



## Wipro Technologies Limited Conference Call

**6:45 pm IST**  
**January 21, 2011**



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**Moderator:** Good morning. My name is Shannon and I will be your conference operator today. At this time I would like to welcome everyone to the Wipro Third Quarter Earnings Conference Call for the period ended December 31, 2010. All lines have been placed on mute to prevent any background noise. After the speaker remarks, there will be a question and answer session. If you would like to ask a question during this time, simply press '\*' then the number '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, Shannon. Good day and on behalf of Wipro team, a very happy new year to all of you. This is Sridhar and I am joined by Rajendra and Aravind from IR team in Bangalore. We extend a very warm welcome to all the participants.

Regarding the materials for this call we issued press release yesterday late night EST and we will have time for Q&A at the end.

We have with us today, Mr. Azim Premji, Chairman, Mr. Suresh Senapaty, CFO, who will comment on the IFRS results and key take aways for the quarter-ended December 31, 2010. They are joined by our new CEO for IT business, TK Kurien. TK as he is known as and other senior members of the Wipro management team will be happy to answer questions.

As always, elements of this call and the management's view maybe characterized as forward-looking under the Private Securities Litigation Reform Act of 1995 and are based on management's current expectations and are associated with uncertainty and risk, which could cause the actual results to differ materially from those expected. These uncertainties and risk factors have been explained in detail in our filings with Securities and Exchange Commission in the US. We do 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 Q3 FY'11 results will be followed by Q&A. The operator will walk you through the Q&A process. The entire earnings call proceedings are being archived and transcripts will be made available after the call at our Company's website. Replay of today's earnings call proceedings will also be available via telephone post the call. During this call, I am also available on e-mail 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.

**Azim Premji:** Good day and a very happy new year to all of you though a little belated. By now you would have seen our results as well as our outlook for the March '11 quarter. I would like briefly to talk



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to you about the organizational change and Suresh Senapaty will talk about the financial results for the quarter ended December 31.

We wish to announce a significant change in the leadership of our IT business. With the change in environment, there is a need for a simpler organization structure. TK Kurien will take over as Chief Executive Officer of our IT business effective from February 1 of this year. He has been instrumental in building and scaling many of our businesses successfully. His track record with customers, his passion for excellence, coupled with strategic thinking and a rigorous execution makes him uniquely positioned to lead Wipro's IT business to the next phase of growth.

I am also delighted to welcome TK Kurien on to the Board of Directors of Wipro Limited as Executive Director, effective February 1, 2011. With his experience and perspective he will add value to the board's deliberations across all its businesses. I have personally worked with Kurien for the past 14-15 years. Out of that for a significant part of the time he has directly reported to me. He is currently heading as President of Ecoenergy business. I have 100% confidence that he will be eminently successful in this new responsibility. Kurien brings a unique blend of strategic understanding, strategic focus, with a rare ability to execute, a combination which is extremely strong from the point of view of competitive advantage. I think Wipro has passed through a phase of consolidation and contracting because of the recheck of the world. We are now in a phase where there are huge growth opportunities and we have to pick up bets carefully and we are going to pick up focus carefully to get the full value coming up in this. I believe Kurien is eminently suited to redirect the organization for a new path in growth going forward. I will request all of you to support him as you have always done in the past vis-à-vis the decision which we have made.

Suresh Vaswani and Girish Paranjpe, the current joint CEOs of the IT business have decided to step down from their current responsibility. Suresh and Girish have been with Wipro for the past 20 plus years and have been an integral part of Wipro's leadership team. They have made significant contributions to the company in the critical years of its expansion and played a stellar role in the success of the IT business. I want to personally thank them for their contributions to Wipro and wish them the very best in their future endeavors. They have both worked closely with me and I have the highest respect for them. Girish Paranjpe, Suresh Vaswani and TK Kurien will work together for the quarter ending March 31, 2011 to ensure a smooth transition.

I now request Kurien to say a few words to our investors and our analysts.

**TK Kurien:**

Good morning, everybody. At the outset, I would like to thank the Board for giving me this wonderful opportunity. I am excited about the opportunities ahead and I believe that Wipro has all it takes to become a global leader. I know there will be questions on my immediate and long-



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term priorities, and quite legitimately so. But I hope you will appreciate that even though I have been associated with Wipro's IT business for over a decade I have been the President of the Wipro EcoEnergy business for the last nine months. As I take over it will be only appropriate I do a deep dive into the business and discuss with my colleagues before I articulate priorities. However, what I promise to you that the process is going to be quick and more importantly, the implementation is going to be efficient.

Before I end I want to make an additional point. Investors in capital markets have been a great source of support, feedback and input to me over the past few years. I look forward to the same in the future. Thank you very much and look forward to working with all of you. I hand over to Suresh.

**Suresh Senapaty:**

Very good day, ladies and gentlemen. Wish you all a very happy new year. Before I delve into our financials, please note 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 December 30, 2010 cable transfers in Indian Rupee as certified by the Federal Reserve Board of New York, which was \$1 equal to Rs. 44.80. Accordingly our IT services segment was \$1,344 million or in Rupee terms Rs. 59.49 billion appears in our earnings release as \$1,328 million based on the convenience translation.

Our IT Services revenue for the quarter ending December 31, 2010, was \$1,344 million on a reported basis, a sequential growth of 5.6% and year-on-year growth of 19.3%. On a constant currency basis, our IT Services revenue was \$1,325 million. We have had a good quarter of growth driven by specific verticals and service lines.

Among the verticals, Energy and Utilities have led growth with 16.5%, Financial Services with 7.1%, Communications and Media Service providers with 7.1% and Manufacturing with 6.4% on a sequential basis. Application development and maintenance has seen strong growth in the current quarter of 9.5%. Technology Infrastructure services is continuing to see strong traction with 6.6% sequential growth and 20% year-on-year growth. We have improved the mix of our consulting revenues to 3% from 2% at the start of the last fiscal with revenues having grown 14% sequentially and 60% year-on-year.

Among the geography, Europe saw a second successive quarter of double-digit growth of 12.6% on a sequential basis. We continue to see strong growth in the emerging markets. We have 21 customers with revenue greater than \$50 million on a trailing 12-month basis, up from 20 in the previous quarter. There are three accounts with revenues greater than \$100 million on a quarter annualized basis. Volume growth in the quarter was at 1.5% despite the seasonality impact of higher leave and our drive on FPP productivity.



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Our revenue from fixed price projects increased by 2.3% to 46.3%. We saw a strong improvement in revenue productivity with onsite realization increasing by 0.6% and offshore realization increasing by 3.7%. Voluntary attrition on a quarterly annualized basis went down by 180 basis points to 21.7% and we clearly see a trending downwards on the same. Operating margin for IT Services was flat sequentially at 22.2% with improvement in revenue productivity, bulge and benefit from foreign exchange offsetting the impact of drop in utilization and lower working days. As of 31<sup>st</sup> December 2010, our days sales outstanding was at 69 days same as the previous quarter.

Our IT products business showed a decline in revenue in the current quarter as quarter ending 31<sup>st</sup> December is a seasonally weak quarter for the products business. Wipro Consumer Care and Lighting business continue to see good momentum with revenue growth of 21% year-on-year and EBIT growth of 14% on a year-on-year basis.

On the Forex front, our realized rate for the quarter was Rs.44.27 versus the rate of 45.15 realized for the quarter ended 30<sup>th</sup> September. On a quarter-on-quarter basis, Forex gave us a positive impact in margins including the benefit of cross-currency of 0.5%. As at period end, we had about \$1.5 million of forex contracts. Our OCI losses further reduced by Rs. 1497 million in the current quarter to Rs. 2195 million. The effective tax rate for the quarter was 16.5%. Our net cash balance on the balance sheet was Rs. 49 billion. We generated free cash flow of Rs. 3 billion during the quarter. We will be glad to take questions from now.

**Moderator:** The first question comes from the line of Trip Chowdhry of Global Equities. Your line is now open.

**Trip Chowdhry:** Thank you and good execution. Two quick questions. First, Premji, you did mention that the business environment is changing now. I was wondering could you be little specific on exactly what is changing and exactly in what verticals, and then I have a second question regarding the competitive dynamics. What are your views on iGATE acquiring Patni and how does that change the business environment? Thanks again.

**Azim Premji:** Let me give this question to Martha.

**Martha Bejar:** Hi, Trip, Happy New Year. So, from our customer perspective, talking to our clients I think the message is that spending will likely return to normal levels in 2011, so budgets continue to be marginally up. However, where we see growth on IT spend, we see that within the verticals, we are looking at utility, healthcare, finance services, communications industry, they continue to expand the IT spend, I think more than some other industry. One of the things I will tell you Trip is that in our discussions, discretionary spending is growing ahead of the overall spend. Clients



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continue to look at ways in which they transform their business and the IT becoming an enabler of that. So, we talked about this change, which is what we are referring to.

**TK Kurien:** This is TK. Just to give you a quick one minute view of this. There are two things which have changed in the environment. One is if you look at 2008, we were probably heading into a crisis, the likes of which we have never seen before at least in our life time. And everybody was bunkered down, the problems that we had was, we had problems in terms of customers, we had customers disappearing, customers asking for rate reductions, we had huge disappointment with employee because we had positioned ourselves for growth and we suddenly had a downturn, so there were a bunch of things that we had to do there to basically ride the ship. Right now the environment has changed. When you see growth coming back, especially in certain industry verticals and in a growth environment, the challenge is pretty simple. When you are kind of hunkering down you make sure that you have levels through which you go in terms of making sure the decisions taken, you are taking is actually right. In a growth situation, you can grab opportunities. You are looking for a much leaner organization in the second phase rather than the first. And I think that is really what we are looking at in terms of our re org and that is how the environment kind of played into this. Does that answer your question, sir?

**Trip Chowdhry:** Yes, it does. And I was wondering any views on how does the acquisition of Patni by iGATE change the dynamics of the landscape?

**TK Kurien:** It is really a challenge. I mean if you look at it, for iGATE it certainly changes the landscape, I do not think it changes the landscape of Wipro. Having said that it is one game that we have learned is never ignore competition of any size wherever they come from, so we are not be going to be ignoring them, we are going to be watching them. But right now, I do not see any impact.

**Trip Chowdhry:** Perfect. Thank you very much.

**Moderator:** Your next question comes from the line of Joseph Foresi of Janney Montgomery. Your line is now open.

**Joseph Foresi:** Hi, my first question here is I guess I was wondering if you could give us a little more color on the decision to move to just one CEO. Obviously, the environment I guess is different, but how was this more effective, maybe you can talk about the background behind the decision and what the benefit to your overall organization and your client structure is?

**Azim Premji:** We believe that the whole process of decision-making, the whole process of accountability can be much faster, much more agile and much more effective with the conventional one CEO structure. Our joint CEO structure was a transitory arrangement. It served its purpose during the first 2.5 years of its existence and we think the transition is called for. I think more important



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than that is the choice of leadership for the position. The substituting the joint CEO structure with the CEO structure, does not necessarily get you a result. We just think with our choice of leadership for this position is going to give us the kind of growth we are looking for and the kind of margins we are looking for. And I think the only thing which will confirm our judgment is results. So I think what you need to do is watch our results as we go forward.

**Joseph Foresi:**

And just looking at 2011 I know you gave some color on what is happening on the demand environment. I wonder if you could talk specifically to the size of deals, the pipeline going into this year, visibility, maybe you could just talk about how that has changed compared to 2010 and what that means, how we can think about that relationship, the results for the year?

**Martha Bejar:**

Joe, this is Martha. Just a couple of comments. Our pipeline continues to be very strong, it continues to grow. We see fair amounts of large deals in the finance sector for example. So, obviously, we are excited about that. I think when we look at our Enterprise Solutions, we are still seeing a lot of smaller deals, customers in terms of making decision, to transform their own business, they are not delaying their decisions and they do not see sales cycle is increasing, so we think the environment is very positive, again, the strong pipeline continues to increase, we are seeing large deals in the market and in specific sectors, not across the board, it is not a peanut butter spread, but still a lot of our customers continue to break these opportunities into smaller pieces, obviously, we are addressing as well. So it is a good spread I think to us.

**Joseph Foresi:**

Specifically, as discretionary spending getting better and is pricing improving?

**Martha Bejar:**

That is why, Joe. I would say that the IT budgets in general are not hugely up. But what is happening with our customers is that we are looking at ways to become more efficient so that they could reinvest in discretionary spend and some projects that have natural impact and the way they do their business of projects that impact the way they link to us with their customers, a lot of business intelligence, lot of cloud services, surely, looking at different ways of running their IT infrastructure to enable the business of the company that they represent.

**Joseph Foresi:**

And then just finally if you could give some color on what your expectations are on the labor side, any hiring expectations, how do you think attrition rates going to look this year and wage increases? Thank you.

**Saurabh Govil:**

From an attrition perspective, the voluntary attrition has come down by 180 basis points in the last quarter and we clearly see a declining trend as far as attrition is concerned. Hiring plan, with the growth momentum we are seeing good hiring traction in the coming quarters, more so driven on the campus, we have gone all the campuses and more campus hiring.

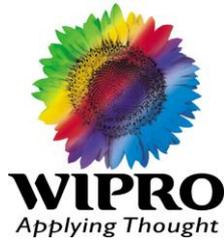
**Joseph Foresi:**

Thank you.



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- Moderator:** Your next question comes from the line of Nabil Elsheshai of Pacific Crest Securities. Your line is now open.
- Nabil Elsheshai:** Hi, guys, thank you for taking my question. First, just a follow-up on the discretionary spending trend. So, given that commentary I would assume that the relatively strong results in your application, maintenance and development business grew over 9% sequentially would indicate that development part of that is even stronger than that - growth rate in the application development are into the double-digits, is that fair takeaway from what you guys are saying?
- Martha Bejar:** So, your assessment in terms of what is going on in the application development part of our business is correct. Obviously, our customers continue to look at ways like I mentioned before, Nabil to do things differently and so we see a very strong trend in that direction. And of course if you slice it, in the FPP.
- Nabil Elsheshai:** Okay. And then I guess if you could contrast geographically a little bit. You guys have seen remarkably strong performance in Europe especially given what we are seeing in the headlines and then maybe less strong in the US was just a reverse of lot of people. So why the strength in Europe and maybe why there is a little bit of a drag and underperformance in the US?
- Martha Bejar:** So I would say that in Europe, our strategy is that, our European strategy is paying off, just highly focused in specific countries, the investments that we are making, and even of course our customers are beginning to evolve, it has been a good market for us. We see in Europe a lot of strength in the E&U, manufacturing and BFSI as we continue to grow in that geo. I would say that in the US and as we talked about this in the past we have been challenged by Technology because as we know we were very strong in Technology within the US and that is one industry that has slowed down. So that is probably what is reflected in our results. We have a very strong pipeline, I would say that half of the pipeline in the US is discretionary spend and it continue to pick up. And you see a lot of various interesting deals in the finance sector for example, retail sector, in E&U, so, those are the sectors that continue to grow and continue to evolve into a transformational type of opportunity for us.
- Nabil Elsheshai:** And when you look at the investments like you guys have talked in the past about doing more local hiring and building up, not just the data centers, the delivery centers, but also more stronger front-end capability, are you further along on those efforts in Europe than US or is it pretty equal and just a matter of the vertical differences that are driving some of the differences? And then in addition as you look forward in Europe are you seeing any signs of people pulling back on budgets versus the US or is there any difference on what you are hearing for this calendar '11 on discretionary spend between the two geographies?



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- Martha Bejar:** So I would say that from a front end perspective and just thinking about the sales organisation we continue to move forward our strategy of local hires and having a very diverse front end organization, that understands the needs of our customers, so that continues. With respect to the strategy that we continue to move forward on that. I would say that that in terms of the discretionary spend the difference between the markets, our customers are also so global that we see a common trend across those markets from our discretionary spend perspective. We do not see that slowing down. I think customers continue to be cautious in many ways, but in terms of the sector, they are looking at ways to do things differently and they reinvest in other areas. So that is the opportunity there for Wipro.
- Manish Dugar:** Nabil, Manish here. Just to add to what Martha said, what is interesting is that most of this is happening not by chance but by design and what does not get factored into the sales and marketing expense is the investment we do on the consulting side- in the last two quarters, the amount of investments we have done and the growth that we are seeing in that piece, which is primarily to drive follow-through business and the consulting business that we do translates to better quality deals that we get on the follow-through business and that is reflected in increased revenues from the consulting business, increased revenue or increased share on the discretionary spend and hence they have increased and hence the increase in fixed price projects.
- Nabil Elsheshai:** Okay. Great. And just a follow-up on the last question. I do not know if I heard the answer. On expectations for wage increases going forward, is there any guideline you can give us from what you are expecting on that front?
- Pratik Kumar:** This is Pratik here. So as we go through the quarter we will finalize our plans and as things stand today for India-based employees it is scheduled for the first quarter of the coming fiscal.
- Nabil Elsheshai:** And will that be a pretty normal kind of wage increase.
- Pratik Kumar:** It will be in line with what we are experiencing, the kind of increases been given by other IT firms.
- Nabil Elsheshai:** Okay, great. I will get back in the queue for more. Thank you guys for taking my question.
- Moderator:** Your next question comes from the line of Ed Caso of Wells Fargo Securities. Your line is now open.
- Ed Caso:** Good evening. Could you update us on your infrastructure outsourcing business and Infocrossing and how that is doing?



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- Martha Bejar:** This is Martha. So I will take that. So from an infrastructure perspective our infrastructure business is growing at 6.6% and part of that play of course is the Infocrossing, which continues to be our major differentiator for us, it allows us to grow against very large opportunities from a competition perspective. I would say that a lot of discussions, a lot of cloud, it is a huge area of focus for us, almost without exception. Our customers are talking about cloud services with us given the play that we have with the data centers, and lot of the discussion by the way right now is to deciding in private cloud moving into public cloud we feel as we go into next year. With our Infocrossing play we were expanding into new markets as well. I think you all know that we expanded into Germany with the Citibank DC acquisition. In North Carolina, we are opening another center. A lot of opportunities in the healthcare sector. And so this is an area that continues to be strong focus for us. We even have a very, very good competitive advantage because we are able to give our customers an end-to-end solution in the services we are offering them whether we are hosting or managing those services for them.
- Ed Caso:** Quick question. Given the changing tax laws in the ending of the tax holidays can you give us a sense of the tax rate might be in this fiscal 12?
- Suresh Senapaty:** Last quarter, we were at about 16.5%-16.6% and at this point in time in terms of still the budget to come and a lot of representation from the industry for extension of Software Technology Parks benefit by one more year when the DTC, the direct tax code comes to play. But our expectation is that based on what we have currently as the normalized tax rate about another 2% could go up.
- Ed Caso:** And most of your competitions are talking about mid-20s tax rate. If my math is right I would put you below 20%. Why is Wipro different than your large peers?
- Suresh Senapaty:** When we have invested in Special Economic Zones pretty earlier and we make sure that all our investments right from last few years has been coming in Special Economic Zones and that sort of has given us this kind of an advantage.
- Ed Caso:** My partner, Rick has a question.
- Rick:** Just one question on the BPO business, seems like it has been lagging a little bit. Can you give us an update on BPO?
- TK Kurien:** I will pass this on to Manish, he could give you more color on last quarter's business and if there are any strategic questions after that I will be happy to take them.
- Manish Dugar:** Rick, hi, Manish here. If you look at it in the last few quarters, we have seen significant traction especially on the transaction processing side. Especially when it comes to HRO and F&A



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processes. Given the challenges that are faced in terms of joblessness or unemployment rates, that is probably one area which has gone soft, however, in a relative to peer group, we have done fairly well. And the good news is that the pipeline looks very robust at this point in time especially in the banking financial services sector with some deals which could be very significant in size and they are near closure in terms of discussion and the expectation is that that should give us a fillup in the revenue. As you know, the timeline on the gestation period between a deal win and revenue in BPO is still longer than what it will be for the IT business. So it may not happen in the immediate quarters, but at this point in time BPO is rightly poised to take advantage of the deal that especially having made investments in some of the centers that we have opened outside of India in the recent past.

**Rick:** Thank you.

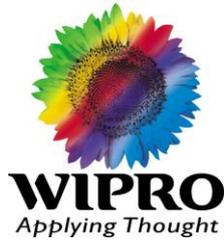
**Moderator:** Your next question comes from the line of Swamy Shanmugasundaram of Morningstar. Your line is now open.

**Swamy S:** Hey, guys, thanks for taking my question. I think my first question is on the healthcare and services, if I look at I mean there is this is a one-off or are we seeing any trend in there which was driven by the uncertainty over the healthcare reform by law. Could you give some more color on that?

**Martha Bejar:** Hi, this is Martha, I would say that third quarter we did see a bit of lumpiness in the healthcare services. I would tell you that we are looking at the healthcare services as an area of strong growth for us, particularly in IT-BPO space. In our pipeline we have a bit of TIS infrastructure deal. So, we think that we will continue to see strong growth within the healthcare as we go into next year. Accounting of the FPP is causing the lumpiness in Q3 by the way, just let me qualify that as I started my discussions here. The thing I will tell you as well is that the changes in the healthcare law also have better opportunity for us as well and the healthcare pipeline is very strong here in moving forward.

**Swamy S:** I think my next question is on the BFSI vertical. Are we still getting any work related to the M&A integration and what do you expect growth to come from in the future?

**Martha Bejar:** The question is on M&A, so, if you could see from our results we have had a good quarter in BFSI with 7.1% growth. Seen a lot of stronger growth in banking and capital markets. Softness in insurance, softness in BPO, those were two slow areas for us, very strong pipeline and when we go into this quarter and the next year, so that gives us a very sound confidence moving forward in this particular market segment. This is one of the big areas of focus for us of growth. Like I mentioned to you the pipeline is high and the large deals within the pipeline are strong, the



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market by the way so it is not just in one particular market, we see that potential across the markets.

**Manish Dugar:** Swamy, Manish here. Your question was around M&A in the customer environment or it was M&A.

**Swamy S:** M&A in the customer environment.

**Manish Dugar:** Swamy, I guess, most of the major M&As are behind us and the activity that was or rather the business that was created due to that is probably now mainstream, at this point in time what we see more is consolidation, new platform especially in the insurance side and in the retail banking side - the core banking solution, but M&A in the customer environment is not a big driver of revenue any more towards the BFSI sector is concerned.

**Swamy S:** Sure. My next question is on the fixed price projects. I mean there is significant jump compared to last year or to the last quarter. Is that some where related to your thing on the non-linear initiatives? And the next question is we have not seen any major improvement in the operating margin, so is there something else which offsets this?

**Manish Dugar:** Swamy, so far as the fixed price project is concerned you are right -- when you make that statement that our stated objective has been to grow non-linear revenue which used to be 8% of our revenue till last year and as of last quarter we are at 11% and given the nature of non-linear revenues commercial construct it typically tends to qualify because of fixed price project. Having said that it is also reflected in our ability to build freshers and in our ability to improve the realization which even after the lower number of working days in Q3 and after taking out the impact of cross currency yields positive over Q2. So far as operating margin is concerned your observation is correct. The benefit that we got on realization and currency has got neutralized by the impact that we had with the drop in utilization which is a conscious choice of investing in getting fresher's and making them more tenure so that we have a more sustainable delivery model going forward, especially keeping in mind that there is an expectation of volume coming in and hence the requirement will come up and to some extent it has also got necessitated by the increase in the labour turnover that we have seen in the recent past but that is probably a temporary phenomena, what is more structural is a change we are wanting to bring about in terms of fresher's versus the lateral intake that we are doing.

**Swamy S:** Sure. I think that is it from my side. Thanks, guys and congrats again.

**Azim Permji:** Thank you, Swamy.

**Moderator:** Your next question comes from the line of Abhishek Kapoor of Cowen. Your line is now open.



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**Abhishek Kapoor:** Yes, hi, can you talk a little bit about the pricing environment. Are you able to get some pricing increases from clients and just elaborate a little bit more on that? Thank you.

**Martha Bejar:** Hi, this is Martha again. So from a pricing perspective we have got increase across several of our clients this past quarter so price realization were up 0.6% onsite and 3.7% offshore. So I would say that with our customers, discussions around price increase around the value that we are providing to them are prevalent now and so you will see some results as we can go in and talk about the value and increased price.

**Abhishek Kapoor:** Thank you.

**Manish Dugar:** Just to add to that, Abhishek non-linearity does have a play in improving the realizations and so does our ability to sell more of outcome-based value-added services versus any commodity. I guess those get reflected in the price realizations and the small dip that you see on the onsite realization net of cross currency is largely contributed by less number of working days that we have in Q3 compared to Q2.

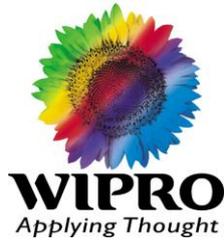
**Abhishek Kapoor:** Thank you very much.

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

**Nabil Elsheshai:** Thanks. Just a couple of quick follow-ups. First on package implementation that has been really strong last couple of quarters, it was not quite as strong as this quarter, what are you seeing looking forward, as we have been hearing a little bit about an application refresh and what are you guys seeing in the pipeline and has that kind of petered out or is there still a strength to have out there?

**Martha Bejar:** So, Nabil, this is Martha. We are seeing pickup in discretionary spend as I mentioned before as well as reverse engineering products in emerging markets, for example, our focus on plant optimization in manufacturing, high performance computing practices that is part of our BFSI play, middleware, TV, IPTV, set-top boxes, anything that has to do with that natural interface with the consumer becomes a very big play for us at this point. So, those are the areas that we are seeing a pick up from a package implementation perspective, medical devices as well.

**Nabil Elsheshai:** Okay. And then I guess can you add up, we have never met, and you mentioned you have been in IT services business, if you just help me on what roles you have had when you were in the IT services business and how has that impacted your outlook and plans going forward?



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**TK Kurien:** Early on, way back in 2001, I was one of the founders of the telecom service provider business. And from thereon I did a stint in healthcare and then from there I moved on to BPO. I ran the BPO business for three years from 2005 to 2008, then I came and ran the large deals group that we have in Wipro along with Wipro consulting. That being my background and then after that I also took over the telecom and CMSP vertical which is a communications, media and service provider vertical. So I had a fair breadth of experience, mostly in the market facing consulting and BPO side.

**Nabil Elsheshai:** Great, that is very helpful. And then just real quick and kind of I realize you are just taking over without specific plans, I mean, you were in the business during the hyper growth phase, there are still lot of growth opportunities but it seems like the markets changed a little bit, do you see that and in terms of the opportunity and dynamics, how does that change, how you kinda go into the market and comparative and do you see any dramatic changes from that period you are in IT services?

**TK Kurien:** I think there are couple of things. I have seen the good times, not so good times and the average times. So, I think now we have the completely different environment for a couple of reasons. When the IT services business is growing, all verticals are growing, all we have to do is sit at the end of the pipe and we would get the business. Right now, the scenario has completely changed. I guess what it means for companies like us is making a choice as to where we invest and where we do not invest. And when we do invest what we invest in and what it means for the customer. And those are the fundamental choices we have to make. I think the first part of my at least for the next couple of months I expect to do that. And the resultant of that strategy would be impact on the organization because ultimately you have to align all the tasks especially from an organizational perspective to make sure you are able to seize the opportunities that are available in the marketplace, those would be my short-term priorities.

**Nabil Elsheshai:** That is helpful. I look forward to hearing what you find.

**TK Kurien:** Thank you, Nabil.

**Moderator:** Your next question comes from the line of Ashwin Shirvaikar from Citigroup. Your line is now open.

**Ashwin Shirvaikar:** Thank you. Congratulations Mr. Kurien on becoming CEO first of all. The question I had was firstly with regards to the attrition which remains relatively high. In terms of things you can do to maybe bring that a little bit in line with the historical levels, can you comment on that?

**TK Kurien:** I will pass that on to Saurabh who will kind of talk through the attrition piece.



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- Saurabh Govil:** As we have said two quarters back that we would take sometime for stability because of we would see an uptick soon after the downturn. We have seen that stability coming in and we have seen a downward trend, we have reduced attrition by 180 basis points or the supply/demand attrition that comes to book and going forward we clearly see that it is really come further down.
- Ashwin Shirvaikar:** Would you say that one of the things that might need to happen to control attrition would be sort of contributing factor to wage inflation. Any indications on how much wages might rise over the next 12 months?
- Saurabh Govil :** So on the wage revision very clearly that we are reviewing what happened externally but as the plan gets set, for all our India-based employees we will look for a revision in the first quarter of the next fiscal.
- Ashwin Shirvaikar:** Right, but in terms of just trying to early view any kind of quantification or even are you going to sort of lead that process or just follow based on what your competitors are doing?
- Saurabh Govil:** It will be in line with what is happening in the market, not done working on quantum, but in line with what is happening in the industry, what completion is doing.
- Ashwin Shirvaikar:** Okay. And the last thing is I just want to follow-up on the investment comments that you have had. Was that sort of a precursor – I know it is fairly early days here but is that a precursor to saying that the way you look at investments is going to necessarily change or are you going to invest in new and different things or is it just a pretty standard review that you are going to do?
- TK Kurien:** I think here is what it is. Whether it is new or different things, frankly I think there is a little bit of a leap right now and it is difficult to kind of comment on that. But clearly, what we are planning to do is look at our portfolio, ultimately in businesses that we are in, being a two-bit player in a business is not worth its while. So we really need to get a change in businesses that we choose to play in and that is what we are going to do and that is where we are going to align our investments.
- Ashwin Shirvaikar:** Fair enough. Thank you, guys.
- Moderator:** There are no further questions on the phone lines at this time.
- Sridhar Ramasubbu:** Okay. Try once more and if there are no questions we will wind up the call. Okay. We will close the call. Thank you very much. Shannon, you can give the closing comments.
- Moderator:** This concludes today's conference call. You may now disconnect.