WIPRO LIMITED

Investors/Analysts Conference Call for the quarter ended June 30, 2008

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Participants - Wipro Management

- Azim Premji, Chairman
- Suresh Senapaty, CFO and Member of the Board
- Girish Paranjpe, Joint CEO, IT Business and Member of the Board
- Suresh Vaswani, Joint CEO, IT Business and Member of the Board
- Pratik Kumar, Executive Vice President - Human Resources
- Sudip Nandy, President Technology Media & Telecom (TMT) SBU
- Sambuddha Deb, Chief Global Delivery Officer
- Rajendra Shreemal, Vice-President – Investor Relations

Moderator: Good morning Ladies and Gentlemen. I am Sandhya, the moderator for this conference. Welcome to the Wipro quarterly earnings conference call. For the duration of the presentation, all participants' lines will be in the listen-only mode. I will be standing by for the question and answer session. I would like to hand over to Mr. Rajendra Shreemal. Thank you and over to you sir.

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

Azim Premji: Good morning to all of you'll and welcome. I am sure you have seen our results which have been posted in our website. I would like to spend some time reflecting on our performance for the quarter. Following that, Suresh Senapaty, our CFO will share financial highlights and the management team will be happy to take questions. Let me start by sharing some of my thoughts on the environment.

With the oil prices spiraling out of control, we continue to see a lot of uncertainty. Our focus is to retain close proximity with customers and partner with them in their business priorities. With the completion of our revised organization structure, we are in a good position to deliver better customer values. Moving on to results, given the head-wins of microeconomic uncertainty, our results for quarter one have been satisfying. Wipro Limited recorded revenue growth of 43% year on year and net profits grew by 25% year on year. In our IT business, services revenue for the quarter was 1067million US Dollars, with a year-on-year growth of 37% as against a guidance of US dollars 1060 million. In rupee terms, the growth rate of our IT services business was 39% year on year. Growth continues to be driven by our differentiated service lines. TIS, testing, and BPO grew upwards of 40% year on year. Our financial services business continued to show resilience in the phase of strong head-wins within another quarter of 47% year-on-year growth. We have also grown well in retail vertical. Early investments in India and Middle East emerging markets continue to pay rich dividends with another quarter of 50% plus growth year on year. We won a few multiyear multimillion dollar contracts in India and Middle East market and the deal pipeline is encouraging and strong. We are seeing our investments in global programs, leadership in infrastructure services, and enhanced sales footprint start to pay dividends in terms of large deal wins. We announced 7 multiyear multimillion dollar deals in services business during the quarter and the pipeline looks healthy. Our ability to provide end-to-end solutions on infrastructure services and our enhanced global footprint helped us win large deals with a worldwide leader in the manufacture of high quality audio and electronic products for management of infrastructure across America, Europe, and Asia Pacific. Our products business grew 42% year on year driven by Systems Integration wins and our leadership in IT business in India and the Middle East markets. Our strong presence in products in addition to services in these geographies gives us a leadership on end-to-end systems integration and total outsourcing deals. Wipro Consumer Care and Lighting business continued to see good momentum with industry leading growth rates. Our domestic business continued with robust revenue growth, a 32% year on year, 10th consecutive quarter of 25% plus growth. Unza continues to grow well in all the countries we operate in. Going beyond business, we recently launched Eco Eye, a corporation-wide initiative on ecological sustainability. It is a comprehensive program that drives increasing ecological sustainability in all our operations as also in areas of influence. The initiative attempts to engage with increasing levels of intensity with all our stakeholders, Wipro's all employees, partners, suppliers, customers, and immediate commitments. We work on dimensions of carbon neutrality, water balance, waste management, and biodiversity. I would now request Suresh Senapaty, our CFO to comment on financial results after which we will take questions.

Suresh Senapaty: A very good morning to all of you Ladies and Gentlemen. I will touch upon areas, in our performance and financials that I believe would be of interest. Our IT services revenue for the quarter was 1067 million dollars against a guidance of 1060 million dollars, a sequential growth of 3.5%. As communicated during our last earnings call, we have revised the reporting segments post the reorganization of our IT business. We will now report services margins at an overall level as we believe that post our reorganization, there is integration of our BPO and IFOX business with our IT services business and it makes more sense to view them as one rather than separate businesses.

Considering that, we are in a transitory phase in reporting, we believe it would be helpful for analysts if we give apple-to-apple numbers for quarter one so as to compare with the quarter four numbers. Our global IT business stood at 996 million dollars as against 950 million dollars for quarter four, a sequential growth of 3.7%. Similarly, on the margin front, our global IT margin was 21.1% for quarter one as against 21% for quarter four. The margin for combined IT services was 20.9% in quarter one similarly to the quarter four levels. The sequential growth is raised by strong performance of financial services and retail, both growing 5.5% and 7.8% sequentially. Our differentiated service lines of testing grew 6.4% sequentially. The US and Japan geographies grew above company average sequentially. Infocrossing business continues to get well integrated and has a healthy pipeline of contracts. We closed contracts with TCV valued at 42 million dollars for the Infocrossing business and that compares with a contract of about 37 million dollar of the ITO business for quarter. During the quarter, we added 31 new customers, 4 of which were Fortune 1000

Global 500 customers. The number of clients more than 50 million dollar on a trailing 12-month basis has increased to 14 in quarter one from 9 in quarter one of last year. In the current quarter, our realization improved by 3.9% for onsite and 3% for offshore sequentially. On a year-on-year basis, rates for onsite and offshore improved by 5.4% and 4.6% respectively. The improvement in rate was mainly due to improved realization in fixed-price project and a few of our nonlinear initiatives. During the quarter, we were able to maintain our margins in spite of RSUs grant, etc., to improve realization and utilization. On the foreign exchange front, our realized rate for the quarter was 41 rupees 26 paisa versus a rate of 39.94 realized for the quarter ended March 31, 2008. Our cost rates for foreign currency cost also went up during the quarter. On a Q-o-Q basis, Forex gave a positive impact to margins of about 0.1%. As a period-end after assigning to the assets on the balance sheet, we have about 2.6 billion dollar of contract, a rate between 39.50 to 45. We raised an external commercial borrowing of 350 million dollar in March 08. This is in effect a hedge for our overseas investments. Translation loss of 66 crores has been recognized in translation reserves in our balance sheet, which offsets the gain on translating our overseas investment. In US GAAP, the translation loss of ECB is recognized in our P&L account. Similarly, there is an FBT, fringe benefit tax of 46 million rupees on ESOPs recognized in our P&L account. This is reimbursed from employees which shows up in equity rather than as a P&L expense credit. We believe that in this short term accounting principle sometimes do not completely reflect our effective economic results. We will, effective this quarter, provide additional information in the form of an adjusted non-GAAP net income statement excluding currency translation impact of swap on ECB and India fringe benefit tax from ESOP. We believe this will help our stakeholders to see our underlying business result even clearer. In arriving at Adjusted non-GAAP net income for the quarter, we have excluded the translation loss of ECB and fringe benefit tax on ESOPs. Of course, we also continue to publish result as for GAAP and we will also provide a detailed reconciliation between GAAP net income, and Adjusted non-GAAP net income. For the quarter ended September 2008, we expect volume-led growth with stable pricing. We will have the impact of salary increases for offshore employees in the current quarter. We will be glad to take questions from here.

Rajendra Shreemal: It is over to you now…could you….operator…

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

Sandeep Shah: Yeah sir, this is FBT on the ESOP is the main reason for the huge gap between US GAAP and Indian GAAP numbers on the PAT front?

Suresh Senapaty: No, that is only one item which is about 48 million rupees, but the biggest item is the ECB, external commercial borrowing which we took against a hedge of our investment in US Dollars, where because the loan was in Japanese Yen and the investment was in dollar, the US GAAP does not permit hedge accounting and therefore it has to be transformed to the P&L account and that seems the biggest differences, but the balance others are typically in terms of intangibles. So, for example, if you look at the net income under Indian GAAP and US GAAP for quarter one, you have a gap of 10%.which means 90%. Typically, we will have a gap of about 1% to 2%.

Sandeep Shah: Right.

Suresh Senapaty: So, if you adjust for these two items, which is about 71 crores then it is within 98% of the Indian GAAP.

Sandeep Shah: Okay. So sir, these two taken together is 71 crores including 4.8 crores from FBT.

Suresh Senapaty: Yes.

Sandeep Shah: Okay, okay. And can you tell us the recurring FBT charge going forward for this year?

Suresh Senapaty: On the ESOP thing?

Sandeep Shah: Yeah.

Suresh Senapaty: Well, we don't know because it is a function of when the employee exercises it. You know, the new FBT rules that came in as a result of which we got subjected to ESOP, subjected to FBT.

Sandeep Shah: Right.

Suresh Senapaty: So, this particularly is a problem vis-à-vis all the install base of the FBT, sorry ESOPs at 1st of April 07.

Sandeep Shah: Right.

Suresh Senapaty: So, whatever recovery happens, it goes into the capital account…

Sandeep Shah: Right.

Suresh Senapaty: and whatever, sorry, the recovery goes to the capital account and payout comes to the debit to the, you know, at an operating margin level.

Suresh Senapaty: So, this is the contra we tend to do. So, the quarter one impact of that is about 46 million rupees.

Sandeep Shah: Okay. And secondly sir, if you look at our consolidated IT services, the volume growth is roughly 2% and the pricing growth is 3% to 4%, but the dollar revenue growth seems lower at 3.5. So, is it like more to do with the translation amount?

Suresh Senapaty: That is correct.

Sandeep Shah: Okay, okay, okay. Thanks.

Moderator: Thank you very much sir. Next question comes from Ms. Priya from Enam Securities. Over to you ma'am.

Priya: Yeah, hi, good morning to the management team. My first question relates to if you could give us an update on your core technology and telecom space, you know, the business environment over there in terms of pricing or opportunities.

Sudip Nandy: We had reorganized our erstwhile telecom and product engineering business significantly this quarter. We have now merged the media and entertainment business which was elsewhere before, as a part of this because of the convergence and synergies that we see in the telecommunications and the media entertainment business. We have also made the product engineering business a horizontal so that we can address market and customers' access by manufacturing, medical devices, retail, and so on. We have had a number of good wins both in the technology sector as well as in the communications and media sector. We, for example, had a win from a large equipment manufacturer in the computing space for complete design, development, and delivery of high performance computing platform which is an 18-month project and depending…it is an outcome-based priced model. So, the revenues could be anywhere between 35 million to 75 million depending on how successful the customer is. We won a project in the telecom space in the Middle East for WIMAX rollout for OSS management which is a big win we have had. We have also had a managed BSS network services from a private telecom operator in Indonesia. We had a win in Continental Europe from one of the top tier telecom provider. These are all wins in the quarter, but they had not translated to revenues yet. We hopefully will see revenues in the coming quarters. In the core telecom equipment vendor space, that is not growing as we expect it to. There is a lot activity, but consolidation is still taking place. R&D budgets are frozen. We are seeing an equal number of ramp-downs and ramp-ups. As customers rationalize their product portfolio, we are suddenly getting information of a particular project ramping down. Within two weeks, we are getting another order of a new technology project from the same customer ramping up because they have decided to drop one product and go to the other. So, difference between 7-8 quarters back and now in the telecom sector is that there was…people were frozen in the headlight, but now there is a lot of activity. So, this thing may continue for one or two quarters, but we are seeing net positive but not as much positive as we wanted in the telecom equipment vendor. I am hopeful of the other two giving reasonable growth as our synergies start kicking in with the new restructuring we have done.

Priya: But would you see stability coming forward say in the December or the March quarter?

Sudip Nandy: In the equipment vendor space because the others I think are not having the same kind of a challenge. The telecom vertical is really growing very rapidly and the technology space is reasonable growth. For the equipment vendor, yes, it may be March quarter or so when the…provided there are no further acquisitions and consolidations. You know, it has taken two years for what has happened to become stable. If there are some more consolidation, it might be another two years, but we don't know that.

Priya: Sure. And if you could give us an update on the profitability, the acquisitions across the Infocrossing where we are at this point of time.

Suresh Senapaty: If you look at Infocrossing at this point in time, as you said in the shorter term there will be a little bit of up and down in the margins because we are looking at investment in the IHS space, IHS is the healthcare services space because we are creating platform. The platforms are build, they are being enhanced and more optimized to look at the current situation and (b) is also on the ITO point of view, there are global delivery models which means you have to incur cost on both sides at this point in time until such time it fully gets into a mode of complete offshoring. So, on a shorter term, like we said, we expect good results towards the end of this fiscal and going forward in the next year.

Suresh Vaswani: Just to add on to that… this is Suresh Vaswani here…we see significant revenue pickup in terms of TCVs that Infocrossing has been able to get. So, last quarter we got 42 million dollars which is very specific TCV for Infocrossing in terms of an order inflow, and we are beginning to see stronger and stronger energy benefits coming out Wipro Technology customers and Infocrossing customers in terms of integrated opportunities.

Priya: Sure and just one data point, out of the 8.8 billion of operating income which you have in IT Services, how much of it is coming from acquisitions at this point of time?

Suresh Senapaty We do not give that as a separate number any more because it is a consolidated thing because typically when the integration is ready, complete, and integrated, the tracking separately becomes an issue so we no more track that as a separate item and that is why we try to do it for the first 2-4 quarters, and thereafter once we have sold it, that is no more separate. I mean they could be very emotionally separate, but actually it sometimes reflects here and sometimes reflects there so it is not a very accurate measurement except the first two quarters.

Priya: Sure and if you could just also give us an update on the offshore salary hike which you are looking coming from the next quarter and the reason why we saw employee QoQ decline in global IT?

Azim Premji: Yeah, Pratik..

Pratik Kumar: Priya, hi, this is Pratik here.

Priya: Yeah, hi, Pratik.

Pratik Kumar: Hi, we typically have our offshore hikes in Q2, and we have not yet confirmed which month exactly we would be effecting the hike from. So, as we go through the quarter, you will be able to conclude on that.

Priya: But of course we could expect a moderation as what we have seen for other players?

Pratik Kumar: Of course, as we have been maintaining almost to last about 4 quarters and as we have heard the rest of the industry leaders are also talking on this subject. There is certainly going to be a moderation compared to the range of hikes which were witnessed for last year and we expect it more in the region of about 8% to 9%.

Priya: Okay and also in terms of, you know, global IT scene net additions being negative rather, so what have been the reasons for this attrition?

Pratik Kumar: So let us look at it in 2 pockets. Attrition in fact has come down compared to the previous quarter and, you know, just picking up on the same deal at a lower rates so compared to 18.5% which was there in the previous quarter, this quarter overall basis is just about 15.4 or so just 16 going on. Our whole effort during the quarter has been in pushing for higher productivity and making sure that our ability to deploy and move people across is much improved in this quarter, and I think we are beginning to see some success of it. Also is the fact that in the quarter before that is Q4 close to the fag-end of the quarter, we did end up taking good number of freshers joining from campuses and because of that fill over which we have had, we felt that we could actually moderate the intake during this quarter.

Priya: What was the gross intake this quarter?

Pratik Kumar: The gross intake this quarter…. You know, what we end up sharing, Priya, is the net movement of the head count, on a gross basis, we do not end up indicating that number.

Priya: And any indicative plan for Q2?

Pratik Kumar: No, specific indication during the Q2.

Azim Premji: We don't share that information.

Pratik Kumar: Yeah.

Azim Premji: All we can talk about is that campus hiring commits that we have.

Priya: Yeah, if you could just give that a bit, it would also be helpful rather.

Pratik Kumar: So bulk of the campus hiring joining season will begin from Q2 offer, and we do want to make sure that from the time we actually get in the people, they go through those 8-10 weeks of training, we are able to have them deployed in as short a period as possible and that is the factor which will go in and determine in what sequence we bring in people so obviously the number of campus hirings compared to the previous quarter is going to a higher number. I am unable to give you a precise number at this stage on what exact number would it eventually be.

Suresh Senapaty: But the offers that we have made for the people to join were about 14,000.

Pratik Kumar: Yeah.

Suresh Senapaty: And typically we have a joining rate which is between 80%-90%.

Priya: Okay, that's really helpful. Thank you so much and wish you all the best.

Azim Premji: Thank you.

Moderator: Next question comes from Ms. Diviya Nagarajan from JM Financial, over to you ma'am.

Diviya Nagarajan: Hi, most of my questions have been answered. Just a followup on the fresher hiring that you had in the last quarter. What is the actual intake of freshers that you had in Q4?

Pratik Kumar: So as I was sharing…. This is Pratik again, Diviya. As I was responding to the earlier question, we had close to end of Q4 which is last week of Q4 we had almost about 2500 freshers joining. If I just keep that aside, in addition in Q1, we had an additional 800 people from fresh on campus who joined us.

Diviya Nagarajan: Right, I am also trying to reconcile your statements on productivity improvements which necessitated the, you know, less addition during the quarter – we have not really seen utilization levels actually go up during the quarter and we still have a… and like you said attrition has actually come down – could you just explain how we had the 725 decline in global IT services?

Rajendra Shreemal: In fact, Diviya, the utilization did go up by 50 basis points; as you can see from 67.4, it went up to 67.9 and what you see is that the headcount decline is primarily that we were able to fulfill the volume growth with the internal resources and attrition were not factored with the fresh recruitments.

Pratik Kumar: And this is Pratik again Diviya, and what my colleague Rajendra what he shared was on a gross basis. If I look at our net utilization which is excluding trainees, that also moved up from about 78% to about 78.3% and if I take into account the net utilization including trainees, that also marginally moved up from about 73.8 which was there in the previous quarter to about 74.4. So, I think we are seeing the climb there, but we feel confident we will be able to maintain it and it's not just put it along with further during the course of this quarter.

Diviya Nagarajan: Right, so what is the improvement that you can see in utilizations. What are the optimal levels that you would like to take it to, both including and excluding trainees?

Sambuddha Deb: Diviya, this is Deb and head of global delivery for the IT services organization. Actually you know there are 2 parts to the utilization, one is your intake of trainees which you know, is sort of primarily happens in Q2 and Q3 which gives you a lumpiness of utilization coming down normally. Now, we think we have worked that out and we have a more even spread of utilization which will go forward. I think we will hold the utilization at the current stage with the current numbers that are looking like.

Diviya Nagarajan: Okay. So, in effect we are saying that with the current kind of additions that we have had, and the utilizations holding steady this would be the kind of levels you are comfortable with in terms of growth is there.

Sambuddha Deb: We actually can bring it up a little further and that will depend on how the demand shapes up.

Diviya Nagarajan: So, do you expect to see this kind of a trend in additions in the next few quarters as well where you can continue to expand on utilization without having incremental hires or do you think that will get reversed in the next quarter with the freshers coming in.

Suresh Senapaty: To add, Diviya, we don't share so much of granularity because it is a very dynamic situation so it is not only quarter to quarter but also what you see going forward from that perspective and depending up on the kind of skill set that we need to be having, should we be getting laterals, should we be getting campus more accelerated and so on. So, we have sort of stayed away from giving any guidance in terms of the head competition. It gets to the extent of saying the commitment that we have made with all the campus hirings.

Diviya Nagarajan: Fair enough sir. Could you just kindly explain to me of this 2% growth that you are guiding for the next quarter, what should be the driving drivers of the growth in terms of verticals and in terms of service lines?

Girish Paranjpe: Hi, Girish here. I think we have seen good deal wins from manufacturing, the vertical, we have seen good momentum in package implementation as well as in testing. So, we expect that those will continue to be our drivers for growth in the next couple of quarters.

Diviya Nagarajan: Thanks and all the best.

Moderator: Thank you very much ma'am. Next question comes from Mr. Kunal from Edelweiss Securities, over to you sir.

Kunal: Yeah, thank you. Sir, could you talk a little bit about the retail and transportation vertical, this quarter it has also grown about 7.6%. How do you see this demand environment in this particular vertical and any new deals that you would have got in this quarter?

Suresh Vaswani:You know, so far I think the performance particularly in Q1 of the retail vertical has been very good. Retail vertical has grown ahead of the Wipro average, and we see the deal pipeline there pretty strong, and we have also one significant deal in so far the retail vertical is concerned, both on the implementation side as well as in the support side. So, basically we see the outlook for this vertical going forward as strong.

Kunal: Okay.

Suresh Vaswani:You would have found that the acquisition that we have made, the Enabler acquisition, that positions us very, very strongly in front of customers as a complete solution provider and a very strong domain services provider to that segment. So, the outlook is firm, and the funnel for this vertical is strong going ahead.

Kunal: Okay, and any particular kind of services that have been, you know, the demand for that service is particularly high in retail? Yes, there are a bunch of services.

Suresh Vaswani:I must say one thing that given our strength in terms of the Oracle Implementation capability that we have on Enabler we have seen significant… to those types of services in that side.

Kunal: Alright. My second question is with regards to the realization. You have seen a strong improvement in realization sequentially, 3% and 3.9% onsite-offshore. Can you talk a little bit about your non-linear initiatives, which is leading to the increase in the expand per se.

Suresh Vaswani:See what we have been able to do and this is across Wipro so it is not specific to any particular vertical. We have got the advantage in terms of having got rate increases in the past and that has resulted in better realization this quarter. We have also put in productivity strongly in some of our fixed price projects and that has also resulted in better rate realization and going forward, we see the pricing environment to be stable, but we will continue to drive productivity, and we will continue to drive the non-linearity in our delivery model.

Kunal: Sure, that's helpful. Thank you.

Moderator: Thank you very much sir. Next question comes from Mr. Kawaljeet from Kotak, over to you sir.

Kawaljeet: Hi, my question is for Mr. Senapaty. Mr. Senapaty, what will be the hedges which pertain to fiscal 2009 and what is the average rate at those hedges have been taken?

Suresh Senapaty: The review that we have which is about 2.6 billion dollars is beyond what has been applied to the balance sheet as of June 30, 2008. It is about 2.6 billion dollars. The one that would be relating to the current year would be about one-third of it.

Kawaljeet: One-third, is that right?

Suresh Senapaty: Yeah.

Kawaljeet: Okay and average rates for that?

Suresh Senapaty: That we don't have average one but would range from 39.50 to 45.

Kawaljeet: Okay, second is, you know, more on the hedges policy. We have seen that the hedges have moved out from 600 million dollars four quarters back with 3.5 billion dollars by the end of March, we are seeing that coming down again. So I mean you know, is your hedging policy governed largely by you know, strong view either ways on there would be…You know, is there any mandate about, you know, hedging cash flows for a specified number of quarters.

Suresh Senapaty: Yeah, we talked about 4-6 quarters is 50%-100%.

Kawaljeet: Okay.

Suresh Senapaty: It would be a fairly big range in which we sort of get….. because we come from a combination of uncertainty and certain …….little bit of movement. So a combination of both, for example, if you do hedges for the long-term contract and for other ones, we take a 50%-100% kind of a hedge.

Kawaljeet: Right and let us say if we have to sell or you know, forward the dollars now, what would be realization we should be able to get?

Suresh Senapaty: If we do a forward hedge today?

Kawaljeet: Yeah.

Suresh Senapaty: For what period?

Kawaljeet: For 1 year?

Suresh Senapaty: I don't know what the returns will be because ..

Kawaljeet: Okay, fair enough.

Suresh Senapaty forward premium that would be about 4% premium.

Kawaljeet: 4% wow, okay. Second, there is a question for Pratik. Pratik, are you on track to honor the campus, you know, commitment which you had given out in the previous year that is for 14,000 students?

Pratik Kumar: Yes, Kawaljeet.

Kawaljeet: Completely? And what are the offers which you have given in these sort of campuses for people who join the next year?

Pratik Kumar: It is close to about… while we are still going through the process, at this stage we would have done almost about 6500.

Moderator: Thank you very much sir. Next question comes from Mr. Srivatsan from Spark Capital, over to you sir.

Srivatsan: Hi, I just had a question on the 100 million customers, would you just let us know which vertical you have those 100 million customers?

Suresh Vaswani: One of the 100 million customers is from the technology vertical, and the other one is from energy and utilities vertical.

Srivatsan: Right, and during that your realized rates for revenues is about 41, right, so we just wanted to understand why the realizations were lower than 42?

Suresh Senapaty: Because see it is a combination of when did you hedge it, what were the rates in April, May, June. What is the mix of business that has come in month 1, month 2, month 3, so the combination of all these factors which finally decides on the rate.

Pratik Kumar: Hello, what has been the impact of the wage hike that we expected for the next…like you said that so far as wage hike is concerned, last year we gave it at effective 1st of August. This year, this quarter, we will take a review of the same. All we can share with you at this point in time that it will be moderate as compared to what we have done in the past, and it will have an impact, but we have not sized it.

Moderator: Thank you very much sir. Next question comes from Mr. Sumeet Poddar of Birla SunLife. Over to you sir.

Sumeet Poddar: Yeah, hi, good afternoon gentlemen. I just wanted a color on the large deals that we have tagged, I mean, from which verticals and geographies that these deals are coming in?

Suresh Vaswani:Let me answer this. This is Suresh Vaswani here. We have added in terms of total contract value, you know, deals close to half a billion US dollars in terms of all the deals combined, and these are typically deals which span out over 5 years. three of them have been between 50 to 100 million dollar range, and the rest of the 7 deals have been lower than 50 million dollar range. There is no specific vertical that one is able to single out in terms of the contents of deals. This is pretty broad-based, so we have seen deals that is retail, and we spoke about it a bit earlier. We have seen deals in manufacturing, so it is pretty broad based in terms of where the deals are coming from. The other thing what I would like to say is that in terms of customer adds, again customer adds have been pretty uniform across all the geographies, and we have had significant wins in terms of new customer adds in the India and the Middle East regions as well.

Sumeet Poddar: Okay, and what is the nature of these kinds of deals, I mean, are these deals are fee based or out of any kind of vendor consolidation or out of the existing clients?

Girish Paranjpe: Again, this is Girish Paranjpe. There is a combination from an outright RFP based brand new clients, where we have not done work before, but the equal number of deals with existing clients where we are going from, you know, slivers of work to more managed services across the broad range of work that we provide to them.

Sumeet Poddar: Okay and are there any cases where you kind of have bagged deals from the incumbents because of the vendor consolidation kind of thing?

Girish Paranjpe: Some will involve vendor consolidation because most of our clients and prospects do have to existing providers, so when we do a large outsourcing deal, there is automatic vendor consolidation.

Sumeet Poddar: Okay, and specifically to the deals that we have bagged, are there any index or?

Girish Paranjpe: Yeah, there are.

Sumeet Poddar: Okay, great. Thank you so much.

Moderator: Thank you so much. Next question comes from Mr. Priyadarshan Jha from Standard Chartered. Over to you sir.

Priyadarshan Jha: Hello sir. Sir your net profit margin has come down significantly to 11.6% from 18% in FY08, any specific reason for that.

Suresh Senapaty: FY08 we had some tax write back, and that's why we had an impact on the overall margin for the current fiscal, we did equal or better than the last fiscal, that is below the average of the last year.

Priyadarshan Jha: Okay.

Suresh Senapaty: So hopefully we will make it up, given this balance in the new period.

Priyadarshan Jha: Okay and sir you have mentioned that you have got 7 multimillion, multi-year deals, what is the approximate average size of that deal?

Suresh Senapaty: Like Suresh said, there are about 3 deals which are 50 to 100, the balance are multi-year, multimillion, but there would be some of the 20, 30, 40 kind of things. And just to answer the earlier points, there is also the interest income because as you know, we did 2 large acquisitions last year and consequently the cash that we have net of debt is much lower amounts, so the other income that we used to have on interest side last year, were significantly lower this year, combination of these three factors.

Priyadarshan Jha: Okay sir. And my last question was, do you see impact of slow down in the US economy in coming years or probably some quarters.

Suresh Vaswani:There is global economic challenge and everybody is familiar with that, that translates into challenge on the IT services side, coming from where we are coming, we do believe that the environment, actually is an opportunity for us, given us spread of services IT implementation, infrastructure to BPO and given the investment side, we are making in consulting and global programs, I think we are uniquely positioned to create proactive opportunities with customers rather than only RFP-based opportunities and deliver some solid value to our customers, so we see this as an opportunity going forward.

Moderator: Thank you very much sir. Next question comes from Mr. Shantanu from ETIC, over to you sir.

Shantanu: Good morning sir. I just wanted to know how has this depreciation of rupee has affected your topline in terms of transaction gain and how it has impacted your forex loss, what is the net gain, if you can throw some numbers on that?

Suresh Senapaty: 67 crores in quarter one and the impact on the operating margin at EBIT was 0.1% in comparison to quarter four, so overall realization is higher, again 39.94 to 41.26 in current quarter, that is quarter one, but cost also has gone up, net-net between the realization rate and the cost rate has been both gone up, there is 0.1% favorable impact.

Moderator: Thank you very much sir. Next question comes from Mr. Shekhar Singh of Goldman Sachs, over to you sir.

Shekhar Singh: Hi sir, just want to know like say your deal pipeline seems to be pretty strong and they were very encouraging comments made regarding the events that happened during the quarter and more importantly if you look at our retail and BFSI side, the growth has been pretty strong, why is your guidance for next quarter 2%?

Girish Paranjpe: You know, Girish Paranjpe here. The deal wins of course very encouraging but I think you are to bear in mind that this is a multi-year deal, so not everything will play into the next quarter, there is transition and only after that billing will start, so there is some amount of lag affect of that. The second thing is that in some industrial sector, there is ramp downs where clients have been affected because of the slow down or some specific factors as a result of which there is actually reduction in volume of business with those clients, so our guidance is really a combination of deal wins, expected ramp-ups based on transition and the multi-year nature of the deals and some ramp-down that have taken place because of client issues.

Shekhar Singh: Okay, if you can just elaborate on these ramp-downs, are these specific to BFSI vertical or are they happening in the other vertical also?

Girish Paranjpe: No they are not specific to any particular vertical, they are kind of spread across, they have been there in telecom, they have been in hi-tech, so it is fairly broad.

Moderator: Thank you very much sir. Next question comes from Mr. Anthony from Arete Research, over to you sir.

Anthony:Hello, this is Anthony Miller here at Arete. I think that I noticed your European revenues declined a little sequentially as a percentage of the total without primarily due to the telecom equipment manufacturers ramping down or whether there are other factors there.

Sudip Nandy: Part of it was resetting of based on the total IT services business of ours and the growth rate has been looking lower than the US, but overall sometimes quarter-on-quarter it looks little variation but there has been good enough winds from Europe and you know, lets say quarter four we had one particular European customers where, you remember that in the IT infrastructure services businesses, where about 30% sequential growth, the one customer from Europe had contributed to a large extent and some of that corrections happen, so it is a muted number so far quarter one is concerned, but it has no secular trend.

Anthony: Okay, but you mentioned that infrastructure services, but that also seeing the contribution things also have gone down sequentially from quarter four from 19.7 to 18.6, yet you seem very bullish on CIS and particularly on IFOX, so what was happening there.

Suresh Vaswani:This is Suresh Vaswani here. So if you look at our infrastructure services business which I actually 3 elements have been reporting on a consolidated basis, it has infrastructure business global and infrastructure business in India and it has the IFOX business, that business has grown actually 75% year-on-year, we are seeing good trend in that business, good growth in business in quarter one, in fact it is 75% year-on-year growth, there had been a sequential decline, marginal sequence in decline because of the lumpiness of this business. In Q4 we had big system integration projects that we had completed and therefore that shows up as the marginal decline but if you look at it on a year-on-year basis, it has a growth with 75%.

Girish Paranjpe: Even only two quarter basis, this looks very good, better than the average.

Anthony: Can you split what contribution IFOX made to revenues this quarter please?

Suresh Vaswani: The contribution of IFOX, you know we are reporting the entire infrastructure services as one business going forward, but you know since you made the question, the contribution was roughly 59 million US dollars, close to 60 million US dollars.

Moderator: Thank you very much sir. Next question comes from Mr. Dipesh Mehta of Khandwala Securities, over to you sir.

Dipesh Mehta: Most of my question has been answered, I only have one detail query about customer size distribution, is there any shuffling between the client because we have seen 10 to 20 million decline in this quarter.

Girish Paranjpe: You are talking about the top 10 customer?

Dipesh Mehta: No, the bracket-wise client, the 10 to 20 million bracket.

Suresh Vaswani: Okay I think what has happened here is that there are few customers who have moved up the thing, if you look at it, we had customers more than 50 million which moved from 11 to 14, so there is a movement of customer from the bottom to the top, which is basically our MEGA/GAMA strategy on focusing the top customers, which has led to higher increase in those customers and moved from the lower bucket to the higher bucket.

Dipesh Mehta: No, that is what I want to understand, the movement is across or 10 to 20 moved to 50.

Sunil Vaswani: No, I think what happens is that if you have customer.

Girish Paranjpe: Best is to look at the million dollar accounts have gone up and the top echelon which is about more than 50 million dollar accounts, 20 to 50 million dollar has gone up or not, in the middle, they will keep shuffling between these and somebody will get updated and somebody will due to quarterly run rate being lower will moves here and there, whereas it is to see that whether we are increasing the funnel of more than 50 million dollar accounts, more than million dollar accounts.

Dipesh Mehta: So there is nothing like it, only 3 clients moved from 10 to 50, that is across the movement.

Girish Paranjpe: That is right.

Dipesh Mehta: Okay, thanks.

Moderator: Thank you very much sir. Next question comes from Mr. Anurag of Religare Securities, over to you sir.

Anurag: Hi, this is Anurag here, good afternoon to the management. My question is regarding the CAPEX results that we are seeing across all geographies and it is not only US but you are also getting news from other geographies as well where customers are decreasing their CAPEX, how does the management see direct impact of that on to the IT spending, both the discretionary as well as the nondiscretionary in nature.

Suresh Vaswani: This is Suresh Vaswani here again. Very promptly customers are circumspect about the discretion in spending and so far as IT is concerned, therefore any major implementation project, you know customers are circumspect in terms of wanting to make the investment, of course on the hardware side, typically customers tend to be much more circumspect. While if you look at the manage services part of the IT services, if we can get strong value to the customer in terms of service transformation and cost transformation, customers are very very keen to look at those type of opportunities, so clearly you know like I said earlier, some of the work that we had done in our global program side, some of the work that we have done on the consulting side, enables us to consider strong service transformation to call transformation opportunity for customers which enables them to see some strong business value, so net-net, discretion in spending is circumspect, managed services type of spending, customers are looking at it keenly and are looking at it from better delivery at better cost.

Anurag: Also sir, if you could provide me what was the translation loss on the ECB loans.

Suresh Senapaty: About 650 million rupees.

Anurag: Thank you very much.

Participant: Hello. I just wanted to know you have hedged 2.8 billion dollars at what rate?

Suresh Senapaty: It is ranging between 39.50 to 45.

Participant: 39.5 to 45, and sir what was the utilization rate in this quarter?

Suresh Vaswani:67.9% gross.

Pratik Kumar: This is gross and net 74.4%

Participant: 74.4% and then Q2, what are you expecting this number to be?

Girish Paranjpe: We do not specifically give any guidance vis-à-vis the utilization but our endeavor will be to improve that, but it is not necessarily always so because also it will be a function of how many people we add on which date, so if we typically add towards the beginning of the quarter, then we tend to utilization as it exit, but you add towards the end of the quarter, you drop it, so we do not give a specific guidance to that, but we will give you an actual data point at the end of the quarter.

Moderator: Thank you very much sir. Participants who wish to ask question, please press *1 on your telephone keypads. Next question comes from Mr. Srivatsan from Spark Capital, over to you sir.

Srivatsan: Hi, just one followup question regarding your comment. You said that the environment is still cautious. Just wanted to know there are any client issues that you are facing.

Girish Paranjpe: Hi, Girish Paranjpe here, no nothing about individual clients, I think the caution is across the board and really driven by the broad economic environment.

Srivatsan: The reason why I asked this question was basically because your financial services is just 25% of your revenues compared with some of the peers who have a higher rate basically, so you should be sort of feeling a little bit more optimistic about the environment maybe, that is the reason I asked.

Girish Paranjpe: Well, it kind of plays everywhere because we have a smaller percentage of revenue coming from financial services, our last quarter, sequential growth has been fairly strong in financial services, but the environment being what it is, I think it pays to be cautious. Can we have the last question operator.

Participant: Hi, good morning, can I get the numbers of addition of employees?

Girish Paranjpe: Addition of?

Participant:: Employees.

Girish Paranjpe: Addition of employees, we had 108 employees net addition for the quarter.

Participant: No I mean financial year 2009.

Girish Paranjpe: Oh, we do not give the guidance for the whole fiscal because it is always commensurate with the business that we get.

Participant: Okay, in this year net cash generated is 347 crores negative, can I know why.

Girish Paranjpe: Sorry, can you repeat the question?

Participant:: Cash flow from investing activities generated is 34714 negative.

Suresh Senapaty: Basically what happens is that there is an investment of money which has happened, so this is the money which has got net invested, so that is why it is reflected here as a negative one. It is not a loss, it is an investment made or increase in an investment, because what ever cash we have, short term basis we put it in the mutual fund, etc, etc, that is classified as investment and delta between the investment before to investment now is reflected in the cash flow in that manner.

Moderator: Thank you very much sir. At this moment, I would like to hand over the floor back to Mr. Rajendra Shreemal for final remarks.

Rajendra Shreemal: Thank you all, for participating in this call, should you have missed anything during the call, the audio archive of this call will be available on a website and we would also be putting up a transcript of this call very soon, and of course should any clarification, the Investor Relations' team, there is myself, Aravind, Lalith, or Sridhar would be delighted to talk to you. We will look forward to talking to again next quarter and have a wonderful day. Thank you.

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