



Wipro Limited Q2FY10  
US Earnings Conference Call

October 27, 2009  
6:45 pm IST



Moderator Good morning. My name is Courtney and I will be your conference operator today. At this time I would like to welcome everyone to the Wipro Earnings Conference Call for the quarter ended September 30, 2009. All lines have been placed on mute to prevent any background noise. After the speakers' remarks there will be a Q&A session. If you would like to ask a question during this time simply press '\*' then '1' on your telephone keypad. If you would like to withdraw your question press the '#' key. Thank you. Mr Sridhar Ramasubbu, you may begin your conference.

Sridhar Ramasubbu Thanks, Courtney. Good morning ladies and gentlemen, and good evening to the participants across the globe. Rajendra, Rishad Premji, Aravind, Lalith and Siddhartha join me from Bangalore to extend a very warm welcome to all the participants to Wipro's Q2 results' Earnings Call. We have with us today, Mr Azim Premji, Chairman and Mr. Suresh Senapaty, CFO, who will comment on the IFRS results for the period ended September 30, 2009.

We are joined by the Joint CEOs of IT Business, Suresh Vaswani & Girish Paranjpe, 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 1995. These statements are based on the management's current expectations and are associated with uncertainty in this, which could cause the actual results to differ materially from those expected. These uncertainties and the factors have been explained in detail in our filings to the Securities and Exchange Commission in the US. Wipro does not undertake any obligations to update forward looking statements to reflect the events of the consensus after the date of filing thereof. The call is scheduled for one hour. The presentation of the second quarter results will be followed by a Q&A session. The operator will walk you through the procedure for asking questions. The entire earnings call proceedings are being archived and the transcript would be made available after the call at [www.wipro.com](http://www.wipro.com).

Before we get into the call I want to take this opportunity to inform you that Wipro's Annual Analyst Day is scheduled to be held on November 16, 2009 in Midtown, New York and we have sent the invitations to each one of you. We will be delighted to see you at our Analyst Day in New York on 16<sup>th</sup>. In case any one of you has not received the invite please do send us an e-mail and we will be more than happy to share the details with you. During this call, I am also available on e-mail and through mobile to take any questions and table it to the Wipro team in case you are unable to ask questions for any technical reason. Ladies and gentlemen, over to Mr. Azim Premji, Chairman, Wipro Limited.

Azim Premji Good day to all of you. Thank you for joining us. The macro environment is stabilizing and the improving business landscape that we had talked about last quarter is playing out in reality. The stimulus packages of governments are having the intended effect, arresting asset price decline and bringing back confidence into the system. Corporations are more active in the capital markets and there is a surge in M&A activity. As I talk to CEOs across the globe, the general sentiment is more upbeat than before. We are also starting to see this improving environment playing out in



better demand visibility and more stability in volumes and pricing. While there is a good dose of positive news the macro picture remains fragile, and our clients continue to focus their spends on cost takeouts and capital conservation.

In this context Wipro Limited posted a 21% year-on-year growth in profit and a 6% year-on-year growth in revenues for Q2. Our IT services business was at the top end of our guidance in constant currency and exceeded guidance by 1.2% on a reported currency basis. Our pipeline is at the highest that we have seen and our order booking is strong. We continue our momentum of winning larger, more complex, end-to-end integrated deals.

Our deep domain expertise across vertical and our broad set of services continue to position us as a partner of choice with customers. We have seen strong growth across our Service Provider, Energy & Utilities, Healthcare & Services, Manufacturing and Retail segments. We are starting to see acceleration of volumes in BFSI. Across service lines, BPO continues to benefit as customers drive down costs. Our end-to-end capability in infrastructure space, supported by the Infocrossing capabilities is seeing strong demand.

Our commitment to drive operational efficiency remains as strong as ever. We continue to execute on this and have shown improvement in productivity, fixed price product mix and utilization, which has resulted in Operating Margin expansion. Our margin this quarter has further benefited from the gains in Forex.

We continue our investment in Non-linearity and are driving this across the breadth of our organization. Our investments in solutions, End to End capabilities, New Commercial Models, Managed Services and Accelerators, amongst others, are all helping to drive non-linearity.

We are committed to globalizing and continue to ramp-up and localize our global delivery center. We added 475 people overseas this quarter, of which, more than 80% were local nationals. We continue to invest in our front end, domain led, advisory capabilities to our build-up of Wipro Consulting. We have made some important investments here in the last two quarters, hiring the right mix of high impact, partner level profiles, who are able to sell our end-to-end consulting and IT services capabilities. We are already starting to see benefits here not only in the consulting order book but also the downstream IT revenue this is generating.

Our non-IT side of the business, Consumer Care, had another strong quarter. Our international business had a great quarter too with leading growth in Vietnam, China and Indonesia. Santoor, our flagship brand, remains the # 1 toilet soap brand in South India. Our Infrastructure Engineering Business is also seeing some stability, with a surge of demand in the Indian market including from our new Eco-Energy business. Wipro was in joint second position globally in the list of Top 5 Green Electronics brand as per the latest edition of Greenpeace Guide to Greener Electronics. Our commitment to sustainability driven growth remains as charged as ever. We have stepped up our commitments in CSR.



I will now request Suresh Senapaty, our CFO, to share the financial highlights of the quarter with you, following which our management team will be happy to take questions.

Suresh Senapaty

Good morning to all of you in the United States and good evening to all of you in Asia. Prior to taking you through some of our performance highlights for the quarter, let me draw attention to the fact that for the convenience of readers, our IFRS financial statements have been translated into dollars at the noon buying rates in New York City on September 30, 2009, for cable transfers in Indian rupees, as certified by the Federal Reserve Bank of New York, which was \$1 equals to Rs.48.09. Accordingly, revenue of our IT Services segment that was \$1,065 million or in rupee terms Rs.49.98 billion, appears in our earnings release as \$1,039 million based on the convenience translation.

Our IT services revenue for the quarter ending 30<sup>th</sup> September 2009 was \$1,065 million, a sequential growth of 3.2% and a YoY decline of 4%. On a constant currency basis, our IT services revenue was \$1,052 million.

We are starting to see pick-up in growth rates of the Enterprise verticals - Energy & Utilities grew 11% sequentially; Healthcare & Services grew 5% sequentially, Retail & Transportation grew 3% sequentially. Our Manufacturing vertical continues to buck the trend with strong sequential growth of 4%. Communication and Media Service Providers posted a strong quarter of double digit sequential growth.

We are seeing significant traction in our BPO business reflected in our strong sequential growth of 7%. Europe continues to be an exciting market for us, characterized by 7% sequential growth in the quarter. Our investments in emerging markets are paying rich dividends – our India & Middle East business grew 7% sequentially, while Other Emerging Markets grew 9% sequentially.

We have significantly tightened our operations over the past 18 months – our Fixed Price Projects improved sequentially by 1.9% to 40.3%. Our onsite realizations improved sequentially by 4.7% and offshore realization improved by 3.5%, driven by productivity gains. Our volumes declined by 1.5%, but have seen significant volume pickup towards end of Q2.

Our unwavering focus on extracting productivity from operations resulted in a margin improvement of 143 bps in the current quarter to 23.6%.

As of September 30, 2009, our DSO was at 61 days.

Our IT Products business showed yoy growth of 19% in Revenues and PBIT growth of 48%. We improved margins sequentially by 1%, on the back of 62% sequential revenue growth rate.

Wipro Consumer Care and Lighting Business continued to see good momentum with Revenue growth of 15% yoy and PBIT growth of 12% on a yoy basis.



On the Forex front, our realized rate for the quarter was Rs. 46.92 vs. a rate of Rs. 46.74 realized for the quarter ended June 30, 2009. On a quarter on quarter basis, Forex gave us positive impact to margins of 0.9% including the benefit of cross currency. As at period end, after assigning to the assets on the balance sheet, we had about \$1B billion of forex contracts (\$1.4 billion total contracts) at rates between 40 and 51.6.

Our net cash balance on the Balance Sheet was Rs.30 billion. We generated free cash flow of Rs. 10 billion during the quarter.

We will be glad to take questions from here.

Moderator Just to remind everyone, in order to ask a question please press '\*' and then '1' on your telephone keypad. Your first question comes from the line of Trip Chowdhury from Global Equities Research. Your line is open.

Trip Chowdhury I have two quick questions, first is regarding the growth that we have seen. Are you seeing something different in the growth, like the type of work you are doing or the type of deals that are coming through, say what is happening today versus say a year or two years back in terms of composition, the requirements or deadline or anything like that?

Sridhar Ramasubbu: You said two questions, what is the second one so that we can get spot on.

Trip Chowdhury Second one is regarding Infocrossing. On your data center and cloud computing offering, are you seeing any improved or increased traction in that acquisition yet?

Girish Paranjpe This is Girish, let me answer the first question and Suresh will answer the second one. Before I look at the demand that we are seeing, or how different it is from what demand we saw a few years ago, it must be noted that the situation itself is very different from what we had few years ago. So we are seeing much better traction on the ground and much greater broad-based demand across the verticals, service lines and clients. However, the demand is qualitatively different from the kind of demand we saw a few years ago. I say this because clients today have become more mature, and at the same time, they want more outcome-based engagements. So we are able to structure deals which are more much outcome-based, and therefore, the client now is buying the outcome, which in the end is a win-win deal for both us and them. So I think, broadly, that is the change I would see today as compared to the situation two years ago.

Suresh Vaswani This is Suresh Vaswani here. I think we've done very well with Infocrossing this year. We have retained the clients that we had targeted internally, and most importantly, we are beginning to win large outsourcing deals. This synergizes our technology infrastructure services offering and managed services offering of Infocrossing in the marketplace. So two of the deal wins that we have mentioned in our press release this time, we cannot reveal the customer names, have Infocrossing as the core competence in terms of managed services.



- Trip Chowdhury Thanks.
- Moderator Your next question comes from the line of Moshe Katri from Cowen and Company. Your line is open.
- Moshe Katri Even looking at the sales cycles, they are at record levels, maybe you can talk about that; your pipeline, sales cycles and pipeline conversion rates, the nature of the deals in the pipeline i.e. in terms of deal sizes & what sort of services are being funded these days. Thanks.
- Suresh Vaswani First and foremost, the pipeline is increasing, so our funnel has been looking larger and larger every quarter. Second is there is a good mix of large deals in the pipeline, as well as incremental growth in existing accounts. It could differ from geography to geography, but we do see a fairly heavy traction in terms of type of deals. Third is, and maybe the answer would be the same as some of the questions that were raised earlier, there is a distinct difference in terms of the type of deals we were contesting and winning in the past, versus the type of deals or at least some of the deals that we are contesting now. In terms of these deals being much more transformational, some of these deals are fairly system integration-oriented and some of these deals really are multi-service line deals, leveraging both our Business Process Outsourcing capability and Package Implementation capability. So there are a lot more integrated deals.
- Moshe Katri So do you think it is more on the discretionary side, rather than what we have seen during the past 12 to 18 months which was more on the cost takeout side?
- Suresh Vaswani It depends on how you define discretionary, but clearly, in the past customers were just looking at cost takeouts, but now they are looking at transforming through business process and through IT based businesses. So in the past where one would have held back the system integration or the large package implementation that was crucial for the business to do, now one is not holding back any longer. So clients are going ahead with what they believe is good for the business and work can help them transform the business.
- Moshe Katri Sounds good. What is the feedback from clients on 2010 IT budgets, like clients' intention of spending offshore. And when do you think budgets will be actually finalized?
- Suresh Vaswani Well, so customers are in the process of finalizing their budgets, but customers do want to make sure that they get more out of their IT budgets. That means they want more services for the same budget. Third is, I think there is a shift in terms of not necessarily looking at players like us as off shoring players, but looking at players like us in terms of our capability of actually driving significant transformation in their IT model or in their business model. So its no longer about off shoring, it is more like, "can you come and make an impact in our organization from a cost perspective or from a business model innovation perspective."



- Moshe Katri Okay, and then final question on margins. Suresh, can you repeat some of the pluses and minuses that helped or impacted margins during the quarter and then what is your confidence level in terms of being able to maintain EBIT margins down the road considering the recent volatility on the currency side? Thanks.
- Suresh Senapaty Moshe, our practice is that we try to make sure that margins are maintained in narrow range and as we have seen in the past two years we have been able to get some productivity improvement to inch up. And as we go forward, of course there are a lot of headwinds in the form of possible foreign exchange issues and also the lesser number of days as far as December quarter is concerned. But we think there are enough triggers we can use to mitigate a substantial component of that. So far as quarter two was concerned vis-à-vis margins of Q1, there have been multiple changes. The changes are in the rates and price realization due to the demand improvement, about 1.5%. On the manpower cost because of the higher variable payout it is about 50 basis points negative. It was plus on the utilization front, it is negative on SG&A front, and on the FOREX front there has been a gain of about 90 basis points. So net net there has been an expansion of about 140 basis points.
- Moshe Katri Thanks and very nice quarter.
- Suresh Senapaty Thank you.
- Moderator Your next question is from the line of Joseph Foresi from Janney Montgomery Scott. Your line is open.
- Joseph Foresi My first question is on BFSI. Looks like it is stabilizing and probably positive on prospects going forward; if you talk about what is driving the stabilization, is it also M&A work? And what are your thoughts for that segment going forward?
- Girish Paranjpe You are right in saying that the BFSI segment is stabilizing. We have seen some good ramp-ups happening in September, and even in the current quarter we see that momentum sustaining, although it is has been a weak last quarter for BFSI. So unlike Q2, we are seeing stronger momentum in the BFSI segment in Q3. M&A activity certainly is adding some of the momentum there. However, I think on a broader basis what we see is a little bit of an opening up of 'on the ground' budget which had been kind of tightened throughout the year so that people can do regular project work vis-à-vis M&A work.
- Joseph Foresi Okay, so what are your expectations for next year? Are we expecting revenue to continue on the trajectory that is in line with what you are expecting i.e. a reacceleration? So maybe you can talk a little bit about what you are planning from a headcount perspective or a utilization perspective?
- Girish Paranjpe How we are looking at revenue from next year is difficult to say, it is a little too early. Because we plan on a fiscal year basis i.e. till March and that also that is about five or six months away. Secondly, we are waiting to see how the IT budgets pan out, and once that happens around Dec-Jan, we will have a clearer view of how we see



demand shaping up for 2010. On the utilization side, I think we have come to a point where we are comfortable with the way we are able to mobilize and deploy people across the board and we have hired. So when the demand picks up I do not think we are in a mood just now to say that we will drop utilization significantly. On proactive hiring, that anyway we have a cycle that we do some amount of hiring in January, so we expect freshers to be joining in over the next six months which will take care of the bulk of 2010 requirement and then we will go and make offers in the first half of 2010, which really takes care of 2011 requirement. So I think we are fairly well placed as far as the supply side is concerned, both in terms of freshers and laterals. The utilization, as I said, we are comfortable with the tightness that we have created. We do not see too much easing required there. Demand is the question mark as to how much manpower will be required next year, but it will be premature to talk about that and maybe we will talk about it in the next quarter.

Joseph Foresi                      Okay, and just my last question, some of your competitors have raised their hiring guidance, although I do not think you gave any. They had also given wage increases. So is your hiring consistent with that, and are we doing anything on the wage increase front?

Suresh Senapaty                      On the hiring side, we had made offers in 2009 and fresh talent will enter our workforce starting this month and next quarter. On the lateral hiring front, we have started that already and we have certain aggressive plans on how to bring that into effect. For 2011 needs we will hire in early 2010, when we will go out to the college campuses and make offers. So that is on the hiring front. As far as wage increase is concerned, I think we will do something in Q4. Our estimate is Q1 of next calendar year.

Joseph Foresi                      Any idea about the magnitude of wage increase in Q4?

Suresh Senapaty                      We have not formed the number yet, will do so next month or so. But what we will be taking care of even as we do that is to maintain margins within a certain range.

Joseph Foresi                      All right. Thank you.

Moderator                              Your next question comes from the line of Ed Caso of Wells Fargo, your line is open.

Chris                                      Hi, good morning, this is Chris in the line for Ed. I had a question regarding the TMT segment. What are your thoughts on the vertical right now? How do you anticipate the rest of the fiscal year?

Girish Paranjpe                      TMT has been having a harrowing 18 months. Good news is that we are seeing a turnaround happening there even as we speak. As you know, on the telecom operator side we have had a robust quarter, growing almost 11 plus percentage sequentially this quarter. And we have seen that there is lot of traction and it continues to be robust. The telecom equipment vendor side is structurally challenged because the number of providers is coming down fairly rapidly and there is a question mark on some of the players who are still there. So that is one area that we are worried about.





But even then, what we have done is to diversify our service offering. So traditionally we used to do mostly engineering work in that sector, but in the last six months or so we have aggressively worked to diversify our service offering to include both BPO and IT. And we hope with the diversification of our service team, we will at least stabilize revenue in that sector. On the technology side we are doing the same thing and there again we had a fairly tough couple of quarters. However, we think that next quarter onwards we should see a turnaround even in that sector.

Chris: That is helpful. Thank you. And then if you could maybe share your thoughts on what you are seeing in Europe specifically if you could separate continent versus UK market?

Girish Paranjpe: Yes, so we had relatively strong growth in Europe this quarter, 7% sequential. So that is a good story we are working on. Historically, we have been stronger in the UK than in continental Europe, but in the slowdown we made significant investment in continental Europe, appointing country heads in France and in Germany, as well as making investments in Nordics, and that is beginning to pay off. So if I look at my pipeline today, I see a fairly decent pipeline in the continental European countries as well. So I would say that we are in a better position today in Europe compared to what we would have been say even two years ago.

Chris: And lastly can you share what the constant currency growth was in the quarter in Europe?

Girish Paranjpe: Yes. Growth in Europe was about 7% on a reported basis and 3.5% on a constant currency basis.

Chris: Thank you.

Moderator: The next question comes from the line of Nabil Elsheshai from Pacific Crest Securities. Your line is open.

Nabil Elsheshai: I was wondering if you could talk a little bit about pricing. With a strong reported number, what was the constant currency price increase? Also, what is driving those increases in prices?

Girish Paranjpe: We have our IT business CFO, Manish, who will talk to you about that.

Manish Dugar: The primary drivers for pricing other than the movement in cross currency, and the fact that this particular quarter had a higher number of working days, is that we are on a constant drive to change the business model from a pure T&M model or a pure body based selling, to a more fixed price, non-linear, outcome-based kind of model. This has been our endeavor for sometime and it is good to see that we are seeing results on that in the form of both improved margins and improved rate realization.

Nabil Elsheshai: Okay, what was the constant currency price trend?



- Manish Dugar                    The constant currency price increase from Q1 to Q2 is 3.5% onsite and 2.5% offshore.
- Nabil Elsheshai                Okay. And then the work in service lines, specifically application development & maintenance. Have you seen an increased demand in application development type of projects, and new projects getting started in that area?
- Suresh Vaswani                Specifically from the quarter perspective, the answer will be yes, because our application development and maintenance business have had strong sequential growth. But in terms of outlook, we see a stronger growth happening in some of our new differentiated service lines like package implementation, infrastructure services, Infocrossing and also our BPO business. We are also seeing a combination of service lines going together in terms of demand. So, BPO & package implementation together is increasingly becoming the sort of deal that customers are looking at, in terms of an integrated service proposition.
- Nabil Elsheshai                So when we start seeing a rebound in IT spending, do you think that will be more weighed towards packaged application implementation versus custom application development? Is that the right way to hear what you are saying?
- Suresh Vaswani                The short answer is yes. Package implementation business, and application support business as it relates to package implementation, will have stronger growth from a market perspective compared to traditional application development & maintenance.
- Nabil Elsheshai                Okay, thank you very much.
- Moderator                      Your next question comes from the line of Ashish Thadani from Gilford Securities. Your line is open.
- Ashish Thadani                Yes, that's a nice quarter. Have a couple of questions. First on pricing, is there any reason to believe that the figure would or could slip quarter-on-quarter? And second question is could you provide any insights into the drop in volumes, in an otherwise very strong performance?
- Manish Dugar                    As I mentioned just now, pricing improvement has been primarily through change in business models and given our internal focus on this we believe it is sustainable, but I think that might be impacted by unknown movements in cross currency. Other than that I do not think there is any concern in terms of stability in pricing. On the volume side, before we comment on the business outlook and the demand scenario one thing I want to share is that the volume reported is typically average billed person months during quarter and given that we have had these billing headcount increase towards the end of the quarter it shows as if it is a negative volume growth, but given our guidance of 2.5% to 4.5% growth, and given that rates are expected to remain more or less in the same range, we do expect volume growth to come in, in the coming quarters.



- Suresh Vaswani Let me give you some perspective on the volume. Yes, the headcount has declined, but our bench during the same period has also reduced from around 11,000 in Q1 to around 7000 in Q2. So we have reduced our bench & improved utilization. We made our people supply chain a lot tighter and a lot more just-in-time in terms of hiring and recruiting. The second thing is that at the end of Q2 the billed headcount vis-à-vis Q1 has increased by roughly 700 people. So going forward you will see a more volume based growth as compared to the pricing based growth that you had seen in the previous quarters.
- Ashish Thadani That is helpful. And then one final question do you have the figure for unrealized Forex losses on the balance sheet?
- Rajendra Shreemal As far as the India GAAP goes, it is Rs. 10,649 million, Ashish.
- Ashish Thadani Okay, that is down quite a bit from the last quarter?
- Suresh Senapaty Yeah it is down by about Rs. 200 crores.
- Ashish Thadani Right, I think it was around 12748?
- Suresh Senapaty That is right.
- Ashish Thadani Okay, thank you very much.
- Moderator The next question comes from the line of Karl Keirstead from Kaufman Bros., your line is open.
- Karl Keirstead I have a question about the vertical strength. In your opening comments you highlighted certain verticals and all of them had a sequential growth that exceeds the corporate average. So perhaps you could help me understand which verticals or units brought down the corporate average. I suspect it is BFSI but could you just give us a little color? Thank you.
- Girish Paranjpe There were three verticals that were below the corporate average. BFSI is one of them which has grown at less than a percentage point QoQ. And as I said, this is a lag rather than a concern because we had seen a smart volume pick up in BFSI and we expect the momentum to sustain. So we hope to see a strong performance from BFSI in this quarter. Two other verticals that were challenged were Tech, which is hi-tech, which has negative growth and which has gone through a torrid time in the last 18 months. Probably things have bottomed out there and we hope to see a turnaround on the tech side this current quarter. The final vertical which is kind of below the average is the telecom equipment vendor side. And again there we hope to see some improvement in the coming quarter.
- Karl Keirstead Okay great. And then on BFSI, just to push a little further, most of your larger competitors experienced significant revenue growth acceleration in the September quarter. Could you help us understand why Wipro's BFSI unit is lagging behind the



peer group? Are there some specific clients that are dragging you down a bit that are reversing themselves in the December quarter? Thanks.

Girish Paranjpe As I said, there is a little bit of a lag because when the decline started some six quarters ago, we sustained longer than our peer group. So, when the growth starts to pick up we might be a little behind too, but in the end we'll catch up.

Karl Keirstead Okay, thanks for the color.

Moderator Your next question comes from the line of George Price of Stifel Nicolaus, your line is open.

George Price Most of my questions have been answered, but if you could comment on how you see your tax rate progressing through the rest of this year fiscal '11 and if you have any extended thoughts even on fiscal '12?

Suresh Senapaty We do not see any significant change in the rest of fiscal '10, from what we've seen in the first half.

George Price Okay. What about fiscal '11?

Suresh Senapaty Fiscal '11 we have not come to terms on that as yet, but we think there will be some delta, though the delta should not be greater than 1% to 2%.

George Price Okay. All right. Great. Thank you.

Moderator Your next question comes from the line of Vijay Srin, who is a private investor, your line is open.

Vijay Srin I would like to know some specifics on the healthcare vertical. How did you guys do there in terms of numbers during the quarter? Second thing is what are the new plans going forward with new initiatives in the U.S. healthcare market reforms on the insurance side, and also in information technology? Thank you.

Suresh Vaswani We have made some fairly strong strategic moves on the healthcare side. We have made healthcare & services a specific strategic business unit, as a part of our organization structure. We have integrated all the healthcare business units across our domestic business as well as our global business and our Infocrossing business under one common management. So we have business in healthcare, application business and infrastructure business, we have Infocrossing in healthcare BPO business and we have added to that our healthcare business in the emerging markets. We also have a fairly interesting proposition in terms of the package for big markets that we have also launched as a SaaS model in the domestic market. That is one perspective. The second perspective is the healthcare business in terms of performance has done better, as we've already said. One of the wins that we have spoken about as a part of our press release is actually from the healthcare sector is based in the U.S. It's a fairly significant win which covers a large part of the



infrastructure as well as our application offering. We basically see strong potential for our healthcare services business and expect a strong couple of quarters ahead. And we are basically addressing all the segments of the market including service providers, payers, medical devices and distribution under our healthcare SBU. The offerings that we get to this sector include business process outsourcing, specifically for the sectors where we have an onsite delivery model if we need to do an onsite delivery model and application and IT services.

- Vijay Srinani: Great. In terms of numbers what was the QoQ growth for healthcare?
- Suresh Vaswani: It is 5% sequential growth.
- Vijay Srinani: Thank you.
- Moderator: Your next question comes from the line of Nabil Elsheshai from Pacific Crest Securities. Your line is open.
- Nabil Elsheshai: Yeah, actually I had to follow-up a little bit on that, and kind of three government-related questions. So one I think you guys have looked at taking advantage of some of the government spending and some of the stimulus money, so what are your plans there? Are you getting traction? And with regards to the healthcare question, on what side is the traction that you're seeing, is it on the payer side or on the provider side and what kind of success are you having at this point?
- Suresh Vaswani: I think the traction is across the sector. It is on the payer side, it is on the provider side, it is also on the government healthcare side. And we're really referring to the global demand here, not necessarily the U.S. Basically we see it as a sector with tremendous potential across all segments.
- Nabil Elsheshai: Okay, so what about direct government work? Whether it is state, local or is it Federal which is an opportunity for you guys, or are there political institutions getting involved in that?
- Suresh Vaswani: Maybe I will address the question in two parts. So if it is referring to India, and in the context of India, we are doing some very large projects in India in terms of implementation of healthcare information systems and smart cards with a lot of technology related to that sector. As it relates to the U.S., we have Infocrossing which is largely a U.S. organization which addresses the state programs and one of the large contracts that we're executing currently is the State of Missouri contract. We see demand building up in similar contracts in the U.S. and we will be active bidders for similar contracts across the U.S.
- Nabil Elsheshai: So you think you have largely state and local opportunities there?
- Suresh Vaswani: Yes.
- Nabil Elsheshai: Okay, great. Thank you.



Sridhar Ramasubbu      Thank you very much for your participation. If you have any further questions, the IR team is offline, you can reach us out. Okay. Thank you.

Moderator                This concludes today's conference call. You may disconnect your lines now.