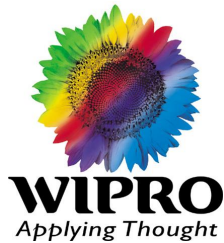




Wipro Limited Earnings Conference Call

July 24, 2012

6:45 P.M.



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Moderator: Ladies and gentlemen, good day and welcome to the Wipro Limited Earnings Conference Call for the period ended June 30, 2012. As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during the conference call, please signal an operator by pressing '*' followed by '0' on your touchtone telephone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Sridhar Ramasubbu. Thank you, and over to you, sir.

Sridhar Ramasubbu: Thanks, Melissa. This is Sridhar and I am joined by Manoj and Aravind from IR team in Bangalore, and on behalf of the entire Wipro team, a very warm welcome to all of you. We are pleased to host Wipro's 1Q FY '13 earnings call. Regarding the materials for this call, we issued the press release yesterday late night EST and we will have time for Q&A at the end.

The format for today's earnings call is as follows: Azim Premji – Chairman will give us an overview of Wipro business; T. K. Kurien – CEO of Wipro IT business will share his perspectives on the IT business side; Suresh Senapaty – CFO, will comment on the IFRS financial results for the quarter-ended June 30, 2012. They are joined by BU heads and other senior members of the Wipro management team, who will be happy to answer your questions.

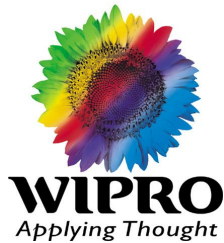
As always, elements of this call and the management's view maybe characterized as forward-looking under the Private Securities Litigation Reform Act of 1995, and are based on management's current expectations and are associated with uncertainty and risks, which could cause the actual results to differ materially from those expected. We do not undertake any obligations to update forward-looking statements, to reflect events or circumstances after the date of filing thereof.

The call is scheduled for an hour; the presentation of the 1Q FY '13 results will be followed by Q&A. The operator will walk you through the Q&A process. The entire earnings call proceedings are being archived and transcripts will be made available after the call at our company's website.

A replay of today's earnings call proceedings will also be available via telephone post the call. During this call, I am also available on e-mail and through mobile as well to take any questions and table it to the Wipro team in case you are unable to ask questions for any technical reasons.

Ladies and gentlemen, over to Mr. Azim Premji, Chairman, Wipro.

Azim Premji: Good day to all of you. I want to just focus on two areas on a broad basis. One is the trends on the IT environment and the general environment. Second one is on Wipro's strategy. Overall,



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macroeconomic environment continues to be volatile. There is a lot of uncertainty to the high levels of sovereign debt and unemployment levels. But clients are cautious, they are sitting on stronger balance sheets, heavy on cash and better prepared to face the uncertain environment. Clients are driving towards a dual objective of growth and differentiation to transform themselves. Technology is going to be the key enabler of this transformation.

Wipro's investments in key technology themes coupled with our domain-specific solution and global footprint, positioned us to be their trusted partner. I continue to be optimistic about the structural growth story of IT Services.

Wipro strategy has been fueled by three key directives. Focused business strategy, higher customer satisfaction and greater employee engagement. Our strategy of creating a higher degree of differentiation at the front-end and standardization in the back-end is critical for us to win. We are seeing higher levels of customer satisfaction in the fiscal year gone by. Customers are reacting positively to our efforts in building a simpler, nimbler and leaner Wipro.

We continue to be significantly focused on employee engagements. We have seen employees settle down for new structure, as reflected by sharp drop in attrition rates and positive employee perception score. We continue to drive our strategy by maintaining the highest level of corporate governance.

We were recognized by the Ethisphere Institute, a leading business ethics think-tank, as one of the 2012 World's Most Ethical Company.

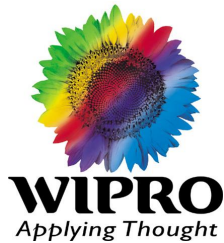
We continue to be focused on sustainability initiatives and this has resulted in Wipro being one of the two only Indian companies in the Dow Jones Sustainability Index for 2011-12.

I now hand it over to Suresh Senapaty. He will give you a brief summary on our financial results.

Suresh Senapaty:

A very good morning to all of you. Before I delve into our financials, please also note that for the convenience of readers our IFRS financial statements have been translated into dollars at the noon buying rate in New York City on June 29, 2012, for cable transfers in Indian rupee as certified by the Federal Reserve Board of New York which was \$1 equal to INR 55.57. Accordingly, revenues of our IT Services segment that was \$1,515 million or in rupee terms INR 83 billion appears in our earnings release as \$1,496 million based on the convenient translation.

Moving into the quarter performance, our IT Services revenue for the quarter ending June30th was \$1,540 million on constant currency, a sequential growth of 0.3% within our guidance range of \$1,520 million to \$1,550 million.



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On a vertical perspective, we continue to see a strong growth in Energy and Utilities. Financial Services was impacted by weakness in investment banking in the current quarter.

From a service line perspective, we saw a strong growth in Analytics at 3.3%. We have seen some stabilization in our BPO business which saw a sequential growth of 1.5%.

We move the needle further on our focus area of client engagements. In the current quarter, on a trailing 12-month, we have eight accounts which are more than 100 million in revenue, up from four last year. We saw growth in our top ten accounts of 3.2%. We are happy with our progress and we continue to make investments in this area.

From a revenue productivity perspective, offshore realizations dropped by 1% and onsite realizations improved by 0.2% sequentially on a constant currency basis. We see pricing pressure in pockets, but we are driving realization through productivity improvement.

Sequential volume growth in the current quarter was 0.8%. Operating margin percentage improved by 30 basis points to 21% with the impact of an increased employee cost and investments in sales and marketing were offset by the benefit of rupee depreciation.

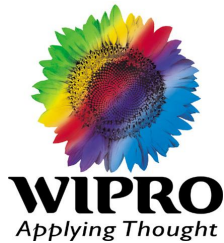
As of June 30, 2012, our days of sales outstanding was at 69 days, which was same as the previous quarter.

As we anticipated, our IT Products business was sluggish due to push out of decision from capital spend and declined by 5 percentage points on a year-on-year basis. Profitability drop was due to volatile currency in the quarter.

Consumer Care and Lighting business continues to see good momentum with revenue growth of 30% year-on-year and an EBIT growth of 27%. We acquired the Yardley business in United Kingdom and rest of Europe, excluding Germany and Austria, along with Woods of Windsor business which is another heritage brand in the United Kingdom.

On the forex front, our realized rate for the quarter was Rs. 54.89 versus a rate of Rs. 49.43 realized for the last quarter. On a quarter-on-quarter basis forex net of cross currency impact gave us a positive impact of 310 basis points to operating margins. As of period end, we had about \$1.6 billion of forex contracts outstanding.

The effective tax rate for the quarter was 20.2%. We generated free cash flow of Rs. 9 billion in first quarter which was 57% of the net income and operating cash flows were Rs. 12 million in Q1 which was 74% of the net income. Our net cash balance on balance sheet was Rs. 75 billion, an increase of Rs. 6 billion sequentially.



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I now hand over to Kurien for giving an overview of the environment.

T.K. Kurien:

Good morning, everyone. Against the backdrop of mixed macroeconomic trends, our business in the first quarter played out largely as expected. While the external environment continues to be volatile, I believe we are well-positioned as we constantly try to drive innovation and redesign our organization where that shift has come in Wipro's technology.

Our investments are continuing to show results. Our top ten accounts contributed to our revenue growth. We have now eight of these relationships from \$100 million in revenue compared to four in the same quarter last year. Our top five accounts have grown in excess of 5% of constant currency. Our customer satisfaction of mega gamma accounts continues to improve quarter-on-quarter, an overall improvement by 3 percentage points.

Building great talents in this company is absolutely critical for long-term sustained value creation. Employees like the culture of winning, the openness in engagement, and simplicity of process which is the driving force. Net result of this is stabilization in our attrition rates.

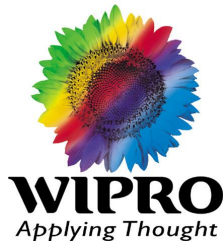
We have also created a separate hunting team which consists of over 100 professionals. We are working very closely with our clients enabling the transformational journey.

We signed a large multi-year contract with Royal Philips Electronics, as a Global Prime Partner on the transformational program towards enabling enhanced business growth and profitability. Philips has chosen Wipro as strategic and Global Prime Partner to help transform and standardize six business platforms, such as "Idea to Market" and "Market to Order."

For a leading pharmaceutical company Wipro is providing a solution leveraging analytics, advanced visualization and mobile technology to provide a 360 degree view of its customers over mobile devices. This solution will enable client's 5000 plus field representatives to have an accurate view physician's medical relations on the move to make fast decisions.

Technology is still an enabler for differentiator for any business. At Wipro, we see this change early and are investing in enhancing our capability in this space. We continue to remain invested in our momentum verticals. We continue to see strong traction in Energy and Utilities as it continues to grow. In Q1, we saw a constant currency year-on-year growth of 34.5%. Energy and Utilities, BFSI and HLS were growth segments for us.

As we discussed earlier, Technology is the core of our business. We believe the next technology disruption would be the intersection of cloud, mobility and analytics, and that is where we like to play.



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Here is an update of each of these. Our Analytics business continued to gain momentum with 3.3% sequential growth added 21 customers last quarter. Year-on-year, our analytics business has grown 20%.

Wipro has been selected as a Partner of Choice by a leading retailer in North America for its Analytics business capabilities for delivering multiple strategic programs. We have also been engaged by a leading bank to improve efficiency with its finance function and to strengthen its compliance, both the local as well as global regulations.

We acquired Promax Applications Group, a leading player in trade promotion planning, management and optimization solutions to strengthen our capabilities in trade promotion, management and optimization space.

On the Cloud, Wipro's cloud business continues to see a significant growth in the last quarter. Wipro had 51 customer wins in Q1 across IT and process transformational deals.

On mobility, we have bagged B2C solution engagement on mobile payment with a leading global bank and a mobility transformation deal with a leading insurance company in North America.

This quarter, we also launched m-eXecute, a mobile-enabled manufacturing execution on a mobile platform. This solution would enable manufacturing companies reduce its response time to crisis, real-time access to the critical quality data and improve productivity on the shop floor.

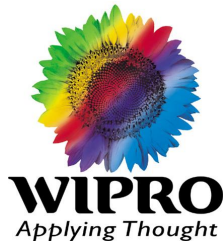
I want to conclude by saying that Wipro has laid the foundation to be a new generation IT Services Company. We hope to take an advantage of this continuous demand for business-led technology coming in from across the world and help our customers leverage technology to do business better. Thank you.

Moderator:

Thank you. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question is from the line of Joseph Foresi from Janney Montgomery Scott. Please go ahead.

Joseph Foresi:

I was wondering first if you can talk a little bit more in depth about demand. Your guidance seems to imply that September which I think is usually a seasonally strong quarter is going to continue to sort of decelerate year-over-year growth basis. Maybe you could just talk about how much of that is demand related, how much of that is related to the strategic changes that you are making within the company?



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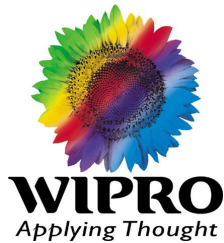
T.K. Kurien: Joe, very quickly, let me just give you a little bit of color on what is happening, the way we see in the demand space. Overall, if you look at our business, our business is basically dependent upon customers who play and who react to a specific situation in their particular market. So to some extent, our growth has been driven by customers' visibility of what they would like to spend in their particular markets and that to some extent impacted our growth rate in Q2. But more importantly, if you look at segments, the Investment Banking segment has been weak for us, our Energy and Utilities segment continues to be strong, Banking itself continues to be strong except for Investment Banking, Financial Services also would look fairly strong this quarter, Insurance would pick up, on Retail, we are seeing some slowdown, on Consumer products we are seeing some action, on Healthcare, on the Pharma side we are seeing some action. But broadly, the biggest drag coming quarter is going to be our India business because in the past what has happened is when we give guidance, the India business typically contributes something like 0.8 to 1% of our guidance. And this quarter we are seeing a flat which is what we have guided for, and that I think is one impact that is coming out.

Joseph Foresi: And then my second question, just kind of looking at pricing, you talked about pricing decline in pockets, maybe you can tell us what pockets those are and do you think that you could see further price declines from here?

T.K. Kurien: If you look at our price decline last quarter, fundamentally what has happened is that on a constant currency basis has been 1% offshore and 0.2% positive onsite. So, overall, we have kind of held pricing in a narrow range. I think the concern going forward would be primarily coming from Investment Banking as a segment and I can ask Soumitro Ghosh who runs our BFSI vertical to talk through a little bit about that.

Soumitro Ghosh: Overall, at a BFSI level, as TK mentioned, on the retail banking side and on the insurance side the market has been strong, especially on the retail banking side. On the investment banking side, the discretionary spend has been a challenge. Many customer situations we are seeing that anticipated ramp-ups are not happening. In some cases, in fact, the existing projects have ramped down. And that was the scenario even last to last quarter and continued last quarter. So, my guess is that this will probably continue for the next one or two quarters. However, there are opportunities also, which one is seeing and specifically, a lot of these IB companies are looking at cost takeout in a desperate measure as well as spend on the regulatory and compliance side. We are finding that in Europe there is a higher spend on that side. US, maybe it is relatively slower. So that is what it is.

Joseph Foresi: May be you could just give us a little color on how the quarter ended whether it was strong or weakened because of what is going on the macro side and if you can compare the demand environments in Europe and North America?



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T.K. Kurien: Here is what happens. Our belief is that ultimately macro environment plays a role but it is not something that which is very significant in our kind of business. Our kind of business what happens, the biggest impact comes from our customers and the way they react to their markets. So, if you have a retail customer who is sitting in say for example, in France, the chances are they would react very differently from a retail customer sitting in India, for example. So, I think that is the whole issue. But overall if I have to look for a trend and if I have to look at Continental Europe, France looks stressed, Germany, there is an opportunity, US continues to have an opportunity, and to some extent they are sectoral, because the banking segment seems to be challenged, like Soumitro mentioned on the investment banking side, but retail banking continues to be strong. So, it is a little bit of a mixed bag right across sectors as well as geographies.

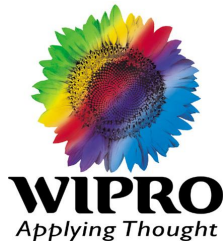
Moderator: Thank you. The next question is from the line of Edward Caso from Wells Fargo Securities. Please go ahead.

Edward Caso: I was curious on what you are seeing on the acquisition front, maybe within the IT Services world, what your interest level is, what size of deal, sort of where areas of focus might be in and what level of leverage are you willing to go to? Thank you.

T.K. Kurien I will start off and then I will hand it over to Rishad who runs our Strategy and M&A to talk through. But very, very quickly, fundamentally what we are looking at is we look for acquisitions to fill up gaps, which is basically competency gap around specific industries and also specific geographical gaps. That is one part of the strategy. The second part of the strategy is that we believe that to some extent what will happen is that work will move to platform based services at some point of time. So, platform assets are an important part of our overall strategy. And the third would be in emerging areas of technology where fundamentally by not being there you lose something. In those cases we may take a different approach to do acquisitions and it may not be an acquisition, it might be a minority investment but that is primarily the way it goes. Lastly, potential of captives, if they give us process knowledge and a technology footprint and access to particular accounts we look at that.

Rishad Premji: I think TK has covered it all, the only other thing I would say is that we are driving a much more systematic, proactive agenda around M&A than we have before and I think if we find opportunities that allow us to fill the strategic gaps, we will actively and diligently look at them.

Edward Caso: My next question is around your people and your attrition and so forth. We noted that your involuntary attrition went up this quarter. Can you sort of talk about the state of the market on the supply side?



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- T.K. Kurien:** I will pass this on to Saurabh who runs our HR function and to Bhanu who is the Chief of Operations for us, who runs the supply chain function, also to kind of comment on that.
- Saurabh Govil:** On the attrition, first of all, on a trailing 12 month basis the voluntary attrition has come down 2 percentage points and the involuntary attrition the slight increase is driven by the appraisal process getting ended. Performance cycle and consequent actions have been taken on people which will happen in Q1 and Q2. This is a standard process, which we go through every year. So, it is as a function of that which is why you are seeing an increase in the involuntary attrition. But overall attrition has come down over the past year.
- BM Bhanumurthy:** If you look at the kind of things that we are doing, one of the things that we are definitely looking at is looking at the kind of demand that we have and helping people to get trained to meet those demands. So, there is a lot of retraining of people that we are doing so that we meet the new technology demands of our people. During the quarter if you look at the overall net adds, it is still a healthy number that we have added this quarter. This quarter our net headcount has increased by 2632 people. So, what we are trying to do is that while the attrition we have talked about, at the same time we are also looking at retraining people and getting them ready for the kind of demand that we are seeing in the marketplace right now.
- Edward Caso:** My last two quick questions, have you slowed down the rate of fresher absorption? And my final question is can you help us with the investment banking, can you just tell us how much investment banking is as a percent of your total of IT Services revenue?
- BM Bhanumurthy:** On the fresher absorption, we have not seen any slowdown, we had a plan at the beginning of the year we continue to stay with the plan. In fact, we have increased the numbers of training streams for the freshers, we have added new capabilities for our fresher training programs, so we continue to stay on course with the plan that we have.
- T.K. Kurien :** On the investment banking component that you talk about, while we have not shared the mix but overall Soumitro Ghosh talked about is on the investment banking and the strength in the retail banking, etc. On a combined basis we expect better results in Financial Services as we go forward as compared to the last quarter.
- Moderator:** Thank you. The next question is from the line of Moshe Katri from Cowen & Co. Please go ahead.
- Moshe Katri:** It seems that your new client additions were weaker than usual. And also you have seen a significant drop in a number of active clients sequentially. Can you address that?
- Jatin Dalal:** If you see on a new client addition, the number has been around 40 and this quarter it has been 37 and I do not see any difference in terms of trend there. So, we tend towards an average of

40 every quarter and that is where we are. This quarter is slightly lower at 37. Now, the question on number of active customers. So, there are two reasons., we have actively looked at our portfolio and very small accounts which we term as tail accounts, we have sort of stayed away from further investments in those and we have brought it down actively from the earlier number. So that has contributed to this number reducing from 943 to 919. Also, some of our India geography accounts we convert it by dividing it by the dollar exchange rate and we have a particular threshold of dollar number beyond which we consider a customer as an active customer and if the revenue during the quarter falls below the threshold even if it is a continuing revenue stream, we do not consider that number as an active customer. So when the rupee number this quarter has got divided by a higher exchange rate which is \$1 equal to 54.89, we have certain India-based customers not making to the threshold and hence that number has reduced. So these are the two reasons why 943 has become 919 in the current quarter.

Moshe Katri:

And then, it seems like your sequential growth from top five and top ten accounts was significant compared to the rest of the business, in fact, the rest of the business was down sequentially if you exclude top five and top ten. Can you talk about that as well?

T.K. Kurien:

I think to some extent what happens is that if you look at the top ten accounts fundamentally what we have done is on mega gamma accounts that we have delivered about a year ago, that is being concentrated around the top accounts. Now, in terms of growth, you have seen that kicking in the top five accounts and you have also seen it kicking in the \$100 million accounts. Our top account has degrown but in spite of that overall the top five accounts have grown around 5%. On the rest of the accounts, fundamentally, it is a question of the portfolio of firing at a different time and we expect that to happen as we go through the quarters.

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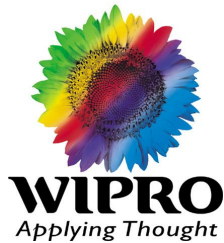
Thank you. The next question is from the line of Trip Chowdhary from Globe Equities Research. Please go ahead.

Trip Chowdhary:

A couple of questions here. First, I was wondering, right now many Indian IT Services companies have a lot of people on the bench, I think it is record number people on the bench. I was wondering how are you using those people to create some new opportunities for the future, how are you keeping them engaged productively? Then I have a follow-up.

T. K. Kurien:

If you look at our utilization, our utilization has actually gone up by roughly about 1% and in terms of bench management just to give you a quick headline we have not cut back on our recruitment, we have not cut back on any of the fresher hiring that we are doing. We had a number at the beginning of the year, we continue to kind of make sure that we live to the schedule that we have put in front of the people who are going to join us. In terms of keeping



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the bench engaged, Bhanu, who runs our entire operations, which includes the supply chain can talk through and give you a little bit of color in what we do there.

BM Bhanumurthy:

With respect to the people who are between projects and on the bench and in training, there are a lot of activities that we are doing to ensure that we utilize them productively. For example, there are a large number of tools that we are building for our organization that is one exercise that we continue to do. Two, there are a lot of new technologies, as you are aware where the people need to get upgraded on and those are the technologies that we are getting them trained on, in addition we are doing innovative methods to provide some contest by which people can actually think of new use cases for these technologies and build those technologies as well. So that is the second activity that we are doing. Third one, there are a lot of initiatives that we are doing internally within our organization to look at optimizing the supply chain, optimizing the various functions that we have. So people participate in those initiatives in terms of how they can optimize some of these functions that we have. So, overall, there is a large amount of activity that happens both for ourselves as well as for investments for our customers with the thing that we have here.

Trip Chowdhary:

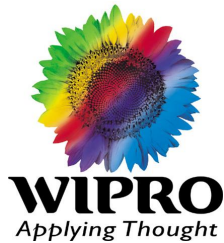
The follow-up question I have is if we look at the political environment across the whole globe and then we also look at how we report our financials, the word 'offshoring' and 'outsourcing' has a lot of political negative connotations and based on our research it seems a very last decade kind of way of thinking about the business and reporting your financials. I was wondering, can we at Wipro think completely differently instead of breaking up offshoring, outsourcing which is going to give a lot of political headwinds and this is not going to end, it is just only going to get worse. Instead of just focus on something that you give, we just deliver services irrespective where it is coming on, why highlight it and many companies even Cisco of the world run their businesses out of multi-geographic locations and I was wondering, instead of saying offshoring and outsourcing a better metric would be is, how many services you are providing out of your own products and how much services are you providing through your partners products irrespective of where it is delivered. And the reason I am saying is in the new decade, we have to think about products more and innovation at the product and technology level more than at the service level because many things that we have done in the past as services companies are getting automated. Any quick thoughts on it?

T. K. Kurien:

I think it is a terrific idea, Trip, and we need to kind of examine in a little bit of detail. So, I think it is a fair point. If there is a perception out there that we need to kind of remove or avoid I think we should. No point in kind of staring at a bull and expecting that the guy would not charge.

Moderator:

Thank you. The next question is from the line of Jesse Hulsing from Pacific Crest Securities. Please go ahead.



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Jesse Hulsing: Like to dig a little bit deeper on pricing, is this being driven on any level by competitors getting more aggressive on rates or is it really customer-driven renegotiations?

T.K. Kurien: Here is what it is. It is a combination of both. So, when you are going after new territories and new logos, fundamentally for the customer to buy, you need to show value. If it is an undifferentiated service, that fundamentally comes out of price. If you are able to differentiate in terms of services, then you have a better value proposition, better means to hold onto price. In terms of the rest, we are seeing it basically come from customers, but I think from a leverage perspective if you look at it, there are two components that I want to kind of highlight here. Number one is if you look at our last quarter the pricing decline is 1% offshore and it is a positive 0.2% onsite. So to that extent while there is a pressure in pockets and Soumitro did talk about investment banking, I fundamentally believe that there are enough levers that we have in terms of productivity that we can kind of unlock for us to make an impact.

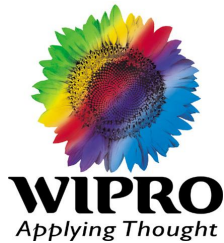
Jesse Hulsing: And are you finding that the customers are more willing in this environment to either turn the insourcing or to turn to an outside vendor versus going with incumbent vendors if there is no flexibility on rates?

T.K. Kurien: Again, let me kind of break it up. If it is a service that does not cause a disruption to the customer, you would happily call everybody and his grandmother on to the table to bid for it. And that is a reality. It would not happen in every customer, but we see this happening in at least 20-30% of the customer base. So, fundamentally, in a commoditized service, price decline is real. If you do not use productivity as a lever to actually go out there and hold on to margins you will get disintermediated in that space. That is a reality. And I think that is what we see. Today, we are seeing signs of it. Our own sense is that it will accelerate as we go along.

Jesse Hulsing: I notice that I think SAP had a strong quarter, you guys have been a big partner with them in the past. Are you seeing a pipeline of services work related to in a application implementation building up, how is that business overall trending from a pipeline perspective?

T.K. Kurien: But broadly, if you look at the newer areas we are seeing a decent pipeline. For example, Hana. Those kind of areas we are seeing good pipeline, mobility. On the rest I will hand it over to Bhanu to talk through it.

BM Bhanumurthy: On the SAP front, there are a couple of areas where we are definitely seeing growth. TK talked about Hana and Hana is an analytics platform, we are seeing good activity around that. But, there are a lot of new areas that we are working along with SAP right now and as SAP is trying to introduce various new elements into the market space, for example, looking at the core ERP itself on to Hana, looking at mobility solutions on SAP, their ability to change one of their



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languages and bringing on the new RDL capabilities and also the rapid deployment systems. We are participating with them in all of those areas and that is where we think we see a lot of growth. With existing customers, where there is already an installed base of SAP we are seeing focus around areas in terms of realizing value, making the SAP footprints much sharper and those are the areas where we are working on.

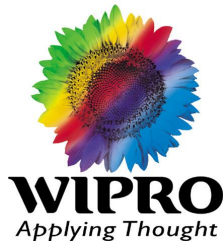
Moderator: Thank you. The next question is from the line of Swami Shanmugasundaram from Morningstar. Please go ahead.

S Shanmugasundaram: I have a couple to begin with. I think my first one is over the last few quarters if I look at it, the revenue from ADM and BPO has come down. Now during the quarter I believe those are the two practices that had reported slower growth. So, would you mind giving some details and the moving path that has led to this, I would say, relatively poor performance?

Jatin Dalal: You are right, BPO has remained a little muted over the last four quarters but if you really see this quarter their contribution to revenue has moved up from 8.2% in last quarter to 8.4% in the current quarter. So BPO in the current quarter has indeed grown ahead of the company growth rate and we see some signs of growth coming back in that service line. So long as ADM is concerned, we have seen a negative growth in the current quarter which is primarily led by some of the large development projects in the investment banking side getting over which are not yet replenished. We see it as a one quarter view of the event and as we go forward we do not see a trend vis-à-vis ADM is concerned.

S Shanmugasundaram: My next question is on the margins. I think in the prepared comments you guys mentioned that the depreciation of the rupee has given you close to about 300 basis points, but if I look at the margins, margins have gone up far less than that. So, would you mind talking about investments that you guys have made and how do you plan to fund it in case of the rupee goes back up?

Jatin Dalal: We have always maintained that we will remain invested in the short-term on the future investments and this quarter has been no different. So, if you see we got a benefit of 300 basis points because of the superior forex that flowed through this quarter and our overall margins have expanded by 30 basis points. So, effectively 270 basis points of benefit we have reinvested. The largest of that is in form of the salary increase that we gave from 1st of June and that has impacted margins by approximately 120 basis points. We also have invested in the sales and marketing spend. If you see that is up 70 basis points. We did talk about an adverse impact on the rates offshore about 100 basis points which have impacted margins by 20 basis points. And lastly, our India business, in the first quarter has been slow and the slower revenue has also reflected in a lower profitability which has impacted margins by roughly 50 basis



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points and the rest are other operating parameters. So if you see that is the walk for the 270 basis points.

S Shanmugasundaram: I think my last question is related to pricing. I am sorry if I missed your comments earlier. I think in the commentary you mentioned that you are facing pricing pressure. Are these customers asking for one-time kind of discounts given the sluggish economy or it is just that you are revisiting your master services agreement and asking for a permanent reduction in your billing rates?

Jatin Dalal: The typical question is regarding how do they get their costs down and that is what we really work on with the customers and there are a variety of levers that we look at. If absolute ticket price is decreased, it is really the last of the option, so we work with them on giving the managed services instead of time and material projects or we work on a greater offshore component or we look at deployment of newer methodologies which we can work together to get greater productivity out. So, it is never really one element that we are talking about. We are looking at the total cost of ownership for the customer for a defined outcome and how do we reduce it working with the customers.

Moderator: Thank you. The next question is from the line of Manish Hemrajani from Oppenheimer. Please go ahead.

Manish Hemrajani: Your India business continues to be challenged. Could you talk about the progress to-date on working the issues in Telecom with the government in India?

Suresh Senapaty: India has gone through a tough weather over the last few quarters because of the varieties of developments on the political side and a lot of the new Acts that have come in. So, there has been a little bit of decision which has been lacking from the government and bureaucrats point of view. And we have seen the cost of capital has gone up, the stock market has not generally been doing well and therefore not much of money has been mobilized in the IPO. And inflows of FDIs have also sort of slowed down and the cost of interest has been very high. Currency has depreciated a lot at a very fast pace. So, you see investments not taking place, particularly in the capital investment, either in infrastructure or government spending, telecom, as you know, a lot of issues around it and therefore not too much of spending happening and also financial services. Because with a little bit of slowdown over the GDP there is stress on the books of the balance sheets of the banks in terms of stopping NPAs, etc. So, we hope it will get into a correction mode quickly. We generally have Q2 a far better quarter than Q1 like last year. Q1 to Q2 the jump was about 10-11%. So typically it contributes about 1% sequential growth for the IT Services business of ours. So, therefore theoretically if you look at our guidance of 0.3% to 2.3% had we got that India intact, it would have been looking at 1.3% to 3.3%. So, that was not to be. So, Q1 was negative 9% in dollar terms and 1.6% in rupee terms.

And we expect no bumping up in Q2, but our expectation is that the second half should look good with some amount of decision-making happening and some amount of positive momentum, sentiments and so on.

Manish Hemrajani: And if I look at your top customers, you have strong growth in your top ten customers, but if I look at the number of customers over 75 million, it shows a drop of 1. Can you give some details on the drop in that number there?

Jatin Dalal: This is predominantly because we have had a movement in cross currency which is GBP and Euro adversely in the current quarter and therefore a customer which was slightly over \$75 million has fallen below \$75 million, so that is a simple answer to that.

Suresh Senapaty: We have not done a constant currency correction.

Manish Hemrajani: Last one from me, we have the current management in place now for about a year and a half, there has been some progress on the restructuring front, but of late, you are again lagging your peers, especially in the last couple of quarters. So, can you give us some hindsight into your strategy going forward on how you plan to at least catch up with the peers?

T.K. Kurien: Manish, fundamentally, it is about execution. So we can give you a sense of what strategies are there, but fundamentally I think the strategy part is done, it is execution time right now. So, we just have to execute it. I am sorry, that is the shortest answer I can give you. I cannot give you anything else.

Moderator: Thank you. The next question is from the line of Keith Bachman from Bank of Montreal. Please go ahead.

Keith Bachman: I had two questions. On finance solutions, within that vertical, if you could speak to the differences specifically that you saw within investment banking over the capital markets side and the rest of financials, I think you addressed it before but I could not quite hear you and if you had any specific numbers that would be helpful. And my second question is could you speak to what you think pricing will do because of mix or renegotiations over the various factors, but if you could speak to what do you think pricing will do over the next couple of quarters through year-end?

Soumitro Ghosh: On BFSI, the last quarter, we had a fairly robust quarter as far as retail banking is concerned. We saw some good growth. In capital markets, we are seeing in the entire investment banking community, there is a challenge on the discretionary spends. So, there are projects which we had anticipated there will be a ramp-up, that is not happening. In some cases, there are existing projects which are ramping down. And this is a direct result of how these investment banks as companies are doing as you would have seen over the last two quarters. Most of the investment

banks across the globe have posted not so good results. So, the place where they are really taking initiatives is on the regulatory and compliance side, so there we are working along with the customers in helping them with the initiatives. Very recently, we have been chosen as a partner with a leading European investment bank on the Basel III initiatives. On the cost side, there are quite a few initiatives which they are taking which can cover shared services, which can cover BPO, which can cover infrastructure, so there is a huge drive in terms of taking costs out from the run the bank piece. But it is the change the bank piece which is highly stressed. On the good side, we saw this quarter making good progress, I talked about retail banking, we made good progress in terms of large deals, so the deals have not got decided, but we made good progress in terms of down selection to a particular stage in those deals. We saw some three or four important wins in BPO. Two in US and one in Europe. We saw a healthy buildup in terms of our funnel. We almost increased our overall funnel by 20% in the last three months. So, I think overall barring investment banks, I think one has seen a pretty strong quarter from retail banking and to some extent even insurance which has got impacted a little bit due to some discretionary projects which we are doing and they have got over. But broadly, that is what it is.

Keith Bachman: But if you look at calendar year '12, do you think your capital markets business will grow, be flat or decrease in terms of year-over-year revenue growth?

Soumitro Ghosh It depends on how these companies perform on their own. So at least the European investment banks for obvious reasons, they are more exposed compared to US. So, it really depends on how these guys perform. The initial quarters I think they were more stressed, going forward, I think it will be a good balance between cost control versus a little bit of discretionary spend that they will make where these are critical projects.

Keith Bachman: And then the follow-up, my pricing question, what do you anticipate pricing to do at the year-end?

Soumitro Ghosh We do not guide on individual parameters for the full year but as we look at the environment we see that there will be challenges in pockets, but there is sufficient leverage which is available in form of productivity improvements to mitigate some of them. So, I think that is the sort of landscape that we see as we go along.

Moderator: Thank you. The next question is from the line of Shashi Bhushan from Prabhudas Lilladher. Please go ahead.

Shashi Bhushan: Over the last four, five years, our investment in sales and marketing efforts has accelerated ahead of revenue growth. With this quarter being the highest in the recent times, some of the results we are already seeing in terms of top ten clients growth and new logos additions, but

some benefits may come with a lag. My question to you is that hereon are we further going to see a step up in the S&M investment or is it going to be in line with revenue or going to be slower than revenue growth?

T.K. Kurien: We are not going to kind of cut back on S&M on a short-term basis, because fundamentally our view is that at the end of the day if you cannot go out there and sell your services effectively, in the long-term you will kill the business and I think that is the philosophy. We have to use whatever levers we can get of productivity front to make sure we can fund that, but we are not going to take short-term decision with cutting S&M.

Shashi Bhushan: But is it going to be in line with the revenue growth from hereon or is it going to be again a further step up?

T.K. Kurien: Difficult to say. Fundamentally, we have an investment plan in place and we would like to hold it as far as we can in line, but there maybe blips in a quarter-to-quarter.

Shashi Bhushan: Second part of my question is, if you have to assess some of the investments we have made over the last four, five quarters, are we seeing early sign of success, obviously, I mentioned some of them have already been there or there is some delay because of the macro in terms of success of those investments?

T.K. Kurien: If you look at the investments that we have made in the mega/gama accounts they started paying off. But all the rest I think quite a lot of that is still now work-in-progress.

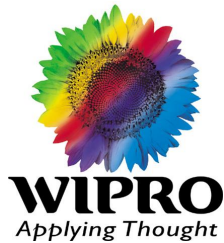
Shashi Bhushan: Is macro one of the biggest factors?

T.K. Kurien: Obviously, if the market has been good, we would have kind of done much better, but from my own perspective, it is something that we have laid out in terms of a timeframe and fundamentally we are executing a plan to a timeframe.

Moderator: Thank you. The last question is from the line of George Price from BB&T Capital Markets. Please go ahead.

George Price: A lot of them have been addressed, but I still have a few things I wanted to clarify around investment banking. First to make sure I understand exactly what you are saying. When you are talking about the discretionary projects ramping down in investment banking, this is not a natural project completion but the question is, is this natural project completion that has just not been replaced or is it actual cancellation or early termination?

Soumitro Ghosh: It is more future projects, where we had anticipated ramp-ups to happen, that is getting pushed out.



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- George Price:** When you mention existing projects ramping down....?
- Soumitro Ghosh** But majority of the cases are actually demand being pushed out. In a couple of customers, yes, there are existing projects which got ramped down.
- George Price:** And then second, in terms of what you expected a quarter ago and what clients in I-Banking were telling you a quarter ago, has the outlook for the Investment Banking spend been relative to budgets, for the second half of this calendar year, has that gotten materially worse?
- Soumitro Ghosh** Right at the beginning of the calendar year itself, though the CIOs had their annual budget, but the entire budget was broken into quarters and people were being cautious about spending per se. So, it was only on a quarter-on-quarter basis that the budgets were getting released. Specific to your question that are you seeing the next two quarters the budgets holding tight, I personally feel that it will not get worse, this is what my guess is, because the initial two quarters was where there was a bigger impact. Going forward, I do feel that it is going to be a good mix of cost takeout, regulatory and a little bit of discretionary spending coming back.
- George Price:** Just to follow-up on that, what basis you have for thinking that discretionary spending on the I-Banking side is going to come back in the second half?
- Soumitro Ghosh** That is because there are some critical projects which were put on hold and they have been put on hold now for almost two quarters. Some of my customers, clearly there is a lot of pressure from the business side to at least get the critical projects off the ground. So, that is the basis of my view.
- George Price:** I know there have been a lot of questions about pricing, but again just to kind of be clear about this, you mentioned there are a lot of different ways you can help your clients reduce their costs. And again, this is mainly on the I-Banking side, but have you actually been putting in any pricing reductions for existing work or new work ramping up, has this occurred over the last quarter?
- Soumitro Ghosh** First of all, we try and move the entire conversation away from rate cut to a spend cut. So, all the customers today as you know in the I-Banking segment specifically, they are under huge cost pressures. So, the important thing is to be proactive and have a discussion not with the procurement people but with the CIO in terms of how do we work out a strategy which reduces the spend. So, it is all about moving to managed services, moving to vendor rationalization, moving more offshore, etc. So, a majority of the cases we have been able to move the conversation to spend reduction rather than a rack rate reduction.
- George Price:** Not all of them?



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Soumitro Ghosh: Yeah, may not be all. But wherever we have had to yield, we have definitely linked it to say increased volume or increased offshore.

Sridhar Ramasubbu: Thank you very much to all of you for an active participation. The transcripts will be posted on our website and recordings are available on telephone. IR team is available offline both in India and the US for any questions.

Moderator: Thank you. Ladies and gentlemen, on behalf of Wipro that concludes this conference call.