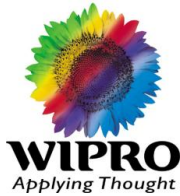




Wipro Technologies Limited Conference Call

2 pm IST
January 21, 2011



*Wipro Limited
January 21, 2011*

Moderator: Ladies and gentlemen, good day and welcome to the Wipro Limited Earnings Conference Call. As a reminder, for the duration of this conference, all participants' lines will be in the listen-only mode and this conference is being recorded. After the presentation there will be an opportunity for participants to ask questions. Should anyone need assistance during this conference call, they may signal an operator by pressing '*' and then '0' on their touchtone phone. At this time I would now like to turn the conference over to Mr. Rajendra Shreemal, thank you and over to you, sir.

Rajendra Shreemal: Rochelle, thank you and thanks everyone for joining us today. Firstly, on behalf of Wipro, I would like to wish all of you a very happy new year. Good morning, to people who are in America and Europe and good day to people in other parts of the world. As the operator just mentioned, I am Rajendra Shreemal – Head of Investor Relations. I, along with Sridhar and Aravind, handle the investors interface for Wipro. We thank you for your interest in Wipro.

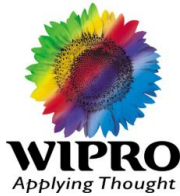
It is with great pleasure that I take the opportunity to welcome you all for this quarter's results and let me just outline the agenda today. We will begin with the short address from Mr. Azim Premji, Chairman, Wipro which will be followed by the financial highlights from Suresh Senapaty, CFO and we have the top management here along with Mr. TK Kurien, to take Q&A that you might have.

Before Mr. Premji starts his address, let me just draw your attention to the fact that 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 uncertainty and risks which could cause the actual results to differ materially from those expected. These uncertainties and risks factors have been explained in detail in our filings with the SEC of USA. Wipro does not undertake any obligation to update the forward-looking statements which reflect events or circumstances after the date of filing thereof. This conference call will be archived and the transcript will be available on our web site, www.wipro.com.

Let me now hand over the floor to Mr. Azim Premji, Chairman, Wipro.

Azim Premji: Good day and very happy new year to all of you. By now you would have seen our results as well as our outlook for the March 2011 quarter. I would briefly like to talk about the organizational change. Suresh Senapaty will talk about the financial results for the quarter ended December 31, 2010. After my address to you, I have requested TK Kurien, our Chief Executive Officer of the IT Services business to also make a short commentary in terms of the future.

The announcement which we wish to make is 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 the IT Services business and the IT



*Wipro Limited
January 21, 2011*

business effective February 1, 2011. It will also include our eco energy business which will report in to him. He has been instrumental in building and scaling many of our businesses successfully. His track record with customers, passion for excellence, coupled with strategic thinking and rigor in 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 the Board of Directors of Wipro Limited as an Executive Director, effective from February 1, 2011. His rich experience and perspective will add value to the board deliberations.

Suresh Vaswani and Girish Paranjpe current joint CEOs of the IT business have decided to step down from their responsibility. Suresh and Girish have been with Wipro for the past 20 plus years and have been an integral part of the Wipro 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. Girish Paranjpe, Suresh Vaswani and TK Kurien will work together through the quarter ending March 31, 2011 to ensure a perfectly smooth transition.

I would like Kurien to say a few words before Senapaty gives the financial overview of the results.

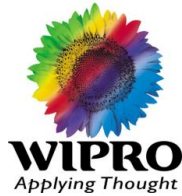
TK Kurien:

Thank you Mr. Premji. At the outset, I would like to thank the Board for giving this wonderful opportunity. I am excited about the opportunities ahead and I believe that Wipro has all that it takes to become a global leader. I know there will be questions on what my immediate and medium-term priorities are going to be and quite legitimately so. However, you will appreciate that even though I have been associated with the Wipro's IT business for over a decade I have been the President of the Wipro EcoEnergy since last nine months. It is only appropriate I do a deep dive into the business and discuss with my colleagues before I articulate the priorities. However, what I promise is that the process will be quick and more importantly, the implementation will 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 for us over the past few years. I look forward to the same from you in the future. Thank you.

Suresh Senapaty:

Good day ladies and gentlemen, wish you all very happy New Year. Before I delve into our financials, please also note that for the convenience of our readers, our IFRS financial statements have been translated into dollars at the noon buying rates for New York City on December 30, 2010. So, cable transfers in Indian Rupee as certified by the Central Reserve Board of New York, which was \$1 equal to Rs. 44.80.



*Wipro Limited
January 21, 2011*

Accordingly, revenue of our IT services segment that were \$1344 million or in Rupee terms, Rs. 59.49 billion appears in our earnings release as \$1328 million based on the convenience of translation.

Our IT Services revenue for the quarter ending December 31 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 in service line. Among the verticals, Energy and Utilities have led the growth by 16.5%, BFSI with 7.1%, Communications, Media and Service providers with 7.1% and Manufacturing with 6.4% on a sequential basis. Application Development & 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 year, with revenues having grown 14% sequentially and 60% year-on-year.

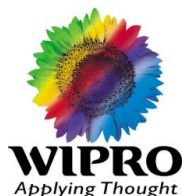
Among the geos, Europe saw a second successive quarter of double-digit growth of 12.6% on a sequential basis. We continue to see strong growth in the emerging markets. We have 21 customers with the revenue greater than \$50 million on a trailing 12-month basis, up from 20 in the previous quarter. We have three accounts with revenues greater than \$100 million on a quarter annualized basis.

Volume growth in the quarter was at 1.5% factoring the seasonality impact of higher leave and our drive on FPP productivity. Our revenues from fixed price projects increased by 2.3% to 46.3%.

We saw a strong improvement in revenue productivity with onsite realizations increasing by 0.6% and offshore realization increasing by 3.7%. Voluntary attrition on a quarterly annualized basis went down by about 180 basis points to 21.7% and you will clearly see a trending downwards on the same.

Operating margin for IT Services were flat sequentially at 22.2% with improvement in revenue productivity, bulge and benefit from Forex offsetting the impact of drop in utilization and lower working days. As of 31st December 2010, our DSO- days of 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 the quarter ending December is a seasonally weak quarter for the products business.



*Wipro Limited
January 21, 2011*

Wipro Consumer Care and Lighting business continue to see good momentum with revenue growth of 21% year-on-year and PBIT growth of 14% on a year-on-year basis.

On the foreign exchange front, our realized rate for the quarter was 44.27 versus the rate of 45.15 realized for the quarter ended 30th 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 of period end, we had about \$1.5 million of Forex contract, OCI loss further reduced by Rs. 1.497 billion in the current quarter to Rs. 2.195 billion.

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 flows of Rs. 3 billion during the quarter. We will be glad to take questions from here.

Moderator: Thank you very much sir. Ladies and gentlemen, we will now begin the question and answer session. Our first question is from the line of Sandeep Agarwal of Antique Stock Broking. Please go ahead.

Sandeep Agarwal: Good evening and congratulations to Mr. Kurien. The first question is on the attrition, how do you foresee attrition going forward? It is looking very, very high, as of now although it has declined slightly in the quarter. And secondly, on the utilization level, if you see the utilization levels are dropping, so what are we going to do in the next few quarters to curtail this?

Sambuddha Deb: Hi, this is Deb I look after the delivery for the IT business. Two things, the utilization actually to some extent is also a function of attrition. What we do is we tweak the number of people that we need on the bench depending on two things, our growth and our attrition. And that is one of the reasons that you can see that we have put more people to cover up for the attrition, we have got more people already into the system, so that we do not lose billing. So that is the part of the story of utilization. On the side of attrition, it has come down, but the market is still hot and we think it is in line, with what it is. Please understand that what we do represent here is annualized quarterly attrition as against trailing 12-month attrition. If you look at trailing 12-month attrition, the number is much lower.

Suresh Senapaty: But we have seen a 1.8 percentage point reduction in the attrition and we are seeing a further down trend as we go forward. And on the utilization part of it also is because some of the corrections we are trying to achieve in terms of mix of experience and when you go into that in a short-term it tends to dilute the utilization and perhaps it will remain diluted for few quarters till we get into a proper balance of our mix of experience.

Sandeep Agarwal: Okay. And sir, what is your outlook, how many people are you planning to recruit and what will be the ratio of lateral and fresher going forward?



*Wipro Limited
January 21, 2011*

- Suresh Senapaty:** We do not share exact data with respect to that. But as we have said, our guidance for the fourth quarter is between 3% to 5% and with the stable pricing environment we are looking at more of that coming through volume. Hiring will clearly be a function of based on the volume that we are adding and of course as we go forward, we have a higher bias of mix coming from campus, particularly due to the corrections that we are seeking.
- Sandeep Agarwal:** Okay. And sir, one last question on the cloud computing side, how attractive does that area look, what are the opportunities that you see in that area, sir?
- Martha Bejar:** This is Martha Bejar responsible for the sales team. So, our pipeline, I would tell you that there is quite a bit of engagement on cloud services, customers are looking at different ways of managing their IT infrastructure, so it is presenting opportunity for us, whether it is outsourcing of their services or for example, Unified Communications as a service, so we see quite a bit of activity in that regard, we have trials in market right now, from a private cloud perspective with customers and our partners and we feel very strongly about how we can continue contributing to the optimization of our customers infrastructure by using some of these exciting services like cloud services moving forward.
- Sandeep Agarwal:** Okay. And how do you see that as an opportunity in the Indian market?
- Manish Dugar:** Sandeep, Manish here. Some of our large wins that we have had involved in some form setting up private cloud, we did that for Uninor, we did that for Aircel and not sure if you are aware, we have done a pilot project wherein we are trying to address the SMB market in the India segments, which is clearly through the cloud offerings that we have and we have had certain operations like dealer management support and infrastructure as a service, which we have seen decent success in and especially in the segment which is not amenable to investing on their own in significant infrastructure.
- Sandeep Agarwal:** Okay. Thanks a lot.
- Moderator:** Thank you Mr. Agarwal. The next question is from the line of Ankur Rudra of Ambit Capital. Please go ahead.
- Ankur Rudra:** Thanks for taking my question and congratulations Mr. Kurien. This is the first question I notice in the quarter the growth was strong but it seemed to be led more by increasing realization on the offshore front rather than volume, could you comment on what led to the slowdown in volumes. And also on the guidance is that volume led or for the expectation of price realization increases?
- Manish Dugar:** Ankur, Manish here. First of all, we believe we could have done more on volume, nothing to take away from that, but having said that one of the stated principles or one of the things that we have been trying as an organization to drive, is non-linearity and hence what we measure as

volume which is typically people add is not something that is a measure which clearly demonstrates our revenue growth. And as you would have heard us last quarter we have said that our endeavor is to double the non-linear revenues, we are on track for that, last year we delivered 8% revenues from non-linear initiatives, it is already at 11%. And the more we do non-linear it should reflect on rate realization, it should reflect on revenue growth disproportionate to headcount growth. And if you look at the realization, we were on a constant currency basis, there was an expansion in our rate realization, so, clearly, volume is something that we will try to drive and given that we have given guidance on constant currency basis if there is a change in currency that can probably have an impact on the growth in Q4, difficult to at this point in time comment on or rather you would refrain from commenting on whether it is volume led or price led.

Ankur Rudra:

All right. Thanks. Just second question on verticals, if you could comment on the strength you have seen in telecom, energy, utilities and also relative slowdown in technology and healthcare?

Martha Bejar:

This is Martha again. On the telecom side, we see interesting growth there. A lot of that has been driven by our customers wanting to do things differently for their own customers and represents an opportunity for us. So, some of it is from an IT perspective, their own infrastructure but a lot of the work that we do in also is how do we simplify the way they reach into their own customer base, so that is one. On the technology side, it continues to lag, mainly driven by the US and I think we have talked about that in the past. We think it is stabilizing, we see some opportunities there. We have a strong pipeline from that regard, but it is pretty much what we discussed last time, not many changes on the technology side this past quarter from Q2.

Suresh Senapaty:

At least over the last 18 months the configuration of the technology business has undergone change in terms of from a heavy engineering mix to a mix of IT, BPO and Engineering there. And that is where it provides much higher stability. While growth starts picking up, they might not be the growth leaders as we go forward in the short-to-medium term.

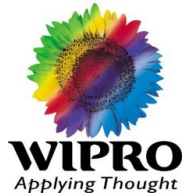
Ankur Rudra:

Also on the utilities and the healthcare vertical sir?

Martha Bejar:

So, on the utilities side we saw very good growth. It is an area of focus for us, we continue to invest not only in the front end but also in the back end with our solutions. We see it as an area where we can add a lot of value to our customers so it is very bullish. On the healthcare, I would say that Q3 was a bit lumpy, for lack of a better word; however there have been some very strong changes as you know in some of the healthcare bills that present opportunities for us. Moving into the future here, we have a very strong pipeline, again mainly driven by IT and BPO, so we are very hopeful on the work that we are doing in the healthcare sector. I think that also measures well with the Infocrossing footprint presenting an opportunity for us to manage some of those services. So we continue to drive forward those investments in healthcare as well.

- Senapaty:** And on the Energy and Utilities if I can supplement, we have opened up Ireland as a market, Europe is looking strong and because of the investments we have made in the cutting edge area, pipeline has improved on areas like energy trading, smart grid, health and safety, upstream exploration in oil and gas. So, focus of energy players is on an upstream on productivity improvement while we are helping them cutting down their costs downstream. It is a promising area for us.
- Ankur Rudra:** Thanks for that. I will come back later.
- Moderator:** Thank you Mr. Rudra. Our next question is from the line of Pankaj Kapoor of Standard Chartered. Please go ahead.
- Pankaj Kapoor:** Hi, sir. Just probing a little bit more on this quarter, if I recall right, at the last conference call, you were looking at more volume led kind of a growth. So, I just wanted to understand if the growth which panned out in the quarter was it in line with expectation? If yes, what was the reason in which you were looking for kind of a slowdown in particular sector or in particular clients? And looking at going forward the next quarter, are we continuing to see this kind of volume holding on?
- Manish Dugar:** Pankaj, Manish here. I did touch upon the importance of looking at growth with the lens of non-linearity, but having said that to your specific question on was the volume growth in line with our expectations, I guess we saw some contract signing getting delayed, because of which the volume had that we would have expected probably did not happen and by delay it does not mean cancellation or not coming in at all. So maybe this is a quarter-on-quarter blip but on overall basis, we do not see that to be a permanent loss and we will eventually come back.
- Pankaj Kapoor:** Okay. And the second one on the involuntary attrition, we saw that jumping up in this quarter. I mean it could be a quarterly phenomena, but I was just trying to understand the reason behind it given that we are in an overheated kind of a supply side environment. So what drove this involuntary attrition?
- Manish Dugar:** Involuntary attrition is not something which goes on in terms of any kind of secular trend, Pankaj. It just happens. These are some specific reasons but otherwise there is no specific spurt, it tends to be a little bulky only soon after the performance appraisal process, otherwise it is sort of an occasional spurt.
- Pankaj Kapoor:** In terms of our wage revision cycle, we probably would be scheduled for that in the next month, so any visibility on that, in terms of are you looking at it in February or is there any change of plan there? And if we are doing it February is there kind of a sense you can give in terms of the hike you are planning? Thanks.



*Wipro Limited
January 21, 2011*

- Manish Dugar:** The plan is to do a review of that in Q1 of next fiscal. There is no plan in the current quarter with respect to any wage revision that is being contemplated.
- Pankaj Kapoor:** Okay, sir, thank you.
- Moderator:** Thank you Mr. Kapoor. Our next question is from the line of Anthony Miller of Tech Market View. Please go ahead.
- Anthony Miller:** Yes, hello, gentlemen. Just a clarification on the management changes; the release says that Girish and Suresh are stepping down, but can I think that means they will be leaving the business?
- Azim Premji:** Yes, they will be leaving the business effective April 1 of 2011 and Kurien is taking charge of the business effective of February 1, 2011.
- Anthony Miller:** Thank you. And can I just confirm, has there been any change in the role of Mr. Rishad Premji, does he remain Chief Strategy Officer?
- Azim Premji:** Let Kurien answer this question he reports to Kurien now.
- TK Kurien:** And the answer is yes. He remains Chief Strategy Officer. There is no change as far as role is concerned. He handles Strategy and M&A; he continues to do that.
- Anthony Miller:** Strategy and M&A? Great, thank you very much.
- Moderator:** Thank you Mr. Miller. Our next question is from the line of Pinku Pappan of Nomura. Please go ahead.
- Pinku Pappan:** I would like to understand the change in your compensation policy. Usually you used to have the hikes in February every year and now you are saying Q1 of the next fiscal. What really led to the change of decision?
- Senapaty:** No, it is that time to time a stock take happens and based on the latest review that has happened, it has been decided to take stock in the first quarter of next fiscal.
- Azim Premji:** Plus we have given good stock option, stock award, so RSU in last July and our stock has performed extraordinary well since that. So, all critical employees have been covered by those stock awards.
- Pinku Pappan:** Okay. The other question I have is your sales and marketing expenses have come down by around 40 bps sequentially, 70 bps actually. Can you let us know what causing this fall and are you under investing in sales?

- Manish Dugar:** Pinku, Manish Dugar here. I head the Finance for the IT business. In terms of the investment in people in terms of the investment in other than people so far as S&M is concerned, there has been a consistent increase over the last few quarters, if you see and it continues. What you see as a reduction in percentage to the revenue is primarily because of how the dollar and rupee has moved. So, if you were to do it on a base currency which is like-to-like you will see that the numbers have if not increased remained almost the same.
- Pinku Pappan:** Okay. My last question is can you give some outlook on how you are finding deals in the market, what kind of bookings you have made in the quarter and how the pipeline is in general?
- Martha Bejar:** This is Martha, just to augment what Manish talked about and I will answer your question in a second is we continue to invest heavily in the sales engine that is really important for us, so, there is no slowdown in that regard. In terms of the pipeline, the pipeline continues to grow very healthy, we are excited about the deals that we are seeing in the pipeline, some are very large deals, we have a discipline in our company around it on how we manage that and execute on that and so, we feel very good about the work that we are doing and as we go into the fourth quarter the health of the pipeline as well.
- Pinku Pappan:** Okay. Thank you.
- Moderator:** Thank you Mr. Pappan. Our next question is from the line of Anurag Purohit of Alchemy. Please go ahead.
- Anurag Purohit:** Thanks for taking my question and congratulations to Mr. Kurien on new role. My question is regarding the realization in the quarter; can you break into what were the components of like-to-like price hike and the benefits coming from productivity in the quarter?
- Manish Dugar:** If you neutralize the cross-currency and number of days, it will come to about offshoring increase of about 2.6% quarter-on-quarter.
- Rajendra Kumar Shreemal:** On a constant currency basis, taking out the impact of crosses you will have an increase of 2.5% in the offshore and a drop of about 0.8% in onsite. And this was predominantly driven by the fact that in Q3, you had a number of days which were much lesser because of seasonally less number of working days plus leave, which also impacted the price realization.
- Anurag Purohit:** And regarding the change in control of the company, as in changing CEO of the company, has it already been communicated to the clients and any initial reaction that you have received from them?
- TK Kurien:** Yes, we have started the communication. I think it is a little too early for us to kind of give you sense to what the reaction is.



*Wipro Limited
January 21, 2011*

- Anurag Purohit:** Okay. Sure. Thank you and all the best.
- Azim Premji:** But both I and Kurien are in Davos next week and we will be meeting on a one-to-one basis of – already we and Martha is there on a predetermined basis about 27-28 CEOs of Fortune 500 companies who are our clients or our prospective client, another 20-25 customers on a one-on-one basis will be at a CXO level.
- Moderator:** Our next question is from the line of Kiranjeet Kaur of The Everest Group. Please go ahead.
- Kiranjeet Kaur:** Hi, thanks and congratulations to Mr. Kurien. I have a quick question on the BFSI segment. Can you please provide some color around the growth drivers, what kind of deals are you seeing in the segment, which geographies are gaining traction?
- Martha Bejar:** So, we are seeing, BFSI obviously, we are happy with the results we are getting, we are seeing the large deals I would say equally across the geography, a lot of it on the IT and BPO side as well. So, the pattern on BFSI is very strong, it represents almost a good 40% of what we have in a pipeline, so I would say it is consistent across the US and across Europe as well.
- TK Kurien:** To add to that I'll give you a little bit of color, on the banking side we see clearly interest coming in from core banking especially on the retail side. Securities again, platform changes coming up on securities side and Insurance again, new platform introduction coming in. That is primarily where we are seeing it, some driven by compliance, some driven by new business. And geographic color is a little difficult to provide, because most of the customers we work with are global, so I guess this is primarily driven by individual company needs and that is the case mostly in US and some extent Asia-Pacific.
- Martha Bejar:** The last comment is on insurance. It continues to lag a little bit for us growing slower and some of the areas of investments as well as on the BPO side, but the things that I will tell you are that we have large deals at the pipeline, which gives us a very strong confidence on the growth side here moving forward. And we continue like TK mentioned to focus on emerging geographies, strong focus on driving the large deals, capturing the customer spend, some of the changes in the regulatory laws or working towards our benefit because of the compliance requirements and so we are very bullish about BFSI and moving forward.
- Kiranjeet Kaur:** Yeah, this is helpful. I also wanted to enquire about the composition of client that you added in this quarter; could you please provide some sense across verticals overall BFSI as well as across sub-segments?
- Suresh Senapaty:** We have added about 36 customers last quarter and about nine of these are from Energy and Utilities and Retail, Healthcare is about seven, Manufacturing is six that's the kind of

distribution. If you look at geography about 15 of them are from the United States, 9 of them are in India and the Middle East and six of them in Europe.

Kiranjeet Kaur:

Right, thanks.

Moderator:

Thank you. The next question is from the line of Ankur Kalra of Evaluate Serve. Please go ahead.

Ankur Kalra:

Thanks for taking my question. My question is regarding the tax rate. I can see that tax rate you pay roughly is around 16-17%, whereas some of the technology peers pay roughly the double of your tax rate, so just wanted to understand the missing link here?

Management:

We have not seen anybody else at 32%.

Ankur Kalra:

No, 27-28% is there

Suresh Senapaty:

That is not double of a current rate. Wipro has been very focused in terms of getting its, what we have started in Special Economic Zones right from early years and from that point of view, our tax rates are relatively lower. As you go forward it will go up.

Ankur Kalra:

Okay. Any numbers you want to give here?

Suresh Senapaty:

We have stated that about 2 percentage point movement would happen.

Ankur Kalra:

Okay. All right, fair enough. Thank you sir

Moderator:

Thank you Mr. Kalra. Our next question is from the line of Rahul Jain of Dolat Capital. Please go ahead.

Rahul Jain:

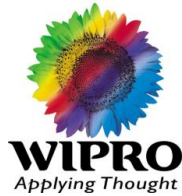
Yeah, good afternoon and congrats to Mr. Kurien. My question pertains to growth in our gamma accounts, sir, \$20 million plus account. As I could see a strong increase in number of clients \$20 million, 50 million run rate, I would like you to share your perspective on when we would see these getting into \$75 million or \$100 million size considering the lower customer revenue concentration we have over the peers?

Suresh Senapaty:

Before Kurien respond just to tell you on a quarterly annualized run rate point of view, we are already three customers more than 100. And about four of them touching 100 like, it is between 95-100. So, that is kind of a run rate we have based on the quarterly annualized basis. I will now let Kurien as to how he sees the profile of customer base going forward.

TK Kurien:

So, clearly, our focus are going to be more on mega and gama accounts and the way we are going to mine this. I think you just have to wait with the execution in that particular area as we go forward.



*Wipro Limited
January 21, 2011*

Management: Martha wants to add.

Martha Bejar: So just to expand a little bit on that, as we discussed in the past, we have a considerable focus on the mega gama accounts, we have very strong account management structure, with a account head who is like a mini-CEO of the accounts where we have reporting into that individual, the delivery organization, strategy, our solutions, all in-house managing the relationship and the solutions going into that customer and our expectation is that that account manager will drive and help our customers with their own agenda in executing that, so a lot of focus on investments on our part as we continue to move forward the mega gama accounts.

Rahul Jain: Okay. And just what Suresh pointed out on three accounts with quarterly run rate of scaling up annualized level of \$100 million, what are the likelihood of this actually featuring into dollar \$100 million in next year?

Martha Bejar: I think if I can just take that. We would not give guidance like that, but I would tell you that obviously it is a great area focus for us and we will continue to drive this very hard. Our customers are expecting that of us to start with. So, it is an area of focus of mining. These customers are working with their own strategy and helping them execute their strategy and shaping their strategy, so, that was about execution like TK mentioned.

Rahul Jain: Okay. That was helpful. Apart from that if you can share some perspective on the product revenue was pretty low and any perspective on the other non-IT services?

Suresh Senapaty: The product revenue is largely in the India, Middle East market and if you had seen, observed before this trend basically Q1 and Q3 tends to be weaker compared to Q2 and Q4 and therefore, it is a very traditional movement, that is from a Q-o-Q perspective. But however, on a year-on-year perspective last year in Q3, we had some good big deals in the Middle East which did not repeat this year and therefore you would see a Y-o-Y decline, otherwise, Y-o-Y in a more representative number to compare from a product perspective as opposed to sequential quarter-on-quarter. But that traction is good. I think the business in India is going good; lot of business either in the financial services or Utilities or Government. From that perspective it will be a growth driver for us in the next four quarters. And on the Consumer Care and Lighting, I would request Vineet Agarwal to throw some light in terms of the non-IT business that you want an update on.

Vineet Agarwal: So, our Non-IT business has grown well in this quarter. In the Consumer Care and Lighting we grew at 21% year-on-year and YTD growth of 21%, largely led by Yardley, the brand that we acquired last year and that's grown very well for us both in India as well as Middle East. In India we are focused a lot on bringing the brand to the younger generation because it was really a grandfather or grandmother brand till this point in time and the fact that this has grown very well, proves that we have been able to do the transition reasonably well. In the institution business it

consists of commercial lighting and furniture business. Our designer ranges of furniture which are premium ranges have done well, contributing to about 35% of our furniture business and that has helped us to overcome the cost increases which has taken place overall in the commodity segment. In a commercial lighting we have focused a lot more on LEDs and energy saving. And due to that we have been able to light up cumulatively 70 green buildings out of 120-135 green buildings in the country today. And out of the platinum certified green buildings we have lighted up 17 buildings out of 27. So, clear growth and clear focus driver for us in the green building space. In the international business which is Unza business we grew at leading growth compared to other FMCG companies and the market in Malaysia, Middle East, Vietnam and China. So that acquisition for us which we have done about three years back is also doing well.

Rahul Jain: Okay. That is it from my side.

Moderator: Thank you Mr. Jain. Our next question is from the line of Kuldeep Kaul of Motilal Oswal Securities Limited. Please go ahead.

Ashish: Hi, this is Ashish. Sir, my first question is pertaining to the pricing wherein you said that a lesser number of working days helped the realization and pushed that number up. I just wanted to know if there is any success that we witness in getting the contract renewals at a higher price or anything of that sort during the quarter.

Manish Dugar: Ashish, Manish Dugar here. I think what we said is that cross-currency has helped us get a higher realization, however, number of days has actually dampened the rate realization, so, it is not actually a positive but a negative in Q3. Having said that so far as the current pricing environment is concerned wherever we have contractual price increases built-in customers are willing to discuss and give those to us. And in a few cases we have also seen pricing increase without it to be on the table for discussion, in fact, being out of turn increases. So far as new deals are concerned, given that we are playing more on the transformation side and value-added service and outcome-based pricing, I think the challenge is not so much seen so far as the price is concerned, it is more in terms of are we able to demonstrate value delivery. But I would believe that if one were to sell commodity at this point in time, pricing being the only differentiator, they would probably have a pricing pressure.

Ashish: Okay. And secondly, in Europe, we saw pretty robust growth of around close to 10% quarter-on-quarter. Just wanted to know which are the countries which are doing better, whether is it the UK or is there a greater amount of traction from countries like France and Germany, etc.?

Martha Bejar: This is Martha again. So, in the European market, our focus on investments in countries like France and Germany are paying off and obviously we continue to increase our growth in the UK so I would say it is between those three countries at this time; and mainly with global customers by the way, or pan-regional customers across the region.

The one thing that I would tell you is that if I can just add a little bit more color to this, within the sector, so we talked about the countries within the sectors we do business with, we see continued strength in E&U, Manufacturing as well and obviously we talked about BFSI, so those three sectors within the European market, are the ones are growing the fastest for us.

Ashish:

Okay. That was helpful, thanks. And just one last question to the management, I just heard you make a comment on the television briefing that the focus on growth will not be exactly broad but driven by focus on some particular segments or verticals, so could you just share as to which would be those segments of focus going forward?

TK Kurien:

I think it is pretty clear that if you look at the market place today, the segments that have got opportunity at least in the looking forward a couple of areas going to be BFSI, Healthcare is an opportunity, Energy and Utilities are an opportunity, Retail is an opportunity, so from a portfolio perspective clearly most of our investments are going to be focused towards areas which are going to do better in terms of market and really our objective would be to get scale in those particular segments. Running sub-scale businesses in areas where you can never be a market leader is probably not worth the effort. You just have to focus on areas where we can really grow significantly and put the augmentation effort behind that really going to be the focus.

Ashish:

That is right. That is it from my side. Thank you so much.

Moderator:

Thank you. Our next question is from the line of Viju George of JP Morgan. Please go ahead.

Viju George:

Yeah, hi, thank you for taking my question. I just want to know if in the lead up to this appointment change, whether you envisaged any role change for anybody else in the management team or any management structure or any kind of changes elsewhere or just a change at the very top. Thank you.

TK Kurien:

Viju, it is a difficult question to answer. It is one of those have you stopped beating your wife type of question because you cannot announce an org change on an analyst call. But nevertheless, I think fundamentally the focus is going to be in terms of simplifying the organization to make us more agile; right now the way it is envisaged we have roles for all our team members that are there today and probably a few more, so you would see things unfold as we go along in the next couple of weeks.

Viju George:

Thank you.

Moderator:

Thank you Mr. George. Our next question is from the line of Mitali Ghosh of Bank of America Merrill Lynch. Please go ahead.

Mitali Ghosh:

Yes, hi, good afternoon. I take this opportunity to congratulate Mr. Kurien on his new role and wish Suresh and Girish all the best in the future. While we await the priorities and things to



*Wipro Limited
January 21, 2011*

unfold as Mr. Kurien said, just a couple of things on the business side, one is the deal slippages that were mentioned a short while ago, any trend in terms of size, verticals or services?

Manish Dugar:

Mitali, Manish here. The deal slippages are not necessarily deferment on the client side; it is just the time it takes to sign the contract. So, if your question was to understand if there is a specific trend in any industry or any customers in terms of going slow in decision-making that is not the case.

Mitali Ghosh:

Okay. And in terms of the signings that you did have during the quarter, if you could give us some sense in terms of what was the trend particularly in terms of large deals?

Martha Bejar:

So Mitali, hi, this is Martha. I would say that this past quarter a lot of activity on BFSI and on E&U. The business units that we have talked about that have had the highest growth are where we are seeing most of the activity coming in the third quarter here.

Mitali Ghosh:

Right. Any color in terms of number or kind of size TCV of large deals anything like that?

Martha Bejar:

I know Mitali; you are going to ask that as you always do. Without getting into a specific, in terms of the TCVs we see large orders, strong pipeline like I talked about before are large deals in some of these segments, a lot of it is driven by TIS like we have discussed, so, we feel good about what we are doing here and what we see in our pipeline.

Mitali Ghosh:

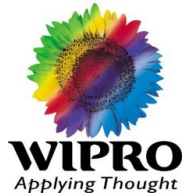
Sure. And just a quick question on the trends you are seeing in terms of discretionary IT spending because if I notice the performance this quarter, it has been mainly on the infrastructure and the ADM side has been very strong, but some of the others like package implementation, etc., maybe engineering services has been a little soft, so, what are the trends you are seeing in discretionary IT spending and what should we expect going forward?

Martha Bejar:

I would say that right now with our customer's budgets for this year are up marginally I would say just in general. We are seeing outsourcing and gaining market share and growing ahead of the IT spend growth. I would say that a lot of focus on discretionary spend, so we see a shift to discretionary spend, customers want to add more value to their business so our play is to go in there with solutions that do that, that address those needs, so we expect discretionary spend to grow ahead of the overall spend for clients as they continue to look at different ways of adding value to their business and the IT organization is becoming a huge enabler of that. So, it fits well with our overall strategy and we are looking at executing here.

Mitali Ghosh:

And just finally on the application development and maintenance which saw good growth this quarter. If you could provide any color on whether this is more of the maintenance kind of deals or was it more development?



*Wipro Limited
January 21, 2011*

Martha Bejar: I would say that from an application perspective pretty even from development and application maintenance perspective across the board. And again, it is a market that continues to pick up for us as we get end to end deals.

Mitali Ghosh: Okay.

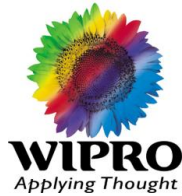
Moderator: Thank you Ms. Ghosh. Our next question is from the line of Dipesh Mehta of SBI Securities. Please go ahead.

Dipesh Mehta: I have two questions. One is about our employee cost. If I see in absolute term, what is important in cost of revenue and sales and marketing it is showing absolute decline. So any specific reason because we have added close to 3,600 employees during the quarter. Second question is about our FPP component, as a percentage of revenue it is showing steady increase in last couple of quarters. So maybe one reason could be there is some linkage between non-linear initiatives what we have that might have some impact on this, but we have not seen any kind of improvement in margin, so what kind of experience we have with our fixed price? Thanks.

Manish Dugar: Dipesh, Manish here. To your specific question on people cost dropping in absolute terms despite an increase in the number of headcount, it is primarily led by two things. One is higher component of the freshers that we take which reduces the average cost and that is one of the reasons why we have had an improvement in margins through lower cost of delivery. And second big factor is the drop or the movement in currency and with the dollar becoming 44 from 45 and especially when we look at the cost rate the cost rate has moved from 46.5 to 44.95 and that is a significant movement which causes the absolute rupee cost of salaries to drop. So that is so far as the salary cost is concerned. Coming to specifically your question on the fixed price projects, I will ask Deb to comment on the delivery angle but from a profitability perspective, our experience has been that the fixed price project tend to be a little lumpy at times, significantly positive at times, not so positive, but in general, we have profitability from fixed price which is better than the T&M project. Deb, would you like to comment on the delivery side?

Sambuddha Deb: Yeah, actually, overall, we have a little bit of an under run in FPP projects, that means if I add up all the projects that we have, some are overrun, some are under run, but on the whole, we have a little bit of an under run at an aggregate level, when we cumulate all the fixed price projects for their lives. These are the running projects currently.

Manish Dugar: And under run basically means that we are delivering at a cost which is less than what we estimated to begin with. And we typically have an expectation of higher margin when we start the project as well, so there is a differential in profitability that we are generating in FPPs compared to T&Ms.



*Wipro Limited
January 21, 2011*

- Dipesh Mehta:** To continue with this, when we say higher numbers of projects are under run so typically what margin we get, it is being higher margin than what we expect?
- Manish Dugar:** That is right.
- Sambuddha Deb:** That is right.
- Dipesh Mehta:** If I see last couple of quarters, we have seen 5-6 percentage increase of fixed price as a percentage of revenue and if I see our overall margin for the business segment, it remains more or less flattish at those levels. So I just want to understand what are the reasons for margin movement?
- Manish Dugar:** Dipesh, you are right in your observation, however, we do not have a separate line item in our operating margin walk explaining what has contributed by fixed price, however, matrices in which it gets reported are matrices like realization improvement, so if you look at our rate realizations have improved despite a drop because of a number of working days it gets reflected in our ability to take in and deploy more freshers because if we are doing only time and material engagement we will have to have more laterals and that gets reflected as an advantage so far as the lower cost of delivery and bulge improvement is concerned. So, you will not see a direct correlation between FPP increase and the margins but it will come in the form of ability to deploy more freshers and ability to get higher realization.
- Dipesh Mehta:** Just to continue because fixed also increase the risk to the business, just when we are taking relatively higher risk it is not getting compensated equally by margin that is what I want to understand.
- Manish Dugar:** No, Dipesh. First of all, we have a concept of a deal review board and we have got a deal review index for every deal that we sign up for and deals which do not meet threshold criteria of our appetite for risk do not pass-through the test and we do not even bid for those. Having taken a deal on a fixed price basis and understanding that there is a risk involved which is why I said that we have an expectation of higher margins even at the initiation of the deal stage itself and having a higher margin expectation we are actually delivering at even beyond that. So, to answer your question, we do understand there is a risk involved in FPP, however, we are getting a margin uplift because of that and not only to the planned level but beyond that.
- Dipesh Mehta:** Thank you sir.
- Moderator:** Thank you Mr. Mehta. Our next question is from the line of Nitin Padmanabhan of Indiabulls Securities. Please go ahead.
- Nitin Padmanabhan:** Yeah, hi, thanks for taking my question and congratulations Mr. Kurien. Just couple of questions; one is did the attrition in an absolute number of people leaving really come down this

quarter? And what kind of fresher intake did we do during the quarter and how do we see it going forward next year?

Manish Dugar:

Nitin, Manish here, the absolute number of attrition has come down, you are right and if we were to normalize the impact of involuntary attrition, that number will look even lower. So far as the fresher hiring is concerned, as Senapaty mentioned earlier, our focus is to make sure that we win deals and we kind of execute deals in a manner that we are able to take more freshers and make it a more sustainable pyramid and hence the trend one should expect is to have a higher component of fresher hiring than we have experienced in the past.

Nitin Padmanabhan:

Any sense on what kind of bulge mix you would look at from what you would likely to take it to on a trend perspective of what it is today?

Sambuddha Deb:

Nitin, this is Deb. The bulge mix is a function of the mix of all engagement. It is a function of how much of things we put in non-linearity, how much of things we put in shared services, how much of things we put in staff augmentation, how many system integration projects, all these have what we believe are optimal bulge mixes for each type of engagement. So depending on the engagement mix, the optimal bulge work. If I add more system integration projects into the system I will take them at a higher rate but my bulge will not move up. But if I take more shared services, even if I take at a lower rate my bulge will move up. So it is not really easy to say where will I get my bulge, it will depend on what my business strategy mix is, what sort of deals I could pick up.

Nitin Padmanabhan:

Sure. Just from the point of margins if you could just give a sense as to since you say that considering that attrition is high and utilization may not be a significant lever in terms of moving it up, because the attrition is high. How do you think, what are the other levers for margins and how do you see margins overall going forward?

Suresh Senapaty:

If we have communicated that utilization rates will continue to remain like that for ever I think we have miscommunicated. But saying that A) in the short-term we had a high attrition levels; it will take some time for it to settle down. B) We are also making a structural correction to our bulge. And when Deb said that we are working to do bulge correction it has to link up ties also to the revenue quality. So from that point of view it has to be worked on an integrated basis and both sides of the coin has to move. And therefore, we have internal targets we are working on it. And therefore, you would see the utilization upping significantly in the short-term may not be the case. But in terms of the various areas of levers that we have, yes, it is, one is the pricing, because we are not the best; b) is in terms of bulge cost because we are not the best. On that point of view we have enough experience in both these areas to be able to make movement, a) in terms of execution, b) in terms of the quality of revenues that we seek and chase.

Nitin Padmanabhan:

Sure, sure. So basically utilization would be a lever maybe....



*Wipro Limited
January 21, 2011*

- Suresh Senapaty:** After some quarters, yeah.
- Nitin Padmanabhan:** On a tail-ended basis, maybe over four quarters' period, fine. And just one thing I wanted to clarify from a pricing perspective. During the quarter the increase, I think 2-2.5 percentage points offshore, if you look at the revenue mix, I think close to 67% or so of incremental revenue is some ADM, just wondering is bulk of that driven by higher realizations to ADM itself.
- Suresh Senapaty:** No, part of it is because of the growth in the higher business, for example, consulting has grown faster.
- Manish Dugar:** Nitin, Manish here. Just to add to what Mr. Senapaty just mentioned high-end sales is also reflected in the consulting revenues growth if you see and what has also helped us is the non-linearity drive and better delivery on fixed price projects which I said has a bit of lumpiness. So, overall, I would say that it is a reflection of the quality of sales and it is a reflection of better execution which has translated to better realization. ADM in itself may or may not have been contributor to this.
- Nitin Padmanabhan:** Sure, fair enough thank you and all the best.
- Manish Dugar:** Thank you.
- Moderator:** Thank you Mr. Padmanabhan. Sir, would you like to add any closing comments?
- Rajendra Shreemal:** Yes. Mr. Premji would like to make a comment.
- Azim Premji:** This is Azim Premji, I would just like to make a concluding comments in terms of the organizational changes we have made. I want to just emphasize that I have 100% confidence that it will be a strong success. I have worked with Kurien over the past 10 years and even before that in Wipro GE when he was there. And I have a tremendous amount of respect for his passion, his commitment, his ability to focus, his understanding of the right strategic direction and the right strategic opportunity, simultaneous with his ability to execute meticulously. And that is a very rare combination. He was absolutely instrumental in turning around our BPO business and making it highly growth oriented and highly profit oriented and in his three-year tenure there, the business went up to 22,000 people and it has continued to prosper subsequent to that. He was absolutely instrumental in terms of selecting, installing, and giving leadership to Kirk Strawser who is our Global Head of Consultancy, and really building our consultancy business. And I think the consultancy business which we have built is going to be a very, very strong foundation for us to build traction with our large accounts as well as to position us much more in terms of being proactive with our customers and much more in terms of being a thought-leader with our customers. And he has also contributed significantly towards repositioning our telecom and media business. In the past nine months he has focused 100% on building our ecoenergy



*Wipro Limited
January 21, 2011*

business and repositioning it so that it has a much higher content of services and a much higher integration with our IT business because the unique strength we bring there, is our understanding of energy and our understanding of analytics and the understanding of IT to be able to offer very unique integrated solutions to our customers, which can lead to much higher profitability and success to them vis-à-vis management of their entire IT energy infrastructure. So we count upon your support going forward on this and I just want to personally endorse that I have a huge amount of confidence in terms of having made this decision and the huge amount of support from the board in terms of having come to this conclusion and to this decision. Thank you very much.

Moderator:

Thank you very much Mr. Premji, thank you members of the management. Ladies and gentlemen on behalf of Wipro Limited that concludes this conference call. Thank you for joining us on the Chorus Call Conferencing Service and you may now disconnect your lines. Thank you.