8 million RSUs on April 1 to our employees. For the quarter ending June 2008, we expect volumes and growth with stable pricing. We will have impact on margins due to the visas and fresh RSU grant. We will be glad to take questions from you all.

Moderator: Thank you very much sir. We will now begin the Q&A interactive session. Participants who wish to ask questions, kindly press *1 on your telephone keypad. On pressing *1, participants will get a chance to present their questions on a first-in-line basis. Participants are requested to use only handsets while asking a question. To ask a question, kindly press *1 now. First in line, we have Mr. Rishi Maheshwari from Centrum Broking. Over to you sir.

Rishi Maheshwari: Hi, good morning, and congratulations on a good quarter. My question was generally on your optimism in the Wipro Technologies as the IT Services India, Asia Pac business. I wanted to understand how to perceive the mix of products and services changing in India, Asia Pac going forward and on what basis, it will be helpful if you can quantify what will be the mix of change in this business?

Suresh Vaswani: Good morning, this is Suresh Vaswani here. You know, we have added over the last couple of years a lot more service lines to our India, Asia Pac, and Middle East business. We have added consulting which is a significant part of our business. We have added software. We have added total outsourcing that lends itself to larger contracts in the regionally strong services base. So, it is reasonable to expect that the services proportion of the overall Wipro Infotech business will continue to increase, but having said that, it is not that...you know we are looking at the business more from an integrated basis in terms of offering complete IT solutions to customers which includes product services, solutions, and consulting. It is not that we are driving one versus the other because we have a fairly robust product business, reasonable profitable, and we intend to make sure that we continue to drive both the businesses

with equal zest, but we will keep on adding more service lines, we will keep on getting into larger and larger outsourcing contracts which will have significant proportion of services revenue.

Suresh Senapaty: And just to supplement, the very fact that you were talking about going forward reporting services and products separately basically to make sure that it allows growth in both the areas because we will be taking risks combined with the reward that we will be getting in both the lines of business.

Rishi Maheshwari: Fine. As an improvement to your service portfolio, would you then also perceive an EBIT margin improvement as a whole to the India Asia Pac services?

Suresh Senapaty: Actually so far the India Asia-Pac services I think they are running at a profit margin which is very decent comparable to the Wipro Technologies because of the high intensity of the service line itself, so we are moving the service, like I said, we will move the Infotech Services into the service bucket and remove the product bucket of Wipro Technologies and mix up with the Wipro Infotech and put them together. Overall margin impact because of that is not really substantial.

Rishi Maheshwari: Okay. And the growth in this stream of business, can this be repeated year on year, the sense of growth of 50% year on year growth that we have seen this year.

Suresh Vaswani: I think this year has been a phenomenal year, so we have grown significantly ahead of market. I would guess we have grown at least 2X that of the market. We will continue to be having high aspirations in these markets, India and Middle East, and continue to drive momentum, but you know its difficult to conjuncture as to whether we can sort of sustain the same sort of growth rate, but clearly we will drive significantly higher growth rates than the market.

Rishi Maheshwari: Right. One more on your R&D services. Now, given the current momentum in the business scenarios in the macro environment, how do you perceive this? Earlier in the day, I heard a call about your pricing increases being robust. Does this pricing increase also reflect in your R&D services wings?

Sudip Nandy: Yes, this is Sudip Nandy here answering your question. We have had significant number of price increases from existing customers in the telecom OEM space, but all of them have been factored in because we got the increases up to January and the effective date has been January for most of them. We have already had the full quarterly impact of the price increases for majority of the customers. There are one or two more customers still pending for renewal, but the large bulk of them we have been able to get increase in R&D services.

Rishi Maheshwari: But how is the general business sense over there? Are you sensing any sense of degrowth either in consumer electronics or in telecom or in any other stream, automobile, any other streams of R&D services?

Sudip Nandy: Well, now let me give the answer in three parts. The telecom service provider business, it has grown 52% year on year, the telecom OEM business which is the large business, we have seen the business growth rate move up from the single digits to mid teens in the last year. The real growth drivers in the other part of R&D business has been medical, medical electronics, industrial automation, avionics, all of these have grown more than 50% year on year. So, we are seeing good traction in those businesses. The only one which is lower growth rate is telecom OEM. So, we are not sensing a big dip in that part of the business.

Rishi Maheshwari: Right. Thank you. This is very helpful and all the best.

Moderator: Thank you very much sir. Next in line we have Mr. Jain from Dolat Capital. Over to you sir.

Runjhun Jain: Yeah, I am Rhunjhan Jain from Tower Capital sir. I just want to know the impact of new RSU on your models for the next year.

Suresh Senapaty: For the quarter one, it will be about 0.5%.

Runjhun Jain: 0.5%. And sir how much salary have you given to your onsite employees during the quarter?

Suresh Senapaty: Could you repeat the question?

Runjhun Jain: How much salary hike you have given to your onsite employees?

Suresh Senapaty: About 3% to 4%.

Runjhun Jain: Okay. Sir, have you made any campus offers and what is the employee addition you are expecting for FY09?

Pratik Kumar: Okay. This is Pratik here. We shared it in the last quarter as well. We have made 14,000 campus offers for this fiscal and in addition we have also the WASE program whereby we would be taking non-engineering graduates who are bachelor of science, that could be additional 3,500 people.

Runjhun Jain: Okay. And just one more thing sir, like if you see your onsite revenue which has just gone up 30 bps year on year in FY08. Now the customers like want to cut their costs, so they want more offshore work. So, what is your idea going forward, how would you utilize this marginal lever particularly?

Suresh Senapaty: Yeah, before this question is answered, just to supplement what Pratik said, Pratik has given the numbers based on the offers made so far, that is not the projection for people to join in 08-09.

Runjhun Jain: Okay.

Suresh Senapaty: The balance would be fulfilled through recruitment on an off-campus basis and lateral hires. And your question was with the respect to the onsite. Of course, the onsite/offshore is a big leverage for us to be able to move more business on an offshore basis, to be able to give more value add to the customers, more stickiness to the customer, and also expand profitability for us. That will continue to be a lever and in fact that also in some form deals with the risk we have always with respect to visa.

Runjhun Jain: Okay. That is all from my side, thank you.

Moderator: Thank you very much ma'am. Next in line we have Mr. Shah from Angel Broking. Over to you sir.

Mr. Shah: Yeah, congratulations to the management on a decent set of numbers. Sir, actually I think I missed that figure at the beginning of the call. How much is the exact amount of outstanding hedges that you have and you know at what rate are they, you know, there?

Suresh Senapaty: They are about 3.5 billion dollars.

Mr. Shah: 3.5 billion and sir at what rate have you made these outstanding hedges?

Suresh Senapaty: They are between 39.50, and 43.

Mr. Shah: 39.50, and 43. Okay sir thanks. And sir another question sir. As far as your... you know, have recorded some pretty decent growth in the BFSI space, you know, almost 30%, so just wanted to get a sense of you know how are things looking on that front for you given of course the current situation in the US in terms of subprime, etc., and you know because more particularly the fact that one of your peers of course has recorded some muted growth in this segment only a few days back. So, how are things looking for us on this particular front?

Girish Paranjpe: Hi, Girish Paranjpe here. I think last quarter we did a decent job, 7.7% sequential growth in financial services. The reality is that the US financial services industry is going through a crisis and there has been significant management change and there is still a certain amount of turmoil there. I am hoping that, you know, most of the cleanup and all that sort of thing will happen in this quarter or latest by next quarter and my hope is that by, you know, third quarter of this year, things should start to look up again because I think whatever change had to happen, that has already happened now.

Mr. Shah: Right sir. So, are you therefore implying that probably over the next couple of quarters you may see some kind of subdued growth in this particular segment?

Girish Paranjpe: I think one or two quarters, clearly there is going to be some impact, but I am hoping that it will be made up with little bit more upswing in the last two quarters.

Mr. Shah: Okay, thanks. And sir, one last question. Sir, I think you have mentioned that as far as your margin outlook is concerned, you are looking at stable to sort of increasing margins for FY09, so on what basis would you, you know, be making that kind of a comment.

Girish Paranjpe: Girish Paranjpe here again. Because we have multiple operational improvement areas and I think one of the people who asked questions said why can't we do onsite/offshore, more work offshore so that is one significant lever that we have. We also have works to be done on managing our employee mix and improving utilization. So, we still have room on some of these operating levers and we hope that we will be able to use that to maintain our margins and expand margins.

Mr. Shah: Okay, fine. Thanks a lot sir and best of luck for the future.

Moderator: Thank you very much sir. Next in line we have Diviya from JM Financial. Over to you ma'am.

Diviya: Yeah. We spoke about price increases from the OEM vertical, which has come in the fourth quarter, but the reported billing rates actually show a quarter on quarter decline in both onsite and offshore rates. So, which part of the business has actually gone down for us to have a reflection in the billing rates in a negative sense?

Suresh Senapaty: That is primarily with respect to a little bit of mix change rather than any kind of a price decline that you have seen.

Diviya: Right, alright. And you also spoke about 13 million dollar deals in Infocrossing and 450 basis margin expansion. Is this margin expansion; is it according to US GAAP numbers? What is the EBIT margin in US GAAP?

Suresh Senapaty: Well, US GAAP it will be slightly lower because of the intangible hit, but otherwise India GAAP number is already 9%.

Diviya: Right, but according to US cap, are we in the black because last quarter we had...

Suresh Senapaty: No, it is profitable.

Diviya: It is profitable, sure. And as far as R&D costs during this quarter is concerned, we seem to have had some reversal coming in, around 21 crores, can you explain that and give us an indication of the trend for the next four quarters?

Suresh Senapaty: Can we take it up little offline on that please.

Diviya: Sure, sure, sure. Again, coming to your infrastructure management services which has grown at about 30% sequentially this year. I am trying to understand what has driven this growth. Is it standalone Wipro contract or is this is a downstream that we are getting through the leverage from Infocrossing?

Suresh Vaswani: This is Suresh Vaswani here. I think you should look at infrastructure management services in terms of overall growth for the year and that has been pretty strong at 49%. Now, you know, there are certain system integration projects that we do. There are certain total outsourcing contracts that we do. So, you tend to get some lumpiness in terms of some... in certain quarters based on the shipments that we do and based on project completion or transition completion. So, you know, the relevant thing is really in terms of an overall year growth which we have recorded around 49%.

Diviya: Right, right. And this question is for Senapaty. You also spoke about RSU charges coming in, fresh RSUs that have been issued. What is the quantum of that charge likely to be in 09?

Suresh Senapaty: For the first quarter, we said that it will be about 0.5%, 50 basis points.

Diviya: Alright. And any indication on the kind of salary hikes you plan to give offshore in the current year?

Pratik Kumar: Hi, this is Pratik here. Our salary hike cycle offshore is typically in middle of quarter two, but the way things are appearing to us, it would definitely be more moderate than what we have given the previous year. Our own take is it is likely to be in the region of 8% to 10%.

Moderator: Thank you very much ma'am. Next in line we have Mr. Anthony Miller from Arete Research. Over to you sir.

Anthony: Yes. Good morning friends. I just tried to understand a bit about the attrition numbers which appear to have trekked up again this quarter. I just wondered if you could give us some background as to why attrition, particularly IT services attrition is still on the rise and the action that was in the RSUs if you are taking to fix it.

Pratik Kumar: This is Pratik here. So, what we have shared with you is the overall attrition number, which is at the same level where it was in the previous quarter. However, we have seen a decline in our voluntary attrition number, which is down from what it was in the previous quarter. To share it with all of you, the voluntary attrition number is more in the region of about 15.1%. Mind you, we calculate the attrition on quarterly basis which we analyze and present it. So, from the point of comparison, it is a little different from how it gets presented by some of the other organization. Senapaty shared about RSU, which is more target at the middle management level and above. The non-voluntary attrition has been a combination of two things. One, we have taken huge number of freshers and obviously some of them have not been able to go through the filters of our own internal assessment and they had had to move. In addition, some residual excess from the background verification instances which we have been having, which in fact the rest of the industry has also been at the receiving end. We have seen some of the exits because of that as well.

Anthony: I see. You said the RSUs are directed at mid management and above. Does that mean that you are seeing undue attrition at these levels or are you seeing any attrition at all at the very high levels within the company?

Pratik Kumar: Come again, sorry.

Anthony: Yes, you said that the RSUs are directed at mid management and above.

Pratik Kumar: Yeah.

Anthony: Are you actually seeing any undue attrition at those levels, particularly are you seeing any attrition at the top levels in the company?

Pratik Kumar: No, there is no unusual pattern to the attrition levels which we have experienced in those levels.

Anthony: Okay. Okay gentlemen, thank you very much.

Moderator: Thank you very much sir. Next in line we have Ms. Ghosh from Merrill Lynch. Over to you ma'am. Ms. Ghosh? We will take up our next question. That is Priya from Enam Securities.

Priya: Yeah, good morning to the management team and congratulations on good set of numbers. This is Priya here. Just to recall, you know, you just mentioned that you are looking at around 20% dollar growth. Now, this would be inclusive of the Asia Pac services business as well?

Suresh Senapaty: Well, we have given the guidance both ways in terms of quarter one. We have said that while we did 960 million dollars for quarter four, the comparable number for quarter one is 988 million dollars and if you standalone WT the way we were doing it. So, now we will be making a change which we have guided about 1060 million dollars which is 1.06 million dollars, vis-à-vis what we did in quarter four of about 1031.5.

Priya: So, I mean the 20%, you know, dollar guidance which you are looking at for the full year, would it be inclusive and would that be 12% to 13% growth for the remaining three quarters?

Suresh Senapaty: No, we have not given any guidance for the year at all. We give guidance only quarter to quarter. So, we have not given guidance with respect to analyst number at all. In fact, if you look at...based on the quarter three guidance that we have given and assuming we are flat at that, the growth rate itself is about 16 plus.

Priya: Sure.

Suresh Senapaty: So, we have not given and we don't give annual guidance.

Suresh Vaswani: Just to elaborate, we have given only a quarter guidance and the quarter figures from a year-on-year basis is 26.3%, y-o-y basis.

Priya: Sure. And, you know, if I were to look more from the telecom OEM point of view, I mean if I were to go forward in FY09, where do you see growth in the telecom OEM or you see this year continuing to be flattish with more of maintenance R&D continuing in FY09?

Sudip Nandy: This is Sudip Nandy again. We mentioned that the previous year, which is 06-07, we had growth of about single digit growth in the telecom OEM space. We, in the last year, moved that to the mid teens. We see slight improvement, not going to 30% and all, but slight improvement in the OEM spend because I think all the mergers and acquisitions of the large OEM players, they have now worked out their product strategies and they are actually outsourcing...starting to outsource new product development because there has been a lull for almost two years now. So, we expect slight improvement in the OEM outsourcing, but not significant. It will not flattish, it will be better than last year.

Priya: Okay. And only Infocrossing side, you know, we have achieved a pretty good, healthy improvement in margins of 450 basis points Q-o-Q. What sort of, you know, trajectory you are looking at on margins front for this year, given that you know couple of the deal assignments are more on the IMS side as well?

Suresh Senapaty: Because of some of the global delivery transition that we will be doing, we will have some amount of margin contraction, but eventually you will see after two quarters margin expansion and by the six-quarter time-frame we will see margin in Infocrossing and infrastructure combined together at Wipro Technologies' margin level.

Priya: Towards the end of Q3 and Q4?

Suresh Senapaty: Yes. Q4 will be like bit healthy rate as far as Infocrossing is concerned and six quarters we should be comparable to what our normal markets are.

Suresh Vaswani: You know, Priya just to elaborate...going back to your earlier question in growth, in context of the guidance you have given, including acquisitions, it translates to a 34% Y-on-Y growth, the guidance. So, that is the perspective on what our guidance is on a year-on-year basis.

Priya: Sure. I think the thing comes from the media reporting around 20%. So, you know, I was just wondering if I look at the first quarter and you know extrapolate into Q3-Q4, so that was the reason from where my question was coming from.

Suresh Vaswani: So, the right answer is really 34%...

Priya: Okay.

Suresh Vaswani: ...Y-on-Y...

Priya: Okay.

Suresh Vaswani: ...including acquisitions, so not 20%.

Priya: Yeah, sure.

Suresh Vaswani: Okay.

Priya: And was the utilization rate on Infocrossing for this current quarter?

Suresh Senapaty: No, Infocrossing's business model is a little different, so it does not work on the basis like we typically run our normal life of the business.

Priya: Okay sure. Thanks and wish you all the best.

Moderator: Thank you very much ma'am. Participants are requested to restrict themselves to one question at the initial round of Q&A. The followup questions will be taken later on. Next in line we have Mr. Pankaj Kapoor from ABN Amro.

Pankaj Kapoor: Hi sir. Just a clarification on the margin performance at Infocrossing as well as in the consumer care business. Can you just explain how we saw this sharp uptake in this quarter?

Zach Lonstein: The uptake in the quarter, this is advancing Infocrossing and the uptake in the quarter primarily has to do with an increase in revenue. Ours is a critical mass business. To a great extent, the expenses are relatively fixed, so as our revenue grows, our margins grow and we expect that by the end of this year, margins will be significantly higher still and very shortly in line with Wipro's overall EBIT and gross margin levels.

Suresh Senapaty: So that was Zach for Infocrossing and now I am requesting Vineet Agrawal to explain on the consumer care business.

Vineet Agrawal: Our consumer care and lighting business has been having an operating margin about 12% to 13% which is in line with FMCG companies. We would like to retain it at that stage because we would like to invest in the brands to ensure that our top lines are growing fast in the industry. We have grown about 28% which would be easily double in the industry base, so that has been our game plan. Unza, which is our international business, the operating margins there are marginally lower than the India business, and we would be looking at growths which are also faster in industry, so we would like to maintain those operating margins which are existing in the Unza business.

Pankaj Kapoor: Okay, fair enough. Just on Infocrossing, if I just look at the SG&A expenses, specially on the G&A sides, the number seems to be more or less flattish, so I just want to make sure that there is no one-time issue here?

Zach Lonstein: That is correct.

Pankaj Kapoor: Fair enough. And just again a clarification on Infocrossing going forward, how is the outlook for the full year depending on what kind of an environment that we are seeing in the US. Any impact do you see on the top line growth?

Zach Lonstein: This is Zach Lonstein, CEO of Infocrossing again. We have previously announced that we expect revenue growth in the mid teens beginning in 2008, which is higher than we have previously experienced and with a benefit of Wipro's market stature, we believe we can accelerate our growth this year we recognize that 38 million TCV for the quarter, total contract value, and in the first quarter of 08-09, which is only 18 days old, we have already recorded 34 million in TCV. So, we see our contract signings accelerating.

Pankaj Kapoor: Fair enough. All the best.

Zach Lonstein: Thank you.

Moderator: Thank you very much sir. Next in line we have Mr. Dipesh Mehta from Khandwala Securities. Over to you sir.

Dipesh: Again, if I see the top customer performance, top one is marginally and top five is also not performing in line with the company average?

Suresh Senapaty: Yeah, the top 10 has been at the company average.

Dipesh: No, top and top 5, I am referring.

Suresh Senapaty: Not all will be, everybody growing at the same rate all the time.

Dipesh: So, there is any shuffle or more or less they are the same?

Suresh Senapaty: Yeah, yeah, there is a little bit of shuffle and a little bit of...there is not significant of shuffle.

Dipesh: The second thing is about unsecured loan, there is a significant jump from quarter on quarter.

Suresh Senapaty: Yes, that is because we availed external commercial borrowing.

Dipesh: May I know the rate for the borrowing?

Suresh Senapaty: Sorry.

Dipesh: Coupon rate, interest rate.

Suresh Senapaty: The interest rate, loaded interest rate was about 66 basis points over the Libor.

Dipesh: And in other income, may I the breakup for exchange gain or loss?

Suresh Senapaty: Yeah, you could have that, but, you know, we have even factored that and communicated our exchange, which will be effective exchange rate that I talked about in my initial speech.

Dipesh: Okay, thanks.

Moderator: Thank you very much sir. Next in line we have Ms. Ghosh from Merrill Lynch.

Mitali Ghosh: Yeah, hi. Sorry, I got disconnected the last time. I wanted to discuss a little bit on the large deal pipeline and you know what are the kind of additions you are seeing there. You know, how is the sort of sale cycle progressing, you know we have been hearing the decision making is a little slow and finally are you seeing any change in competitive dynamics in that respect?

T. K. Kurien: Mitali, this is T. K. Kurien. I will just run through that. So, basically, what we have seen is that, we have a seen a fairly decent pipeline last quarter in terms of large deals. The quality of the deals and the timeframe that it typically takes for a deal to fructify, there are two parts to it. One is proactive deals take longer and of course the quality of the revenues are also significantly better than RFT-based deals. RFT-based deals from the time it starts till the time it ends, we have seen a six to eight month cycle. For proactive deals, we typically see anything up to an year. So, that is typically the kind of timeframe that we see. In terms of the deals themselves, we are seeing a lot more integrated deals coming into the market. On the proactive deal side, we are seeing a lot more push towards business results. For example, in a recession people saying, you know come and tell me how much cash you can generate into my balance sheet or you can even throw it into balance sheet through a combination of BPO, IT, and infrastructure. So, clearly there is more integration happening in the front-end. In terms of competitive landscape, we see the usual suspects out there. Even though we do see as part of the short-listing in a RFT-based deal, the first half and the first couple of rounds are over, we find that the field typically narrows down to one or two Indian players and a couple of global players. That is typically what we have seen in the space.

Mitali Ghosh: Thank you sir. Have you seen...I mean, is there any change in terms of let us say the sales cycle compared to you know three months' back and also you know are you seeing the global vendors may be being more aggressive today than a few months back ?

T. K. Kurien: Absolutely, we have seen the global vendors being aggressive, and I do not think the level of aggression has come down or gone up even though we have seen a very, very sharp focus from a couple of global vendors. In terms of the cycles, you know, right now in the deals that we are going through, we are not seeing cycles kind of extending, but again given the environment, we probably if anything else see the number of deals that are going to come out kind of probably increasing going forward. So, the cycle is remaining more or less the same.

Mitali Ghosh: Thanks, and you know secondly just on the package implementation side, I wanted to understand, I mean, this quarter you saw a bit of a decline and you know one has been getting mixed signals in the market place as well. You know, what is the outlook you see there and you know may be if you can give us a sense of what kind of deals are really coming through in package?

Suresh Vaswani:Mitali, this is Suresh Vaswani here. You are right. This quarter, the growth was muted in terms of a year-on-year basis, and this was largely on account of few projects coming to an end in terms of completion plus you know one or two projects cancellations there. Having said that, you know, most of the wins that we have had, the large wins that we have had this quarter, were around package implementation and package support. So, going forward, I think we see a reasonably healthy outlook in so far as package implementation and package support is concerned, and I would say that this quarter particularly was a one of blip.

Suresh Senapaty: Yeah, QoQ was a blip, but YoY, we have done well about 36%.

Suresh Vaswani:So, YoY, the package implementation and support business has grown 36%, YoY... which is ahead of the Wipro average.

Mitali Ghosh: Right, and how much would support be as a total as a percentage?

Suresh Vaswani:See, roughly the split is 50-50 it would be, 50% support and 50% implementation. It is increasingly our support proportion that has enhanced over the last couple of years.

Mitali Ghosh: Right. Just one last quick question on, you know, Infocrossing. There was some discussion earlier and I think one of the reasons that you have given more margin expansion was the increase in revenues. I was just looking, I mean, have not the revenues been more or less flattish from like 60 million to 61 million or I am mistaken in that Q3 to Q4?

Zach Lonstein: The sequential growth revenues are 3% quarter-over-quarter and 4% year-over-year. The margins have increased as a reduction in cost in the company overall. We expect significant margin expansion though and revenue expansion. As I mentioned before, we have picked up a great total contract value signings, and we expect 18% or higher growth revenue for the year.

Mitali Ghosh: Okay, thanks. That is all.

Moderator: Thank you very much ma'am. Next in line, we have Mr. Viju George from Edelweiss. Over to you sir.

Viju: Yeah, hi. Thanks for talking my question. I have two specific questions. One is relating to new your customers wins. 29 this quarter, it seems to be, you know, a low in recent quarters. Is there any focus on the kind of customers or was it just a one of a kind of an aberration?

Girish Paranjpe: Hi Girish here. It is low, but at this moment at least, it looks like an aberration rather than a trend, and as you said, it is somewhat of a reflection on the slowdown that we have seen in United States, but if I look at it in a more secular basis, I think we should get back to where we were. It is also that we have been more selective over the type of clients that we want to go after and the kind of where we see our mutuality of long-term strategic relationships. So, there is some refocusing from our side, and that is some impact of that you see here. Do you have any other question ?

Viju: Yeah, it does answer the question. I was just saying that I think you gave us some numbers early in the call on as to how many came from or belong to the Fortune bracket.

Girish Paranjpe: There were about two of them.

Viju: Two of them...It was Fortune 100, 1000, what is it?

Girish Paranjpe:1000.

Viju: 1000, okay. The other question I had pertains to, you know, Customer Care and Lighting and also you know the IT services side, Infotech services side. I have seen a sharp boost in the profitability on a quarter-on-quarter basis on the gross margin side. Is that something very different this time around?

Suresh Senapaty: Well I think the numbers you are looking at look sharp because of the fact that it is a decimal one which has moved from 12 to 13, but if I take the decimal off, then it will be about 12.4 to 12.7. So, there is no sharp increase or decrease of the operating margins.

Viju: Okay, okay, I was looking more at the gross margin side actually. It moved up from 44.2 to 47.7, that is almost 50 basis increase sequentially. This was IT services, and on customer care, it has moved from 39 to 44.5, that is 550 bps. So, that is great.....

Suresh Senapaty: Yeah, yeah, that happens because quarter four is generally a very good quarter compared to quarter three. We have got a very high sequential growth and potentially little product orientation. So, from that perspective, it does bring in a volatility in the gross margin particularly in the Wipro Infotech business.

Viju: Okay fine because again, I mean just to go back, if I look at it from a YoY basis, I do not see that level of improvement ?

Suresh Senapaty: Correct, because it is quarter four on quarter four whereas quarter three behavior in terms of revenue is not the same as quarter four.

Suresh Senapaty: There is a seasonality there.

Viju: Okay. The other thing is what is the outlook on tax rates in FY-09?

Suresh Senapaty: FY-09, well the normalized tax rate that we have for 2007-2008 is more or less would be the tax rate for 2008-2009.

Viju: Okay.

Suresh Senapaty: The normalized because 2007-2008, we had some guidelines.

Viju: Sure, sure. Okay..

Suresh Senapaty: It will be within a 50 to 100 basis point otherwise.

Viju: Yeah, alright. Thank you so much.

Moderator: Thank you very much sir. Next in line, we have Kawaljeet from Kotak. Over to you sir.

Kawaljeet: Hi, Mr. Senapaty, can you just talk about the performance of you know the recent acquisition or the acquisitions which you have made in the last two years excluding Infocrossing and more specifically what I am looking at is you know what is the ROI on the acquisitions on these, you know, six or seven acquisitions which you have made?

Suresh Senapaty: Right. You know, most of the acquisitions that we have done, when we compare with the basis which we do it, we are not really short-term, I mean you have to take a little longer term. So, just a few years is not a good enough time because firstly, you are looking at six months to eight months stability and then you start working on getting a joint synergy, and therefore, you will have to look at particularly some of them like NewLogic and so on, which has been sort of IT component there, they had a higher period for us to be able to go through a real analysis of what the ROI would be, but if you look at the acquisitions like we have done Quantech, I think the growth is pretty good, but because the growth is good we are investing also a lot and therefore, profitability is not like we were predicting of the kind of a level, like we are or we would expect that from Infocrossing, but some of the businesses that we have acquired, which already had a critical mass, like mPower in the payment services area, I think there we had given a standard margin pertaining to be growing faster than the organic business. So, most of the...if you look at total acquisitions point of view, I think from a growth perspective, they are aggressive, but from a margin perspective, some had already reached the level and some are yet to reach and some are behind. So, net net, the experience has been pretty good.

Kawaljeet: But Mr. Senapaty, you know, as an analyst what would you basically recommend you know looking at Wipro to evaluate how the acquisitions have performed because when I look at some of the acquisitions in the product engineering space, that practice is not really growing much. I think you made an acquisition in the retail space, the growth over there is actually lower than peers. You know, in terms of performance, it has been mixed. So, what in your way would be the best way to evaluate, you know, the effectiveness of the acquisition strategy?

Suresh Senapaty: I think the best way would be to show that what we could have grown with or without acquisition. I think that is the clear architect. Now, after having done the acquisition, it is difficult to say what I have grown without, but you know, for example...you gave an example on the retail side. Now, we have won almost like an independent two entities, but over the last few quarters that we are sort of running them on a joint basis, we have got two good wins. Like in Infocrossing, we took the decision that we will go to market pretty fast enough, and therefore, we have started getting certain wins. So, every business has got a different kind of a strategy, and so, we have an internal plan. All we can tell you is we start with an internal plan and how we perform and the cherry of the internal plan is that we have an IRR which is longer-term and also we will look at that.... just to make a strategic value, and sometime it is very difficult to be able to measure on a standalone basis because it has its rub-off effect vis a vis the other organic business that we do.

Kawaljeet: Right, okay. The other question which I had is, you know, if you look at the first quarter guidance, you know, on an organic basis you said to have employed a growth of 27%. Now, this, you know, were in conjunction with Mr. Premji's broad statement on the outlook. Would that be a fair representation to say that one can expect a decelerating growth trajectory moving into fiscal 2009 because fiscal 2008 organic revenue growth was 33% ?

Azim Premji: No, we do not give forward statements or estimates for the year.

Kawaljeet: Okay.

Azim Premji: Read into my comment as much as you want to read it

Kawaljeet: Okay, fair enough. Thank you.

Azim Premji: You know, we do not want to just corner ourselves on this, and this would be about the worst year if you try to corner yourselves into all kinds of 12-month statement.

Kawaljeet: Right.

Azim Premji: We have given you an indication vis-à-vis guidance for Q1 which is broadly in line with our guidance for Q1 for last year.

Kawaljeet: Okay thank you.

Moderator: Thank you very much sir. Next in line, we have Mr. Suveer from Macquarie. Over to you sir.

Suveer: Hi, Suveer in fact from Macquarie. Actually, my question just got answered from a person, but I take this opportunity to congratulate.

Azim Premji: Thank you.

Suveer: Suresh and Girish, I wish them best of luck in the new roles.

Suresh Vaswani: Thank you.

Girish Paranjpe: Thank you Suveer.

Moderator: Thank you very much sir. Next in line we have Mr. Vikas from Motilal Oswal. Over to you sir.

Vikas: Yeah, hi, good afternoon. Thanks for taking my question. I do not know whether I missed this. Of the 3.39 billion dollars of the global IT services revenue, would you be in a position to tell me how much has actually come from organic?

Suresh Senapaty: Organic growth you mean ?

Vikas: That is excluding...yeah...excluding acquisitions?

Suresh Senapaty: Just one second.....

Suresh Senapaty: Acquisitions is about 125 million dollars...yeah.

Vikas: 125 million ?

Suresh Senapaty: Yeah.

Vikas: Okay and my second question was basically in light of the slowdown which is there in the US and Wipro being one the most active players in acquisitions, does the M&A market look more attractive now?

Girish Paranjpe: It depends on theGirish Paranjpe here. So, clearly valuations have come down and to that extent we probably have a better portfolio to look at. At the same time, we are to be little skeptical about the growth prospects as compared to what they have been in the past, but I think, on the goal, I would still say yes, I think we will probably have a better funnel now than we had in the past.

Vikas: Last question actually. Can you please elaborate your plans basically for....maybe focusing on the emerging markets, ex say US and Europe and India probably?

Suresh Vaswani:Okay, Suresh Vaswani here. So, you said excluding India where....

Suresh Senapaty: The US and Europe.

Suresh Vaswani:Okay, so in terms of our focus from an IT business perspective, clearly India is one major focus, and we will continue to drive our growth here. Middle East is the other area, the other geography where we see major opportunity, and we are planning, and we have started doing that, actually replicate our Wipro Infotech model in India in the Middle East. We have a joint venture there called Wipro Arabia Ltd., and we see good opportunity in Saudi Arabia and Dubai. That is the second part. Third is from an Asia-PAC perspective really the big thrust is on ASEAN, particularly in the markets of Malaysia, Indonesia, Singapore where we are seeing good traction again particularly in the telecom sector, and if I move to Australia, Australia, I think, we have reached a good reach-out, so to speak to develop further in terms of our services there. Now, if I look at the global geographies, Canada is a big thrust here for us, and we are seeing strong traction there, and of course, continental Europe and Germany will continue to be areas where we give increasing thrust to. We are not focused on addressing the China market in terms of realizing the local China market. We have started winning deals in South Africa, I mean, last quarter. We have started winning deals in South Africa, particularly special service lines of ours, but you know, broadly I would say it is India, it is Middle East, it is ASEAN, Australia, Canada, Germany, and continental Europe.

Vikas: And now actually it would be more in an integrated may be like, you know, you are planning to probably report also now for next period, the global idea and you know like services and so are you seeing some more kind of synergy or integration of Infotech and the global itech, how is it?

Suresh Vaswani:You know, what we are going to look at, and what we are guiding now for is our integrated IT services business across Wipro Infotech and Wipro Technologies. Services that we are now rendering are virtually the same across the global geographies and the India – Middle East geographies, so it makes sense to report them on an integrated basis. We continue our drive on our product business which also generates a lot of service synergy, but we continue our drive on our product business, especially in India and Middle East, which we will report as separate segment. Now, again, we are taking some of our alliance relationships like Cisco, Microsoft, EMC global, so even in the global space, you know, there will be some element of product business coming in, which we will report separately under the global products business segment, under the product segment.

Vikas: Right, thanks and good luck.

Suresh Vaswani: Thank you.

Suresh Senapaty: Thank you.

Moderator: Sure sir. That is Ms. Subhashini from JM Financials. Over to you ma'am.

Subhashini: Yeah, hi, my question is again relating to Infocrossing. Last time around, we are mentioned that the Missouri contract revenues will start accruing from the June quarter, so just wanted to check up with you that, that is on track, and because of that could we see a good revenue expansion in the next quarter in Infocrossing.

Zach Lonstein: Yeah, this is Zach Lonstein again. The Missouri contract is very much on track, both from a development point of view and from a processing point of view. We discussed the July 1st the new contract revenues kick in as well in the Missouri contract.

Subhashini: So, it is July and not June, is it? Earlier, was it expected in June?

Suresh Senapaty: It will be July.

Subhashini: Okay great, and just again, I think, just wanted to check up on the tax rate, what do we expect for FY09?

Suresh Senapaty: We would expect within 100 basis points as compared the normalized 2007-2008 CTR.

Subhashini: Okay great, thanks.

Moderator: Thank you very much ma'am.

Rajendra Shreemal: This is Rajendra here. Would like to thank all of you for being in the call, and should you have anything, give us a call. The audio archived on this call will be available on our website.

Moderator: Ladies and Gentlemen, thank you for choosing WebEx Conferencing Service. That concludes this conference call. Thank you for your participation. You may now disconnect your lines. Thank you.



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