Good morning. My name is Liva and I will be your conference operator today. At this time, I would like to welcome everyone to the Wipro second quarter earnings call. All lines have been placed on mute to prevent any background noise. After the speaker's remarks, there will be a question and answer session. If you would like to ask a question during this time, simply press star, then the number one on your telephone keypad. If you would like to withdraw your question, you may press the pound key. Thank you. Mr. Ramasubbu, you may begin.

Sridhar Ramasubbu: Thanks Liva. Good morning ladies and gentlemen and good evening to the participants across the globe. Rajendra, Lalit, Aravind join me from Bangalore and extending a very warm welcome to all the participants to Wipro's second quarter results and earnings call for the period ended September 30, 2008. We have with us today Mr. Azim Premji, Chairman; Mr. Suresh Senapaty, CFO, who will comment on the US GAAP results for the period ended September 30, 2008. They are joined by joint CEOs, Suresh Vaswani and Girish and other senior members of the Wipro management team who will be happy to answer your questions. During the call, we might make certain forward-looking statements within the meaning of the Private Securities Litigation Reforms Act 1995. These statements are based on management's current expectations and are associated with uncertainty and risks which could cause the actual results to differ materially from those expected. These uncertainties and risk factors have been explained in detail in our filings with the Securities and Exchange Commission in the USA. Wipro does not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date of filing thereof. The call is scheduled for an hour. The presentation of the second quarter results will be followed by a question and answer session. The operator will walk you through the procedure for asking questions. The entire earnings call proceedings are being archived and transcripts would be made available after the call at wipro.com. I am available on email and through mobile as well to take any questions and table it to the Wipro team in case you are unable to ask questions for any technical reasons. Ladies and gentlemen, over to Mr. Azim Premji, Chairman, Wipro.

Azim Premji: Good evening and good morning to all of you all depending on where you are located. Thank you for joining our call. I am sure you would have seen our results for the quarter ended September 30, 2008. I would like to spend some time reflecting on our performance for the quarter and our strategy going forward.
Following that, Suresh Senapaty, our CFO will share financial highlights and the management team will be happy to take questions. Wipro Limited recorded a revenue growth of 7.5% sequentially. In our IT services business, we achieved revenue of 1.11 billion with year-on-year growth of 29%, significantly outperforming our guidance of 1089 million. In rupee terms, our revenue growth in IT services was 36% year on year. What makes the results satisfying is that it has been achieved in the context of a deteriorating global economic environment. Several large financial organizations have either gone under or have been sold. There is significant credit squeeze and Central Banks are taking unprecedented steps to infuse liquidity into the system. Credit is the lifeline of any economy and that lifeline seems to have been impaired. The overall sentiment is cautious. The economic crisis has spread globally. What all this means to our IT business is that we need to move from a business as usual approach to a more transformational approach that will help our customers realize better cost and service optimization in their times of need. I would like to focus on our initiatives which we believe will be the game changers in the current environment. First, our global programs team has been instituted with a specific purpose of capitalizing on the rising number of transformational opportunity. With discretionary spending being cut, we believe that our growth will be fueled by transformational deals. Our global programs team has been able to create a decent pipeline of transformational opportunity. Second, in difficult times, customers look for partners with strong consultancy and domain capabilities to realize cost of service transformation. Our consulting team of 1000 plus is focused on enhancing the quality of dialogue, the quality of relationship, and the quality of work which we do for our top customers. Currently, about two-thirds of our consulting revenue comes from mega and gamma accounts. These are accounts of revenue more than 50 million and accounts of revenue more than 100 million per year. Our consulting capabilities are also enabling downstream revenue from our large customers. Our domain capabilities are among the best as we have invested in the vertical structure 10 years back. Thirdly, we are increasingly moving towards the nonlinear model and significant investments are directed towards this initiative. Our investments in the platform BPO meant that we have grown revenues at 40% year on year in 07-08 with a 16% increase in headcount. It also meant that we could maintain margins in the BPO business last year in spite of significant rupee appreciation. In IT services, our nonlinear initiatives are centered around three teams, intellectual property creation, efficiency enhancement, and delivery organization. These are expected to generate returns going forward. Finally, a global integrated delivery model instituted in the beginning of this financial year is starting to deliver productivity gains. We have been able to make significant headway on utilization without compromising on our ability to fulfill demand requirements. We are also expanding our global
presence with strong presence in near-shore centers. This will enable us to provide near-shore capabilities with specialized skills aligned with customer’s business need from regional centers. Overall, I am confident that we have made the right investments for the future and we will be able to weather the near-term challenges posed by the slowing global economy. I will request Suresh Senapaty, our CFO to comment on financial results before we take questions.

Suresh Senapaty: Good morning to all of you in United States and good evening to those of you in Asia. Let me commence my highlights by highlighting the fact that for the convenience of the readers, our US GAAP financial statements had been translated into dollars at the Noon Buying Rates in the New York City on June 30, 2008, for cable transfers in Indian rupees as certified by the Federal Reserve Bank of New York which was 1 dollar is equal 46 rupees 45 paisa. Accordingly, revenues of our global IT services segment that was 1110 million dollars or in rupee terms roughly 47.3 billion rupees appears in our earnings release as 1019 million US dollars based on the convenient translation. Wipro Limited revenue grew 36% year on year and our net profit grew 1% year on year. Our IT services revenue for this quarter were 1110 million dollars against a guidance of 1089 million dollars, a sequential growth of 4%. In constant currency terms, our sequential growth was about 5.6%. We continue to publish our adjusted non-GAAP net income in addition to publishing results as for GAAP and also provide a detailed reconciliation between GAAP, net income, and adjusted non-GAAP net income to help our stakeholders see our results clearer. Our adjusted non-GAAP net income for the quarter excluding the translation loss of ECB, external commercial borrowings of 1,156 million rupees and fringe benefit tax on ESOPs of rupees 86 million was rupees 9.47 billion. This translates to an EPS of 6.51 rupees which is 14 cents representing a Y-o-Y increase of 16%. We had a tax write-back in quarter two of 2007-2008, excluding which our year-on-year growth would be 18%. We have had well-rounded growth for the current quarter. Our retail and transportation vertical recorded strong sequential growth of 9.2%, whereas financial services and manufacturing and healthcare recorded a growth of 7.8% and 6.7% sequentially respectively. Our differentiated service line of technology infrastructure services recorded a sequential growth of 9% whereas testing services and package implementation grew 7.1% and 6.2% sequentially respectively. Our Infocrossing acquisition exhibited good traction and sequentially grew higher than the company average. Our America’s business grew 3.3% and Europe grew 4% sequentially. Constant currency growth sequentially is 7.6% for Europe. We won six multimillion dollar deals during the quarter. Our strong focus on large deals and global programs is reflected in our deal wins and the healthy deal pipelines. Overall, India and Middle East business continues to have tremendous traction with 48% year-on-year growth and 14%
sequential growth, 19% of the company currently. Our strong presence in products in addition to services in these geographies continue to give us leadership on end-to-end systems integration and total outsourcing deals. During the quarter, we added 28 new customers. Our investment in account mining is reaping dividends with our number of clients more than 50 million dollars on a trailing 12-month basis increasing from 14 in quarter one to 16 in the current quarter. The margin for the combined IT services was 20.3% in quarter two against 20.1% in quarter one. We gave salary increases to offshore employees effective August. We were able to offset the impact of salary increase through improvement in realization and utilization. In the current quarter, our realization improved by 1.9% for onsite and 1.8% for offshore sequentially. On a year-on-year basis, rates for onsite and offshore improved by 5% and 4.6% respectively. Our improvement in rates in spite of adverse currency movement vis-à-vis dollar was through a mix of changes in customer nonlinearity initiatives and increased realizations in fixed price project. Our proportion of fixed price project increased 500 basis points year on year and 100 basis points sequentially to 31.8%. Our continuous focus on utilization has seen us move the lever from 67.9% in quarter one to 70.3% in quarter two on gross basis. The utilization excluding support function was 77%, an improvement from 74.4%. We believe that our utilization will remain in the narrow range from hereon. We added 2,241 employees from campus during the quarter. Our IT product business had a spectacular quarter with a sequential growth of 31% and year-on-year growth of 44%. Wipro Consumer Care and Lighting business continued to see good momentum with industry leading growth rates of 36% year on year. Our domestic business continued with robust revenue growth achieving our 14th consecutive quarter of 20% plus growth. Unza continues to grow well in all the countries we operate in. On the foreign exchange front, our realized rate for the quarter was 42.65 versus a rate of 41.16 realized for the quarter ended June 30, 2008. On a quarter-on-quarter basis, forex gave us a positive impact on margins by about 38 basis point. As at period-end after assigning to the assets on the balance sheet, we have about 2.17 billion dollars of contract at a rate between 39.50 and 47. For the quarter ending December 2008, we expect volume-led growth. We will have the impact of salary increases of our BPO employees as well as full quarter impact of offshore employees in the current quarter. We will be glad to take questions from here.

Sridhar Ramasubbu: Liva, we can start with the Q&A.

International Moderator: Very well. If you wish to ask a question at this time, please press *1 on your telephone keypad and our first question comes from Moshe Katri from Cowen & Company.
Moshe Katri: Yeah, thanks. You spoke a lot about the transformational deals that you are focusing on, you are saying that the pipeline looks pretty decent. I will appreciate some more comment there and maybe some more details about that specific pipeline, how would you be able to compete on those deals with some of the more, the stronger players on the transformational side like an Accenture and then obviously you did provided precautionary guidance for the December quarter, are you just being cautious here or you are actually seeing delays or cancellations in your pipeline of deals? Thanks.

Girish Paranjpe: Hi Moshe, Girish here. Two separate questions, so let me take them one at a time. So, you said...you asked about how we are hoping to win deals on the transformation side against some of our global peers. The short answer to that is that we see that happening more and more where we have a combination of outsourcing and transformation because clients see the value of, you know, outsourcing work to us and then expecting us to transform that as a part of an overall contract. So, it is a cycle that we go through. We start with some work that will get outsourced, which we will transform and then further, you know, outsource again once the transformation is complete, and I think in this way we get the benefit of some of the transformational gains that they get which gets ploughed back into the transformation investment and further get maintained through a subsequent outsourcing contract. So, the whole cycle of, you know, outsourcing and transformation is what we are seeing traction in. So, we have seen that in multiple cases which is why it gives us confidence that we will be able to do more and more of that going forward. On the second question on guidance, I think the current environment is such that we have to be cautious because a lot of our clients are going through some amount of uncertainty and lot of decisions are on hold, and we can only give guidance based on what visibility we have now. In addition to that, where we have billing on a time and materials basis, there is a certain amount of risk inherent in this quarter because of a number of days of vacation which happen at the end of this quarter.

Moshe Katri: Okay. And last question, this is for Mr. Premji, obviously you have been with the company for a long time, can you kind of compare and contrast, you know, this period of uncertainty to what we have gone through from 01 to 03? Thanks.

Azim Premji: I think 01 to 03 was a reaction to a balloon whereas this one is not a reaction to a balloon. I think that is one fundamental difference. I think, two, in terms of certainly the IT services industry from India which is significantly more mature today than it was in 01-02 and is doing work which is significantly more embedded into customer requirements and customer strategies than what it was doing in 01-02. So, I see that also as a significant strength so far as the
industry is concerned. Would you like to supplement anything on that Girish?

Girish Paranjpe: No, I think the difference this time Moshe is that in 2001-2003 the slowdown was really led by an excess on the expense side and restricted to the tech sector, whereas this time it is likely to be far more pervasive because it is probably going to affect all sectors of the economy.

Moshe Katri: Thanks.

International Moderator: Your next question comes from Trip Chowdhry of Global Equities Research.

Trip Chowdhry: Thank you. Premji, I was just wondering like in terms of a downturn which could be quite long, probably two years or so, a product company normally spends a lot in innovation, R&D, and other stuff, what does the services company do in a downturn and how do they...what do they do to make sure that once the uptake occurs, they are much better positioned that anybody else, and then I have a followup question also.

Girish Paranjpe: Sure. Hi Trip, Girish Pranjpe here. Let me try and take a shot at that. So, in some ways, if you look at the growth especially for global providers out of India is that we have had almost an uninterrupted period of growth from 2002 middle onwards till 2007 and it has been a fairly high rate of growth, somewhere between 40..35% to 45% depending on which year you look at. So, in some ways, the slowdown actually helps us to get a relook at what we have been able to do and take stock of what further competencies we need to build, maybe do some amount of spring cleaning of some of the things that get accumulated when you have four or five years of uninterrupted growth. So, it is a great opportunity if you look at it positively to take a breather and to get ready for the next station.

Trip Chowdhry: The other question I had was once your customer goes under, do they inform you like we have got under or all of a sudden they just stop paying you, what are the dynamics, like how do they wind it down?

Girish Paranjpe: You know, having gone through that experience twice in the last four weeks, I can only say that they know of it when we see it on CNBC ourselves. So, I don’t know whether we will get any more advance notice that that, but I think one good part of what we currently do and this may be of interest to you that in both those cases, we have managed to kind of continue the relationship with the successor organization and our hope is that, you know, our business will not get significantly impacted and this may be an opportunity to have a wider client base.
Trip Chowdhry: And do they prepay you, like suppose I am a company which has gone under and I have say 100 employees and I am using them and I owe you 100 dollars, are they prepaid or do they like pay after the work is done and in a situation where the customer goes under, what happens to the money which has not been paid yet, you put into collection agency or how does it work?

Girish Paranjpe: So, first of all, our endeavor is not to work for companies which have 100 people.

Trip Chowdhry: No, I am just giving an example.

Girish Paranjpe: Then, we are talking about big banks which have been affected in the current slowdown, right, so which is a very formal process of how they handle, you know, critical services which are provided to them and what part of our receivables are secure and how they will get paid for by the successor organization. So, again, touch wood and I don’t want to, you know, express satisfaction too early, but I would say the impact on us has been minimal in both of those situations.

Trip Chowdhry: Perfect. All the best. Thank you.

Girish Paranjpe: Thanks.

Azim Premji: Thank you.

International Moderator: The next question is from Joseph Foresi of Janney Montgomery Scott.

Joseph Foresi: Hello. I wonder if you can talk a little bit about some other pieces that were in the mild this quarter, it looked like other revenue dropped off sequentially. I wonder if maybe you could talk a little bit about what caused that dropoff and also there appeared to be a loss in other income, maybe you could also talk a little bit about that.

Suresh Senapaty: Yes, I think, you know, so far as the other is concerned, it is a small Wipro infrastructure engineering business that we have which primarily addresses the domestic market but also there is a piece in Europe and in both those segments, there has been, particularly from an infrastructure spend point of view, there has been a complete slowdown and as a result, there has been a decline in the growth from June 08 to September 08 by almost about 30%, a part of it is the currency and part of it is real decline in terms of the outlook, but that is a little over 4% of our revenue and that has impacted the overall other income. So, other income has two components. There is a swing of about 160 million rupees and one is with respect to a 40 million incremental fringe
benefit tax on ESOPs which under the US GAAP has to be taken to the P&L while the money that the fringe benefit tax that we collect goes into the reserve. So, it is 0.40 million and the balance amount is primarily because of the reduction in the profit arising out of the dip in the revenue of what I have just explained. So, these are the two big factors for the other income decline, that the swing that one talked about from June 08 to September 08.

Joseph Foresi: And what particularly, I mean, I know you said was an infrastructure business, what specifically are you doing in that business?

Male Speaker: That business deals with the hydraulic cylinders which is a component which goes into manufacture of construction equipment such as dumpers, escalators, and stuff like that, which is a traditional business which Wipro has started in 70s.

Joseph Foresi: And do you expect that to, I mean, do you expect to outgrow that loss, what do you expect from other income in that particular business or other revenues next quarter?

Male Speaker: So, typically that business tends to be cyclical anyway. So, we have been having very good growth on that part of the business over the last three years. So, we expect particularly from an Indian economy perspective, lot of steps the government is taking and we expect that in the next few months, we will see much more infusion of investment, much more lowering of the interest rate in terms of what actions, initial steps that we have seen from Reserve Bank of India as well as Government of India. So, we would expect the domestic market to pick up in the next two quarters and so far as Europe is concerned, I think it is anybody’s guess, as much as yours, as mine because we have got impacted so far as quarter two is concerned and I think it will take a while before that starts picking up.

Joseph Foresi: So, the business is expected to be flat to slightly up, sounds like.

Male Speaker: Yes, I think the speculative, you know, next one or two quarters, we will be more or less similar to what we are in quarter two.

Joseph Foresi: And one last question, just on the margin trajectory, obviously that came in that you put there some money, I think some wage increases, what do you expect from margins in the back half of the year and what are you expecting for the full year? Thank you.

Suresh Vaswani: This is Suresh Vaswani here. You know, our margin outlook going forward is a stable margin environment with a positive bias. So, if you look at our margin performance last quarter, we have improved our margins and we have improved our margin on the back of some rate increases that we have got but more, more than that it has been driven by productivity, it has been driven by
utilization, it has been driven by bigger thrust on fixed price projects, and it has been driven on operation excellence. So, going forward, we still think we have adequate levers in terms of driving operating efficiencies, we have adequate levers in terms of driving nonlinearity in our delivery model and with that we believe we can sustain stable to a positive operating margin bias going forward.

Joseph Foresi: Thank you.

International Moderator: Our next question is from Arvind Ramnani from Bank of America Securities.

Arvind Ramnani: Hi. Just a couple of questions.

Male Speaker: Arvind, could you be louder please.

Arvind Ramnani: Sure, can you hear me.

Male Speaker: Yeah, we can hear you now.

Arvind Ramnani: Sure. What kind of work are you doing in financial services, you know, what customers or segments are fueling 41% growth in financial services?

Girish Paranjpe: So, I think, you know, we have had good traction with clients in Europe and a lot of work that we do even in US has been fairly critical for clients from a continuity perspective. So, we have not seen significant reduction in the work that we do even in challenging situation in the US and in Europe, we actually have seen good growth which is on the back of new orders that we won and the scale-up that happens with big clients.

Arvind Ramnani: Great. Also, what is Wipro doing to help kind of reaccelerate overall growth assuming that this economy continues to weaken, I mean more specifically can you comment on the specific solutions that you are developing to address, you know, current client needs?

Suresh Vaswani: You know, let me give you two perspectives. Number one, from a customer perspective and from a market perspective, we are focusing our energies in terms of growing our existing accounts through a stronger client engagement structure and through much more alignment to the various practices and the various services that we have behind the client engagement manager in the specific account. So, clearly grow the existing account is one aspect of sort of mitigating the challenges that we face. The second thing is we are looking for opportunities or we are hunting opportunities in accounts where instead of staff augmentation type of contracts, we get more services type of contracts and where we
believe we have an opportunity to scale our services in the account. So, that is from a client market aggressive perspective. In terms of specific practices, in addition to what we have been doing in context of vertical practices, the service lines and the domains over the last couple of years, we have invested in a strong global programs team which has the ability to cope for large transformation opportunities with customers or to create transformational opportunities with customer. So, that is one initiative. The second initiative is building up strong consulting base within Wipro, so that we are able to, you know, bring the value of all that we represent in terms of IT and BPO from a consultative framework to our customers and then build into system integration and transformational type of projects. The third initiative that we have taken, this we may have spoken about in the past, is strong alliances with technology partners. So, we have 5 major strategic alliances, Cisco, Microsoft, EMC, SAP, and Oracle and we are co-innovating with them, we are doing joint solutioning with them, you know, so that we are able to bring that value of a technology provider and a service provider to some of our customers. So, you know, these are some of the broad initiatives that we are taking to sort of risk mitigate us in this economic environment.

Arvind Ramnani: Sure. Also, are you all developing anything that kind of addresses kind of immediate client needs, you know, where there is a lot of merger activity taking place and, you know, kind of in many ways the world has really changed in the last couple of months. So, are you all developing any solutions that addresses immediate needs of clients?

Girish Paranjpe: Hi, Girish here. We have, absolutely. So, we know that in many cases clients will have to address the issues of integration especially with mergers taking place between big banks. Also, there is an increased focus on trying to bring process and technology together. So, we have worked out on the framework for application integration and application rationalization which will really help clients integrate that kind of differing application architecture and get benefits of synergy when they merge two organizations and we have got real life practical experience working with banks on how to bring process and technology together and then to move it on a global delivery model so that they get the benefit of both the synergy as well as the arbitrage that comes out of relocation.

Arvind Ramnani: Sure. Now what is factored into your third quarter guidance other than your macro head wins, I mean more specifically you will have project delays, slower client decision making, cancellation, how pessimistic is the view of basically your third quarter results?

Girish Paranjpe: So, guidance is a point of time estimate of what we think this quarter is going to look like and it takes into account all the things
that you mentioned. There will be some project delays, there will be some cases where decisions are on hold, there are some cases where we expect clients to declare, you know, two weeks off at the end of December which will affect billing. It takes into account some cyclical downturn in some of the industries like semiconductor. So, all of that is kind of baked into our forecast and it is as realistic as it can be at this point of time.

Sridhar Ramasubbu: And also Arvind, the cross currency, that means dollar is appreciating significantly over Indian rupees as well as the other currently compared to what we had as of average for the quarter versus how we ended the quarter two and how it is booked from September end to today, there is fair amount of what you call in a dollar term, there is contraction. So, I think everything has been sort of taken into account from what we are forecasting, because there are so many moving lines there in the short term that is happening.

Arvind Ramnani: Sure. And one final question, you know, I think it is safe to assume we will have, you know, similar client push backs in 09 as we had in 08, so what is Wipro doing to kind of address that to make sure that, you know, when these projects…projects get delayed, you all are actually kind of part of the process versus just been given a lower budget.

Girish Paranjpe: So our, you know, again because we focus so heavily on account management and putting a senior team on the ground, the idea is that we are working collaboratively with clients and not waiting to be told.

Arvind Ramnani: Great. Thank you very much.

Girish Paranjpe: Thank you.

International Moderator: Your next question is from Ashish Thadhani from Gilford Securities.

Ashish Thadhani: Yes, good evening. Just wanted to go back to the operating margin discussion, specifically the IT services operating margin you mentioned was 20.3% this quarter and if I am doing the math correctly, it is down 150 basis points year on year despite some very substantial currency tail wins. So, how do we reconcile this gap?

Girish Paranjpe: Yeah, Ashish, so as far as currency tail win is concerned, we haven’t benefited much out of it, but the acquisitions that we have done, Infocrossing, and as we knew that it will be margin diluted for some time, so that had an impact of about 1% plus. So, net-net, overall if you adjust for that, we are pretty much holding up.
Ashish Thadani: Okay. And, you know, there are two items, just wanted to revisit also, you know, the financial services vertical, the quarter on quarter growth was very strong as was pricing. Was there anything that was very unusual to this quarter or, you know, should we expect some kind of a steep falloff in the coming quarters?

Girish Paranjpe: Hi, Girish here. No, you know, we were much more concerned when we started the quarter because of the uncertainty that surrounded the industry and as, you know, thanks to our deep relationship with clients and also by the grace of God, we have not been too badly affected. So, we have had a decent quarter last quarter and other than what we mentioned in overall guidance, I don’t think there are any unusual factors to look forward to in this quarter.

Ashish Thadani: Okay. Thank you.

International Moderator: Your next question is from Kanchana Vydiathan from Pacific Crest.

Kanchana Vydiathan: Thank you. Couple of questions, let me start out with in your press release you highlighted a few of the key wins that you won during the quarter. I was wondering if you could elaborate a little more. What would be the average on your contract value for these wins, I mean you have mentioned that these are multiyear, multimillion dollar deals?

Suresh Senapaty: Yeah, they will be, you know, physically we classify them only if they are large size, not all of them. They have to be at least more than 25 million dollars and this would range somewhere between 30 to 100.

Kanchana Vydiathan: Okay, got it. My second question is in terms of looking at your utilization, your utilization has been inching up quarter on quarter and your hiring still continues to be little muted. Help us understand looking into Q3 and Q4, what should be our expectation, you know, in terms of hiring and also in terms of utilization.

Suresh Senapaty: You know, we sort of do not give specific guidance because as we line out in terms of utilization and hiring, but all we can say is that quarter three and four as we look forward, it will be mostly like volume growth and given that context, we continue to work on various productivity improvement areas and so on and so forth and hence we would, you know, just in time kind of concept we will adapt to be able to add on people.
Kanchana Vydianathan: Got it. You know, with respect to pricing, you have actually seen good pricing increases during the last quarter as well as during this quarter when compared to your peers. Can you elaborate a little more as to what is driving that revenue productivity improvement that you are seeing, is it the new contracts that you are signing that is coming up on higher pricing and that is driving the billing rate increases?

Suresh Senapaty: While I request Suresh Vaswani to answer that, just to clarify on your earlier point when you talked about the size of the deal, that is basically when I said it is 30 million dollar to 100 million dollar each and they are total contract value, not annual kind of thing. 30 million to 70 to 100 million dollars, each of them over a period of time.

Kanchana Vydianathan: Got it.

Suresh Vaswani: This is Suresh Vaswani here answering your question on great realization and pricing. So, it is a combination of multiple factors. Yes, the new contracts that we are signing or we have been signing has been at better rates progressively compared to some of our earlier contracts. We have also been able to renegotiate some of our contracts that have come up for renewal, but, you know, the most important factor is the overdrive on operation efficiency, the overdrive on productivity which we manifested in substantially increased utilization that you see and also increasing ratio of fixed priced projects in the overall makeup of our services which gives us the flexibility to drive productivity and therefore better rate realization.

Kanchana Vydianathan: So, even in this environment, you are actually able to renegotiate contracts and get pricing increases, is that correct?

Suresh Vaswani: Well, we have been able to renegotiate some, specially places where we have done an extremely strong job, customers are fairly open to price increases.

Kanchana Vydianathan: Got it. And one final question I guess, looking at your infrastructure management services, you have seen a very nice growth, you know, in this quarter. Can you help us understand was that driven by the Infocrossing, was that driven just by Wipro and also what would be the contribution of Infocrossing in that revenue?

Suresh Vaswani: You know, the infrastructure services business, now we report it as an integrated infrastructure services business which comprises traditional technology infrastructure services business, comprises
Wipro Infocrossing, and also comprises our infrastructure services business in the India and the Middle East. So, what you are seeing is an integrated picture because we have integrated, you know, basically all the service lines into one consolidated infrastructure services line. So, factors that are responsible for growth, one is of course in the India and Middle East market we have done extremely well, particularly on the infrastructure services side, so that has given us a kicker and second is the combination of Infocrossing and the combination of infrastructure services, and, you know, this is really from a future perspective and I am not necessarily talking about the current numbers, puts us in front of some very large integrated infrastructure services opportunity which hitherto we would not have been able to quote in front of customers, but the combination of the onsite capability and the managed data center services capability of Infocrossing with a strong remote infrastructure services capability that we have is creating large opportunities for us and will be responsible for the growth that we see in this sector.

Kanchana Vyditionathan: Got it. Thank you. That is very helpful.

International Moderator: The next question comes from Mark Marostica from Piper Jaffray.

Mark Zgutowicz: Good evening. It is actually Mark Zgutowicz for Marostica. I was just hoping if you could quantify how much of the improvement you saw in margins related to utilization versus rate increases and then if you could also quantify the correlation if there is any between your increasing fixed price concentrations with margin improvement that we are seeing, trying to get, you know, roughly an idea of what levels of utilization we need to start to increase your net hires again.

Suresh Senapaty: Yes, you now, there was a similar question before and we said that it was very difficult for us to project and give it to you. All we were saying that it is a constant process of trying to improve productivity, and we have seen and there were two expansion in the combination of multiple factors, (a) we did get some price increases, (b) we got price realization improvement by virtue of driving higher level of productivity in the fixed price project, and (c) there is a change in the mix in terms of customer and the services. With a combination of that, we have been able to get the pricing and going forward, it will be our continuous endeavor on all those three points including utilization. Yet we have done good job in utilization so far and our objective would be to sustain and improve going forward too.

Mark Zgutowicz: Is there a level of fixed price concentration in your business that you can sort of maintain a higher level or run at utilizations at
higher levels than historically for longer periods of time and can you draw some correlation there.

Suresh Senapaty: Well, the fixed price project as a percentage of total revenue is about 31% as of September and we think we can go up further in that and particularly when we are looking at more and more nonlinear kind of drive and wherein outcome-based kind of methodology, some of that will add on to that kind of string of revenue that we have.

Mark Zgutowicz: So, is there any...back to the question on utilization, does that enable you to run utilization rates versus staying them at higher rates than you have historically or will you need to...if you get, you know, above say 80% level, will you need to continue ramp that higher as you have in this past.

Girish Paranjpe: So, we are in a little bit uncharted water here because I think our current utilization is fairly high and I don’t think too many people have gone way above that in terms of utilization level, but we have seen is that yes, as you said, fixed price contract does give us fungibility and ability to utilize resources much better. How much better it can be and what is exactly the correlation between utilization and fixed price project is hard to say and, you know, we are really not, we are really pushing on both kind of parameters, not necessarily completely depend on each other.

Mark Zgutowicz: Sure. Fair enough. Thank you very much.

Girish Paranjpe: Thank you.

Sridhar Ramasubbu: Liva, we don’t seem to be having other questions. Make one announcement for any followup questions. I don’t have any questions pending for email. Make an announcement for followup calls and then we can close the session.

International Moderator: Okay, thank you. We do have two questions that have just come into the queue. Would you like to take those.

Suresh Vaswani: Yes please.


Chris Whitland: Yes, this is Chris Whitland for Ed this morning. Could you comment on the number of campus offers made this year for the next year?

Suresh Senapaty: We have made about 14,000 Ed for 08-09.

Suresh Vaswani: For next year, we made around 8,000 campus offers.
Chris Whitland: Okay.

Suresh Vaswani: For next year.

Chris Whitland: And the number that would start this year is 14,000, is that correct?

Suresh Vaswani: Yeah.

Chris Whitland: Okay. Are you guys still tracking to stick with that number as far as bringing them all on?

Suresh Vaswani: So, we intend to...so, we made 14,000 campus offers for this year. We intend to take most of them but there could be one or two quarter lag in terms of our taking on all the 14,000 people on board. We have taken roughly 2,500 people this quarter on board.

Chris Whitland: Okay, thank you. And then also can you share what you were seeing in the global tech, media, and telecom, I think that is the vertical, what you are seeing right now as far as the landscape?

Girish Paranjpe: Yeah, fairly tough environment. One is as you know the telecom equipment side, already there has been significant consolidation and some of the big players are in fairly challenging financial situation. Also on the semiconductor side, there is some cyclical downturn that is in progress. So, those are the kind of two challenged verticals within TMT. We still are fairly optimistic on service provider area and on the media.

Chris Whitland: Great. Thank you.

International Moderator: Your next question is from Kanchana Vyedianathan of Pacific Crest.

Kanchana Vyedianathan: I guess one thing, just looking at your industry verticals, the manufacturing and healthcare and retail again had a good quarter, looking at your pipeline, you know, the details that you are working on, the deals that you are bidding for, can you help us understand what exactly are you seeing, you know the strengths and weaknesses?

Suresh Vaswani: This is Suresh Vaswani here. Yes, you are right, BFSI, retail, manufacturing have been driving growth for us so far and going forward in terms of, you know, the outlook or the deal pipeline, it is concentrated around these sectors and the telecom service provider sector. One more element in our overall getup, so to speak, is also our thrust on the emerging markets, India and
Middle East markets where we are seeing significant traction and that also forms a significant part of our opportunity base across all the sectors that I just mentioned.

Kanchana Vydiannathan: Okay. And one final question, looking at your ADM growth, so the ADM was muted growth this quarter, can you help us understand what exactly is happening, was there any specific industry where, you know, the ADM offering did not grow?

Suresh Vaswani: You know, I think ADM is perhaps the most mature in terms of offshoring and outsourcing into India is concerned and the real growth driver insofar as the new growth drivers are really the infrastructure services business, the package implementation business which has done significantly well this quarter in terms of a 6% or 7% sequential growth. So, package and testing services business which again has shown a significant sequential and year-on-year growth. So, you know, really the answer is ADM is more mature and therefore growing from a market perspective at a lower rate compared to some of the more new generation services and these are the differentiated services for us and these are the services that have been driving growth for us.

Kanchana Vydiannathan: So, is it fair to assume that going forward we would still continue to see, if you look at the growth in the new offerings, to exceed the growth in the ADM?

Suresh Vaswani: Yes, definitely. You will see more growth happening across the newer growth, newer service lines relatively speaking compared to ADM.

Kanchana Vydiannathan: Okay, great. Thank you.

International Moderator: The next question comes from Neeta.

Neeta: Yeah, hi. Could you give us an update on the progress improving margins on the Infocrossing business and how much longer should we expect to see dilution from that acquisition?

Suresh Vaswani: You know, Infocrossing acquisition...this is Suresh Vaswani here, the Infocrossing acquisition was really a strategic acquisition from the perspective of financing our complete infrastructure services offering for the US market. So, from that perspective going by the deal pipeline that we have created and going by some of...we do believe that we will, you know, we are in the advanced stages of finalizing some of the contracts. We do believe that it is beginning to deliver on the strategic intent in terms of enhancing our infrastructure service and you have seen the sort of presence we
have on infrastructure services. From a margin perspective, yes, Infocrossing has been diluted from a margin perspective, but, you know, we are driving two things. We are driving revenue synergies which I just spoke about and we are driving cost synergies also because a lot of the work that Infocrossing does can also be delivered out of India. So, from a medium term perspective, we do believe that the Infocrossing margin would be very similar to our infrastructure services margin which is broadly in line with the overall margin that we enjoy as an organization, as an IT services business.

Neeta: Okay, thank you. And just on the utilization of the data centers within that business, so what progress have you made there in terms of bringing that up.

Suresh Vaswani: Sorry, I didn’t get the question please.

Sridhar Ramasubbu: Neeta, can you repeat the question?

Neeta: Yeah….

Suresh Vaswani: I think you are talking about… I think you are talking about data center utilization…

Neeta: That’s right.

Suresh Vaswani: We don’t give out exact numbers, but we do have adequate capacity, you know, to take care of the requirements at least in the short term. So, there is adequate capacity for us to take on, take on more customers and we don’t envisage any major CAPEX expenditure at least for the next one to two years.

Suresh Senapaty: So, that is capacity utilization has gone up, but we can do more.

Neeta: Okay, thank you.

Suresh Senapaty: Thank you Neeta.

Sridhar Ramasubbu: I think Liva, you can…there are no other questions now, so we can just make one announcement and then we can close the session.

International Moderator: Very well, thank you.

Sridhar Ramasubbu: Are there any other questions on the queue?

International Moderator: There are no other questions in queue sir.
Sridhar Ramasubbu: Okay. Thank you very much for all the participation. Rajendra and other people in India team and myself are available for any offline discussions, and there is Sripriya as well. Thank you very much. Liva, you can close the call.

International Moderator: Ladies and gentlemen, that concludes your conference call. You may now disconnect.