



WIPRO LIMITED

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

6:45 PM Indian Standard Time, April 18, 2008

Participants - Wipro Management

- Azim Premji, Chairman
- Suresh Senapaty, Director- Finance and CFO
- 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
- Sridhar Ramasubbu, Investor Relations, Americas/Europe
- Zach Lonstein, CEO Infocrossing
- Vineet Agarwal, President – Consumer Care & Lighting SBU

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Moderator: Ladies and Gentlemen, thank you for standing by and welcome to the Wipro Earnings Call for the period ending March 31st, 2008. All participants are in the listen-only mode. Later, we will conduct the question and answer session, and instructions will be given at that time. If you should require any assistance throughout today's call, please do press the \* followed by the 0, and one of us would be with you immediately. As a reminder, today's conference call will be recorded. I would now like to turn the conference over to your host, Sridhar Ramasubbu. Please go ahead sir.

Sridhar Ramasubbu: Thank you very much Steve. Rajendra, we are starting, you are okay ?

Rajendra Shreemal: Yeah, please go ahead.

Sridhar Ramasubbu: Thanks Steve. Good morning ladies and gentlemen, and good evening to the participants across the globe. Rajendra, Lalith, and Aravind joining me from Bangalore. I am extending a warm welcome to all the participants to report fourth quarter results and earnings call for the period ended March 31st 2008. We have with us today Mr. Azim Premji, Chairman and Managing Director; Mr. Suresh Senapaty, CFO, who will comment on the US GAAP results for the period ended March 31st 2008. They are joined by Girish, Suresh Vaswani, and other senior members of the Wipro management team, who will be happy to answer questions. During the call, we might make certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on

management's current expectations and are associated with 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 for the fourth quarter results will be followed by 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 will be made available at [www.wipro.com](http://www.wipro.com). I am available on email and through mobile as well to take any questions and convey it to the Wipro management team in case you are unable to ask questions for any technical reason. Ladies and Gentlemen, over to Mr. Azim Premji, Chairman and Managing Director, Wipro.

Azim Premji: Good morning to all of you all. I am sure you would have seen our results posted on our website. I'd like to spend some time reflecting on the management changes and our performance for the quarter and 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 paced growth in all its dimensions. We have expanded our global reach, added an impressive list of value-added 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 Chief Executive Officers 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 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 Limited Board as Executive Directors. Their inclusion will add significant richness and breadth to the Board. Now let me share my thoughts on performance. Results for the year 2007-2008, have been satisfying on several fronts. Wipro Limited recorded revenue growth of 32% year-on-year and net profit growth of 11% year-on-year. Our combined IT revenue for the year was 4.1 billion with 38% year-on-year growth. In Rupee terms, the growth was 27% year-on-year. During the year, we made a strategic acquisition and invested in sales footprint, MEGA/GAMA account strategy, 360 degrees engagement model, and Large Programs team. We also started local delivery centers in Atlanta in the U.S., Troy in Michigan in the U.S., Monterrey in Mexico, Cebu in the Philippines, and Wroclaw in Poland. Our acquisition of Infocrossing has positioned us strongly in total outsourcing deal. All these initiatives yielded industry-leading growth rate for our global IT business at 38% year-on-year growth in dollar terms. Telecom service providers, financial services, manufacturing and energy and utilities business grew ahead of organic company average. Our differentiated service lines, that is, technology infrastructure services, testing services, BPO, and package implementation services also grew ahead of organic company average. We won several large deals in TIS space and also a few deals with integrated ADM-TIS operators. We have restructured our consultancy business and brought various consultancy 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. The single consulting phase will have about a 1,000 consultants spread across Americas, EMEA, India, and APAC. Our India, Middle East, and Asia-Pac IT business delivered strong revenue growth of 45% year-on-year, and profits growth of 34% year-on-year, exiting the year with a revenue run rate of around \$1 billion. These growth numbers were on the back of strategic investments made in the last two years in total outsourcing. We won five large deals during the year, and are well positioned to capitalize on our experience to further momentum in this unique specialized service line of total outsourcing. India, Middle East, and Asia-Pac IT business had leveraged the domain and solution capability of 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 our customers. Our global IT business has built excellent domain and transformational capabilities, while India, Middle East, and Asia Pac business

have deep-rooted relationship with customers at very high brand recall. We believe it is now appropriate to present our IT business on a combined basis, as the business has reached critical scale. We would report the combined business going forward split into services and products. For the fiscal year, Wipro Consumer Care and Lighting business had industry leading growth rates. Our India revenues have crossed the milestone of Rs. 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 was showing good growth in Malaysia, Indonesia, and Middle East markets. Enchanteur, an Unza flagship premium brand, is now 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 and confident of our prospects. Considering this, we have drawn upon an aggressive plan to capitalize on the likely back-ended positive momentum for a profitable volume growth. We are bullish on India and the Middle East geographies, to deliver turbo charge growth rising on investments in these markets, which we have made. 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 gentleman in U.S. and good evening to all of them in Europe and Asia. I will touch upon areas in our performance and financials that would be of interest to you all. Global IT Services revenue for the quarter of \$959.9 million included a \$80.5 million from the Wipro services, and \$63.5 from acquisitions. This is a sequential growth of 5.5%. The sequential growth was enabled by energy and utilities, financial services and retail growing by 19%, 7.7%, and 5.8% respectively. Infrastructure Services grew 30%, Testing with 6.5%, and BPO with 5.3%, led the sequential service line growth. Europe surged ahead with 9.2% sequential growth in the current quarter. On the foreign exchange front, our realized rate for the quarter was 39.87 versus rate of 39.71 realized for the quarter ended December 31st, 2007. As at period end, after assigning to the assets on balance sheet, we had about \$2.97 billion of contract at rates between 39.50 to 43 Rupees. 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, 12 in quarter three, and 8 in quarter four of last year. During the quarter, we won three large deals. Our year-on-year price realization in the IT Services business went up by 0.7% at onsite and 1.5% at offshore. We are seeing good traction in Infocrossing and have won deals of global contract value worth \$38 million during the quarter. Enjoying the go-to-market as a robust deal pipeline, we expanded Infocrossing margins by 750 basis points in the current quarter. During the quarter, we had an adverse impact of 100 basis points on margins due to onsite salary increase, effective 1st of January 2008, which was significantly mitigated through improvements in utilization, acquisition margin, and other operational parameters. The India, Middle East, and Asia-Pac IT business has reached critical scale and more integrated with the global IT business. We have now integrated the global 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 for our long-term talent retention plans, we gave approximately 8 million RSU on 1st of April to our employees. For the quarter ending June 2008, we expect volume led growth with stable pricing. We will have impact on margins due to the Visa costs and fresh RSU grants. We will now be glad to take questions.

Sridhar Ramasubbu: So Steve, we could have the Q&A, starting now. Steve, hello?

Moderator: Ladies and gentlemen, we will now begin the question-and-answer session of our conference. If you wish to ask a question, please do press the \* followed by the 1 on your touchtone phone. You will hear tone indicated that you placed yourself in queue. All questions will be pulled in the order they are received. You may remove yourself from queue at any time by pressing the pound key on your touchtone phone, and if you are using a speaker phone, please pick up your handset before pressing any of the key. One moment please for our first question. Our first question comes from the line of Joseph Foresi of Janney Montgomery. Please go ahead.

Joseph Foresi: Hi, gentlemen. It appears that you guys remain confident in growth in the back-half of the year. I was wondering what gives you confidence in things rebounding?

Girish Paranjpe: Hi, Girish here. You know, at this point of time it is an assessment based on how our clients are reacting because we had a chance to talk to many of our senior clients and what is happening to their IT budgets, and in most cases, we have the sense that the budgets have not been significantly cut, but there is a spend caution, and our feeling is that as the market settles down, it will get back to business as usual, and hopefully the spending will come back.

Joseph Foresi: So, is your assumption based on the economy recovering or is it based on what your clients are going to do?

Girish Paranjpe: It is based on two things. One is that a lot of the freeze on budgets is because of two reasons. One is because there is so much turmoil in the financial markets. It is also based on the fact that, you know, there has been lot of change in the management teams, especially in the financial services' world. So, as that new team settle in and the kind of turmoil in the financial markets subsides, we are hoping that will be back to business as usual in the second half.

Joseph Foresi: Okay.

Suresh Senapaty: Also Joseph, if I can supplement, if you look at the guidance that we are giving about \$1,060 million as compared to \$1,032 million of quarter four, on a combined IT services point of view, it was off to sequential of about 3%, same what we gave year before, exactly one year before for quarter one of 2007-08, and that is about 34% year-on-year, although if you adjust for the acquisition, it still works out to 26% year-on-year.

Joseph Foresi: Okay, it looks like the models are also sort of naturally adjusting to what has been going on in the economy. Are you guys seeing the cooling in the labor market, and also, you know, I know you said that you did expect pricing to be stable, but is the magnitude of the upside on the pricing cut down?

Girish Paranjpe: I think there are two questions, and Pratik is going to answer the first question on the cooling down on the labor market or any possibility on that. I will take the other question on the pricing front.

Pratik Kumar: Hi, this is Pratik here. So, there are two ways of looking at that question on the labor market. One on the supply side, are we seeing things easing, and our answer would be yes, because we do experience that in the segments where we are wanting to hire, whether in India or globally, our ability to do that with relative ease definitely has gone up over the last... about a quarter or so. Just on the wage salary cost, and what is our own view looking ahead for this particular year, there too, it is our own belief, and I think we are not alone in this, rest of the industry players are of similar view, but we would see moderation kicking in during this fiscal, and while for us it is still about couple of months away before the offshore salary, that is the India salary kicks-in, we believe compared to previous year which was in the range of about 12% to 13%, we anticipate this year it is more likely to be in the region of about 8% to 10%. Girish?

Girish Paranjpe: On the pricing side, some other contracts which came up for renewal earlier this year have gone through with decent price increases, and at least at this point there is no indication that we have any pressure on that.

Joseph Foresi: Okay, and just one final question. It looks like if I am reading it correctly that may be working your top client pulled back a little bit this quarter. I was just wondering in what vertical that client is, if you like to not identify him. And why did this happen? Is this associated with the economy at all? Thank you.

Girish Paranjpe: Well, we have seen very few and sporadic cases of that nature. It is not a case where it is some kind of a trend. Yes, let us say in retail kind of a thing, we are seeing one or two projects which has gotten cut or there has been a shelving of some of the decisions with respect to some of the projects that we were working on.

Joseph Foresi: And was the first client in retail or the top client in retail?

Suresh Vaswani: I think you are... this is Suresh Vaswani here. You are talking about the top client, I don't think we are in a position to talk specifically on the client name, but very broadly to address, the question if you really look at our top 10 clients, I think we have shown a better than industry... better than our average growth in so far as the top 10 clients are concerned.

Sudip Nandy: This is Sudip Nandy. The top clients, we can't name the industry but it is a composite customer. We did not have a pullback, we had a program end, and if you see a full quarter trend, it is growth year-on-year of more than 30% with the fourth quarter then aberration remaining almost flat or slightly lower than in the last quarter.

Joseph Foresi: Okay, thank you.

Moderator: Thank you sir. Our next question comes from the line of Moshe Katri of Cowen and Company. Please go ahead.

Moshe Katri: Okay thanks. I know you don't provide guidance typically for the fiscal year, but is there anything you can comment in terms of, you know, revenue growth maybe some sort of a comment related to at least revenue growth expectation for fiscal '09 and then what should we expect for EBIT margins? Thanks.

Suresh Senapaty: Moshe, actually like... I was trying to answer the previous question that we said that, based on the guidance that we have given for quarter one, which is almost similar to what we had given last year for quarter one, the growth is about 26% year-on-year, and it is our expectation that the growth will be back-ended, which means we would expect better growth rates going forward, and so we, as you know, we don't give specific guidance, only sort of we will go quarter-by-quarter and communicate to you if there is any kind of a change in our thinking or how it is... how we find assessment was good, and so far as the margin is concerned, I think we have done pretty well so far as 2007-2008 is concerned, despite the fact that we got the biggest hit in terms of foreign exchange and also the investment that we did in the form of an acquisition. This proves together, which yielded unusual hit, unusual dip for the margin by about 4.2%, but our overall margin, we were able to retain within 2.7 percentage level. So, from that perspective, we have been able to do lot of recovery, and in the year 2008-2009, our endeavor would be to make sure that we are able to hold the margin of 2007-2008 and improve further.

Moshe Katri: Okay, and then regarding growth expectations, so should we kind of assume some sort of a benchmark level of about 20% roughly, is that kind of a good number to start with?

Suresh Senapaty: Like I said that quarter one being what it is, the year-on-year growth itself without the acquisition is about 26, because we had an acquisition done which was for the second half, first half was not there, otherwise really 1,060 is about 34% year-on-year for quarter one itself.

Moshe Katri: And then Suresh it seems that the pricing is coming a bit better, better than what we expected in, I am talking about new clients, and can you kind of elaborate on that?

Suresh Vaswani: See in terms of... Suresh Vaswani here, in terms of pricing and I think Girish already alluded to this earlier. New contracts are coming in at between 4% to 5% higher pricing than what our current pricing is, and contract renewals, when they come up for contract renewals, we are able to get between 3% to 5% as well there. So, we are able to drive pricing up. I just wanted to comment also on your earlier question related to the market, now this independent industry sources, and I am really talking about Nasscom estimates also, talk about the market still holding up, at between 25% to 30% growth rates. So, I am not talking about Wipro's guidance, I am talking about the market expectations in terms of an independent body.

Moshe Katri: Thank you.

Moderator: Our next question comes from the line of Trip Chowdhry of Global Equities Research. Please go ahead.

Trip Chowdhry: Thank you and good execution. Two questions, first it seems like Wipro has a very diversified businesses, I was wondering if Premji could comment if he is thinking of getting into some alternate fuels since already under vegetable oil business or anything to do with clean tech or green tech, any thoughts on that?

Azim Premji: What we are doing is we have a very good base in understanding process equipment and discrete engineering. Our water acquisition in Wipro Infrastructure Engineering was basically to make equipment, which will address water purification because we see it as a huge emerging opportunity in India and in the surrounding markets. We hope we don't have to get into any non-connected diversification where we have to build technology or expertise or markets from scratch.

Trip Chowdhry: The second question I have is regarding the deal flow. Are you seeing any changes in the deal sizes, like are there more small sized deals coming into play versus the large sized or the mix of the deal, the same this year versus last year?

Suresh Vaswani: This is Suresh Vaswani here again. You know, speaking about deals, I think we see a healthy funneling so far as deals are concerned. We are also focusing now much more strongly in terms of creating proactively large size deals, and as you are familiar, we have also launched the total outsourcing practice, which is built around infrastructure, which are again reasonably large size deals. So, we are seeing a fairly healthy funnel. It is not that, as Mr. Senapaty also spoke about it earlier, it is not that deals are going to necessarily close in a hurry, but we certainly have a healthy pipeline of deals, both in the infrastructure side on the application and BPO side, and which is one of the reasons why we are saying that we would expect our growths to improve as we go on into Quarter 2, Quarter 3, and Quarter 4.

Trip Chowdhry: Thank you very much.

Moderator: Our next question comes from the line of Kanchana Vydiathan of Pacific Crest Securities. Please go ahead.

Kanchana Vydiathan: Thank you. I guess my question is with regards to your guidance for the June quarter of 1.06 billion. I was wondering if you can help us understand what have you taken into account. I mean are you taking into account that, that this is a conservative guidance that you know if things would deteriorate a little more? If you were to start seeing cancellations of deals, have all of that being taken into account? Is this a conservative guidance or this is realistic at this point?

Suresh Senapaty: As you have seen before, Wipro always comes out with realistic as to what we see at that point in time as an expectation for the quarter. You have not seen significant difference between what we guide versus what we deliver.

Kanchana Vydianathan: I guess, just, you know, if you look at the economy right now, is it possible that you could run into certain cancellations and projects or project delays that could put your guidance at risk?

Suresh Senapaty: At this point in time, we have seen, we have looked at what their current run rate is, what the customers are looking for, and we have a reasonable estimate with a very high probability factor for June ending 2008. We will be able to communicate as to what we expect. So, we, at this point in time, feel very comfortable in terms of what we do we have, given the guidance number and that is a realistic number.

Kanchana Vydianathan: Okay. One question with regards to your technology businesses, I was wondering if you could talk a little bit about, you know, what is happening in the technology business because it looks like the growth in that business is still below the company average growth rate. Can you help us understand is that where you are seeing the slowdown and is that where you are expecting a pickup in the second half?

Sudip Nandy: This is Sudip Nandy, from the TPE, Telecom and Product Engineering business. The three distinctive parts to the business; one is the Telecom Service Provider business which has grown more than 50% year-on-year. So that has been a very healthy growth, it's a growth leader in the company. The second part is the Telecom OEM business, lot of the Telecom OEM big companies globally, they are well almost 18 to 24 months over past their mergers, and their product rationalization and joint strategies all have been evolved. So, we have actually moved from the eight quarters before we were seeing single digit growth in the Telecom OEM sector, we have actually reported double digits mid-teens growth in the last year in Telecom OEM sector, but that is.....the weight of that sector is fairly heavy for our technology business. The third leg of the technology business is the embedded and computing business. In that, we have had a growth, which is very high, very good 50% plus in Industrial Automation, in Medical Electronics, and also in Avionics as a sector. So all-in-all because of the way the weightages are, we have reported lower than average growth, but the growth is better than last year in the Telecom OEM sector. So, we are seeing slight recovery in the Telecom OEM sector, and as the weight of the Telecom Service Provider business increases in our mix, we expect it to be even better next year.

Kanchana Vydianathan: Okay, and one final question. I guess if would have to look at your percentage of revenue from fixed price contract, that has significantly improved over the course of the year. Can you help us understand, what are you doing differently in order to drive this revenue increase? Thank you.

Girish Paranjpe: This is Girish Paranjpe here, what we are doing to increase share of fixed price project is two initiatives. One is to bid for more developmental projects, which can be more easily structured as fixed price products, and some of the increases happened because of that, and the other is where we had, in application maintenance or infrastructure maintenance kind of contracts to run them more as managed services contracts, and those are the two ways we have been able to increase the percentage of fixed price.

Suresh Vaswani: Yes, just to elaborate further, this is Suresh Vaswani here. Some of our service lines, which are driving growth, lends itself to fixed price contracts. Like Girish mentioned, infrastructure services is largely fixed price managed services type of contracts, and that is the service line that has been growing, has grown 50% on year-on-year basis this year. Likewise, our package implementation practice, package implementation and support practice also tends to be largely fixed price.

Kanchana Vydianathan: Okay, it is helpful. Thank you very much.

Moderator: Thank you ma'am. Our next question comes from the line of Anthony Miller of Arete Research. Please go ahead sir.

Anthony Miller: Yes, hello again gentleman. A couple of questions, firstly one which kind of led-on from the discussion this morning when a question was asked about package implementation growth which went backwards a little, and I think the comment was made that you saw a couple of project cancellations. I wondered if you could expand on that little please and tell us what sort of projects were cancelled? What sort of vertical and then why the projects were cancelled?

Suresh Vaswani: Frankly that was just one project cancellation. One significant project cancellation, which set back the revenues in so far as Q4 was concerned, but there was also certain delays in terms of projects ramping-up, so project start-up delays were there and therefore that also sort of led to a muted quarter four. Going forward the way we see it... I think the funnel on the package implementation side looks good. Some of the major deals that we won in quarter four are revolving around package implementation and package support, and that really was the basis of our, you know, more stronger outlook, so far as the package implementation is concerned in the current year. Quarter four, we clearly see as a combination of one significant project cancellation, and second was, because of some of the projects that we had won have taken time to get off the ground in terms of the customer saying that they want to start next quarter.

Anthony Miller: Can you say you why that project was cancelled?

Suresh Vaswani: Well, it is for exactly the same reasons that you all have been raising in terms of the sort of recession and therefore it was a discretionary project. It was a project related to a new application that we were implementing for the customer, and the customer just felt that it was discretionary and therefore pulled back on it.

Anthony Miller: Okay, and was that in banking sector in BFSI?

Suresh Vaswani: Sorry?

Anthony Miller: Was that in BFSI?

Suresh Vaswani: It was not in BFSI.

Anthony Miller: Okay, and just another quick one on Infocrossing. Can you give us a flavor for how much of the growth that you are seeing in Infocrossing has come from customers who are already there prior to the acquisition, and therefore, how much is actually new business won under Wipro's control?

Zach Lonstein: Hi, this is Zach Lonstein. I am the CEO of Infocrossing, and the \$38 million in total contract value that we announced for the fourth quarter of this year is all from new customers. We got a few renewals and announcements of total contract value, and in fact we are seeing a ramp-up in our signings in the first quarter, which is 18 days old. We already have \$34 million in the new total contract value. So, we are seeing the acceleration of momentum in our growth.

Anthony Miller: And in that new business of this been signed both last quarter and the couple of weeks of this quarter, how much of that actually includes some element of either offshore service or some element of Wipro service beyond what you supply onsite with Infocrossing?

Zach Lonstein: This is our traditional Infocrossing infrastructure outsourcing business, our business as usual.

Anthony Miller: Okay. So there is no cross-selling that is happening yet for other Wipro services?

Zach Lonstein: Well actually, we are working together with TIS to provide synergistic services. We have a significant pipeline of larger accounts. We closed one joint deal at this point. We have a number of much, but not that extremely large, we have number of very large deals in the pipeline, and the outlook looks very strong.

Suresh Senapaty: Anthony, the \$38 million of TCV that Zach talked about is from some of the customers of Wipro, Wipro's original customers, while these may not have an integrated deals of what Infocrossing does and what Wipro does, but there is an amount of cross-selling synergy which has already started kicking-in.

Anthony Miller: Okay, thanks very much.

Suresh Senapaty: Thank you.

Moderator: Thank you, and our next question in queue comes from Ashish Thadhani of Gilford Securities. Please go ahead.

Ashish Thadhani: Yes, good evening very nice quarter. Couple of questions. Your SG&A trended up as a percentage of revenue quite noticeably. Can you explain why and how much of this will continue into future periods?

Suresh Senapaty: I think, Ashish, we have increased some headcount in the sales team, and also there is a compensation increase that happened from 1st of January, 2008. So, that gets reflected, and the third thing is that we are also trying to build is this global program, which is being led by one of the senior persons under Kurien, and there has been some headcount increase there, and we will continue to invest in that space. So, from that perspective, our sales and marketing investments will not stop. We will continue with it.

Ashish Thadhani: Okay, and then moving to the financial services vertical, that was up very nicely quarter-on-quarter. Can you explain what helped Wipro buck the trend here, was it Europe, was it some specific new client or something else?

Girish Paranjpe: Girish here. I think we have the advantage of some of our European clients kind of continue to do well and not as badly affected by the downturn in the United States. Also, the type of business that we are doing in United States with some of our clients was less vulnerable to a sudden kind of ramp down, and I think that did help us in pulling through and doing quite respectably in this quarter.

Ashish Thadhani: Okay, and then one final question on margins, both in the Asia-Pac business as well as the consumer care business, those jumped up quite nicely. Is that sustainable? Is there anything unusual in this quarter in the profitability in those businesses?

Suresh Senapaty: I think Ashish so far as Infotech is concerned, quarter four is always the best quarter for them, and consequently when you have the similar SG&A and the quarter 4 revenue, you would have seen on a YoY basis, it would not have made a big difference, but a QoQ point of view, it would make a difference. On a yearly basis, I think they hold a margin, which is about 9% to 10%. That is between products and services together. Like we have stated, we will now start reporting IT Services separately between the two businesses as well as IT Products separately as opposed to Wipro Infotech and Wipro Technology kind of a concept, and so far as Wipro Consumer is concerned, I would request Vineet Agarwal our President Wipro Consumer to respond to that question.

Vineet Agarwal: Well on the operating margin, our operating margin is broadly the same. If you are referring to the number which is included, 12 to 13 is really on the decimal number, it has moved really from 12.4 to 12.7. However, if you are referring to gross margin improvement, which has happened from last year to this year, it is really because of Unza acquisition, where Unza has a lot of premium products. So, the gross margin tends to be higher. The cost of sales is also higher in those premium products, and therefore, the operating margin is broadly in line with Wipro Consumer Care and Lighting business. There is no major change from what you have seen of it.

Suresh Senapaty: Just to clarify cost of goods by sales promotion. It is below the gross margin line.

Ashish Thadani: All right great, thank you very much, very helpful.

Moderator: Our next question in queue comes from the line of Abhi Gami of Bank of America. Please go ahead.

Abhishek Gami: Okay, thank you. With growth a little bit slower early in the year, do you have the luxury of spreading out the pace of your hiring through the year a little bit more efficiently or do you need to build a bench earlier in the year as you typically may do?

Suresh Senapaty: Abhi, was the question on hiring?

Abhishek Gami: Yes, right. I am looking for some thoughts around timing of your hiring during the year. Can you wait a little bit longer to bring people on and stretch your bench a bit more, or will you maintain historical rates around your utilization?

Pratik Kumar: Just on the hiring front, we addressed that question in the morning call as well. The bulk of our hiring would be focused on the pressure hiring, these are the engineering graduates, and we would be hiring from campuses across and also a sizable section which would be comprising of non-engineers, these are basically Bachelor of Science. In terms of numbers, we have made close to 14,000 offers with respect to engineering graduates, and we would be bringing on board another 3,500, who would be Bachelor of Science graduates. So this is, just in terms of looking ahead where we are locked in with our hiring numbers with respect to pressure as well the laterals are concerned, we would be tying in lateral hiring more closer to our demand requirements in specific requirement needs as demand builds up. On our utilization, we think we have had a good year this year, our net utilization is running almost at 74%. If you exclude trainees, it is running at about 78%. We still think we have headspace to pull it off further by about another couple of points. So we would be doing both, we will be very selective in where we hire, and we will continue to press the peddle on utilization front, and hopefully we should be able to pull up there too.

Abhishek Gami: Okay thank you. Also another question, also with the things slowing down a little bit this year, do you have room to slow your capital expenditures from the pace of fiscal '08 or should we expect to see that growth in line with the growth of the business?

Suresh Senapaty: When you talk about capital expenditure primarily three things, A is the land, B is the building, and C is typically the machinery that you deploy. So typically what happens is when you pick-up a site to build-up, you buy the land ahead of time and because you create the facility for future too, and you can never lose money on that, and similarly when you build a building, again it at least accounts for the cost escalation that we are seeing, so we do not see much of an issue there, but typically it tends to be spend and utilization may happen much later, but so far as the other more expensive equipment deployments are concerned, it will be clearly with 60 days to 90 days time lag that the investments happen, and therefore, clearly it is pretty linear to the deployment of people that happens.

Abhishek Gami: Okay, thank you.

Moderator: If there are any additional questions or comments for today's panel, please do press the \* followed by the 1, and we got a question in queue from the line of Mark from Piper Jaffray.

Mark: Good evening, it is actually Mark from Marostica. I just have a couple of separate questions. First, just a follow-up to an earlier question on package implementations. You mentioned in a couple of large wins. I am just curious if you can comment on the verticals where you saw those wins? And then secondly, which sector did you see the cancellation?

Suresh Vaswani: Not be too specific but both the wins and the cancellations, so to speak, most of the wins were from the enterprise sector. So not from BFSI, but in the enterprise sector.

Mark: Okay, and the cancellation.

Suresh Vaswani: We have spoken about a few large wins this quarter, and those large wins are from the enterprise sector in package implementation henceforth, and the cancellation that we alluded to earlier also was from the enterprise sector.

Mark: Okay, great, and then separately on fixed price side of the equation, I am curious, first of all, can you remind me what the revenue concentration was there in FY07?

Suresh Vaswani: Can you repeat that question?

Mark: Yes, fixed price contracts as the percent of revenue in FY07.

Suresh Vaswani: 32%.

Mark: about 29%.

Suresh Vaswani: I think for the year...yeah.... 29 for quarter four.

Mark: Okay. And then can you comment on incremental margins that you saw in 2008 relative to TNM and then where do you expect to see the level as the concentration of revenues in FY09?

Suresh Vaswani: You are talking about the profitability in fixed price as compared to the time and material, is that your question?

Mark: That is correct.

Suresh Senapaty: Well, I think we can do much better than what we have been doing, and our endeavor will be to seek improvement in that area because while 60% to 70% of the projects do well, and we get much better than what we would have planned for, there are few spoil sports in that as a result of net-net. We do not get the full leverage of it and our constant endeavor is to make sure that we have all the quality processes in place, including the customer expectation management, the credit request management, etc, etc, to be able to get better at that space. So from that perspective, we are constantly at it. We have done better in the 2007-08 as compared to 2006-07, and our expectation is eight to nine, we would do even better.

Mark: Okay, and as a percent of revenues in 2009, where do you expect to see fixed price?

Suresh Senapaty: On an average, it was about 22% so far with 2007-08 is concerned, and we would expect it to go up 35% is what, we should be willing to go for.

Mark: Okay, great. Thank you.

Moderator: Our next question in queue comes from the line of Julio Quinteros of Goldman Sachs. Please go ahead.

Julio Quinteros: Suresh can you just give us what the annual RSU impact supposed to be for the model?

Suresh Senapaty: See the RSU impact for quarter one would be about 50 basis points. I can't give you for the whole year because that also means I have to give you the revenue.....

Julio Quinteros: I am sorry. I am just trying to understand the RSU impact is not just the one quarter issue but rather it would keep flowing through for the rest of the fiscal year.

Suresh Senapaty: That is correct, but things we do at straight line accounting so typically what did we take in the first quarter will more or less remain the same, but the percentage will drop as the revenue growth happens.

Julio Quinteros: Okay, so it is not just one time, it actually would... something we have to account for the whole year as we think about it?

Suresh Senapaty: Correct, that is correct.

Julio Quinteros: Okay, got it.

Suresh Senapaty: Except that we will get some of the earlier ones a bit reduced and this one backward.

Julio Quinteros: Of course, Okay, and then secondly your utilization levels are nearly at 80% when you exclude the trainees, but it sounds like you are saying that you guys would like to run at even higher. It seems like anywhere above 80% that, that needle would be running pretty high. Is that the right strategy to be taking the utilization up and it sounds like probably above 80% for you guys?

Girish Paranjpe: Hi, Girish here. We have... it is an aspiration number and it is because we have been able to implement some processes which really allow us to make lot of people fungible. So, in a traditional model, I agree with you that it would be almost dangerous to run in such high utilization levels, but because we see the advantages of fungibility and because of the improvement we have had this year, and the scope we see a further improvement, we believe that there is some more room there.

Julio Quinteros: Can you just explain what you mean by the advantages of fungibility?

Girish Paranjpe: The advantages of fungibility are really around being able to use people across business units, across service lines much more instead of allowing them to be siloed within individual business units.

Julio Quinteros: Understood, and then secondly on the hiring pace for the last two quarters, I know you had a big hiring quarter about three quarters ago, but are you guys building enough bench for the expected acceleration into the back half of the year at this point?

Pratik Kumar: This is Pratik here. We do think that our hiring engineers geared to be able to bring people on board, especially the experience hands in a reasonably short period of time. As far as the pressures are concerned, they go through 12 weeks of orientation, and we keep bringing them in batches, and therefore

we can time it well, when they should be coming out of the training programs and when they get deployed on to projects. We do not anticipate that to be an issue, certainly not in this respect.

Julio Quinteros: And can you just remind us what your current mix is of new hires, laterals versus campus?

Pratik Kumar: This coming year, we would be looking at a mix of 70:30, which is an improvement from this year's 50:50.

Julio Quinteros: Got it from 50-50 this year. Okay and then just lastly on the Infocrossing margin, you guys are now running at round I think it was around 9% or so on margins. Where do you expect that to go from here in the next quarter or two and then what is the risk of margin downside assuming that things slow down, in other words how much fixed cost risk is there in this business at this point?

Zach Lonstein: This is Zach Lonstein, CEO of Infocrossing, just a last comment I have been involved in a number of acquisitions in the process of integration invariably leads to a temporary reduction in margins, as the integration process is carried out. However, also inevitably, the margins returned to their previous levels and begin to exceed their previous levels, and we are now seeing that happen. So for the year, we are expecting gross margins to significantly increase to around 32%, and for the fourth quarter in fact will of course reach its highest point, and the same is true for the EBIT margins. We expect them to significantly increase, reach its highest levels in the fourth quarter, and since we are recurring revenue business, that gives you good insight into what should be going forward with the following year. So, we don't see a lot of risk in the margin, and we really expect an upside.

Julio Quinteros: And the EBIT margin that you are conjecturing to, I am sorry, what was that number?

Zach Lonstein: We are expecting an overall EBIT margin for the year at around 13%, but for the fourth quarter, it is still a higher number.

Julio Quinteros: Got it. I am sorry... Suresh what was the reversal on the R&D about, it looks like the R&D for the quarter was a negative item as opposed to usually being an expense?

Suresh Senapaty: I am glad you asked that question, because in the morning I have not answered that, and I forgot to sort of cover that. In Wipro, new logic that we have, we have R&D work that we do as part of in that entity particularly with brands, and because these are R&D activities, there are certain incentives we get from the government. Typically, in the fourth quarter, that incentive accrues, and it is back particularly even Quarter 4 of last year also we would have got it, as well as 08 also we will get it.

Julio Quinteros: Okay, so typically you get the accrual in the fourth quarter, but as we go through into the next fiscal year, it would go back to its normal expense as an expense item?

Suresh Senapaty: That's right, I mean... at least about 80% of that write back was leaping to grant that we've got from the government.

Julio Quinteros: Okay, got it. Okay, great, thanks.

Moderator: Our next question comes from the line of Ed Caso of Wachovia. Please go ahead.

Ed Caso: Alright, thank you Ed Caso, Wachovia. My question is around the hiring and retention. Are you trying to get a sense for what is a little deeper and what is going on in the market? Are you seeing the

multinationals like Accenture and IBM and are you seeing the captive sort of slowing their aggressiveness in the market? That would be my first question.

Girish Paranjpe: Hi Girish here. There is no unusual activity that we see from any of our competitors on the recruitment market. So, we will have to wait and see another couple of quarters, but as of now, there does not seem to be anything unusual.

Ed Caso: What about competition since India is growing 8%. Are you starting to be challenged by professionals wanting to go and work in other industries either directly or having sort of an upward pull on wages?

Suresh Senapaty: Not yet because I think there is sufficient talent pool which is still directed towards IT industry, and there are opportunities which the IT industry offers which other industry which are more domestically oriented do not offer. So, while there are sporadic cases of people going to domestic industry, this is not as yet a trend.

Ed Caso: Would it be fair to assume that the rest of India Inc. would put more pressure on your BPO business as opposed to your IT business?

Suresh Senapaty: You are right. So Kurien, can add to that, whether the BPO business is more vulnerable to us in a competition from domestic IT businesses.

T.K. Kurien: I think the answer is clearly yes, but what we have seen is that, we have seen two trends happening. While there has been a movement over, I would say six months ago into domestic industry. That has slowed down last quarter, and given the fact that the industry is locally is also cooling down little bit, we do not see that being a trend going forward, that is people moving into other industries, but we still expect to see about 10% to 20% of the population that moves out of our business, who have tried out of our business, moving into local domestic business.

Ed Caso: Great. Is there any sense that the turnover maybe coming down a little bit because people see sort of less opportunity and I know all the tier-1s have been trying to be more cynical about hiring laterals who have resumes where they move every few months.

Girish Paranjpe: Well Girish here, yes. So we continue to see some clean-up that needs to be done of incorrectness in the resumes that especially on lateral hiring. We thought we had completely cleaned-out, but it seems to be that it's a more endemic thing. So, we continue to see 2% or 3% of the attrition really attributable to that kind of problem, but other than that I think the attrition rate continues to be in the range. There is a hypothesis that as the year progresses, the attrition rate should fall and maybe it will happen, but we have not yet seen anything like that.

Ed Caso: Thank you.

Moderator: Our next question comes from the line of Devang Kothari of JMP Securities. Please go ahead.

Devang Kothari: Yes Devang Kothari from JMP Securities. Just a quick question on your campus hiring strategy. Given the change in mix that you are looking from a fresher's perspective, how do you accomplish that, are you going to more tier-2 schools or how can you have such an increase in the freshers coming in?

Girish Paranjpe: Yes, Girish here. Actually, what happens in India is that you have to make this campus offers almost a year in advance. So the people who are joining us now have actually been identified and offered to 12 months ago, and when we did that exercise 12 months ago, we did go to fairly large number of

campuses and kind of we got more aggressive in courting candidates. So, based on our activity done last year, we have fairly strong pipeline, almost 14,000 people to whom we have made offers for joining this year, and we will wait and see how many of them do join our organization, but there is no reason to believe that a significant majority will not accept our offers.

Devang Kothari: Hey great, thank you very much.

Sridhar Ramasubbu: I think we will close the question-and-answer session. Is there are any questions on the line?

Moderator: We have two questions left, and they are both follow-ups.

Sridhar Ramasubbu: Suresh, do you want to take the question or we will take it offline.

Suresh Senapaty: Yeah, yeah, no, let us take the two questions.

Sridhar Ramasubbu: Yes, okay. Let's take the two questions and then close the Q&A after that.

Moderator: Okay. The next question is a followup from Moshe Katri of Cowen and Company. Please go ahead.

Moshe Katri: Okay thanks. Thanks for the followup. Some of your competitors indicated that the nature of the work that is required by their clients in this environment is changing. Can you kind of comment on that. Are you seeing the same thing, and then, there is also lot to talk about the fact that corporations with captive centers are actually in the process of looking to sell some of these properties out of India and maybe you can talk about that as well. Thanks.

Girish Paranjpe: Yes Moshe, Girish here. So on the second question, clearly there are some captives, which are on the block. Some of it are genuine reasons of some disenchantment about the overhead of running a captive. The other is their own reasons to monetize what they think they created value in the form of the captive. So, there are couple of things in the block and I think as years ago may be there will be some more.

Moderator: And our last question.

Moshe Katri: And then also comment on the changing or the changes in the nature of the work?

Girish Paranjpe: I mean especially in large relationships the nature of work does move away from more traditional, technical type of work to be more complex work involving more business analysts, more architects, large complex project type of work. So as our relationship kind of matures with clients, the nature of people we will need to, to give contracts changes, there is no doubt about it.

Moshe Katri: Thanks.

Moderator: And the last question in queue at this time is the follow-up from the line Julio Quinteros of Goldman Sachs. Please go ahead.

Julio Quinteros: Thanks guys, last question is just a really a semantics question, when you guys talk about cancellations, can you just define on what you mean by that and how a cancellation is different than say potentially a deferral, a delay, or a push out?

Suresh Vaswani: This is Suresh Vaswani here, very simple project cancellation is project, let us say, which is about to start or which has made some headway and then the customer decides to say that he does not want to continue with the project. So typically when such a thing happens, of course we can also claim for some amount of damages based on the sort of contract that we have signed with the customers. So that is a project cancellation, completely stopping the project. The project deferral is the customer just requesting that instead of starting the project in Q1, we will start the project in Q2.

Julio Quinteros: Okay.

Suresh Vaswani: The project is still live and will continue eventually.

Julio Quinteros: Got it, and so if we... as we look at the business right now, it sounds pretty clear that on the cancellations front you guys are not... there is a couple of anecdotal evidence kind of comments that you made that there were a few, but what about on the deferrals, delays, and push ups, how pervasive is that through the enterprise right now?

Suresh Vaswani: Cancellations were very, very few so.

Julio Quinteros: Correct.

Suresh Vaswani: Irrespective of economy, I don't think there will be too many sort of cancellations that we have had.

Julio Quinteros: Understood.

Suresh Vaswani: There have been more than one so to speak project deferrals, and that is what is sort of a worrying trend in context of and that is the impact of the slowdown in the economy.

Azim Premji: And that is the reason we talk about being trying to be cautious despite the fact that we have given our guidance, which is sequential.

Julio Quinteros: Okay great.

Suresh Vaswani: One last comment I would like to make is there is a lot of talk on economy slowdown, etc. It is also an opportunity for players like us who do certainly have a transformational advantage and the cost transformation advantage for customers. So, while yes, there would be some project cancellations and some project deferrals, I think we would also be able to convert some of the slowdown so to speak into an opportunity in terms of writing innovative solutions which are cost transformational for our customers.

Julio Quinteros: I agree. I think all of our research suggests that that would be the case that over some period of time, the risk I think really is from the time that stuff gets cut, delayed, or pushed out until the time that, that actually begins to ramp up is that a one-quarter phenomena, a two-quarter phenomena, that is the part that I think we are trying to understand is how much risk is there from the time that something actually goes down until the time that something actually comes back on line.

Suresh Vaswani: We certainly believe and that is what we are speaking about. The more back-ended growth this year, so we are expecting some upswings.

Julio Quinteros: Got it, great thank you guys.

Suresh Vaswani: Thank you.

Sridhar Ramasubbu: Thank you very much everybody for your participation. The IR team is available for any offline queries or clarification. Thank you very much and see if we can give the final digitized numbers.

Moderator: Thank you sir. Today's conference call will be replayed from today at 11:15 Eastern Time, April 25th, 2008, midnight of that day. You may access that conference by dialing 1-800-475-6701 and entering the access code 918610. If you happen to be dialing from an international location, please use the number 320-365-3844 and the access code 918610. Those dialing numbers once again for the replay are 1-800-475-6701 and 320-365-3844 and the access code for both dial-in numbers is 918610. That does conclude our conference call. I would like to thank you on behalf of today's panel and thank you for using AT&T. Have a good day and a wonderful weekend, and you may now disconnect.



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