May 02, 2022

The Manager- Listing
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The Manager- Listing
National Stock Exchange of India Limited
(NSE: WIPRO)

Dear Sir/Madam,

Sub: Transcript of the Analyst / Institutional Investor Meeting

Please find attached herewith copy of the transcript of the Analyst / Institutional Investor Meeting held on April 29, 2022. The audio recording of the same is available at https://www.wipro.com/investors/quarterly-results/.

The video recording of the earnings press conference is available at https://www.wipro.com/newsroom/press-releases/2022/wipro-press-conference-q4-fy-2021-22/.

Thanking you,

For Wipro Limited

M Sanaulla Khan
Company Secretary

Registered Office:

Wipro Limited
Doddakannelli
Sarjapur Road
Bengaluru 560 035
India

T : +91 (80) 2844 0011
F : +91 (80) 2844 0054
E : info@wipro.com
W : wipro.com
C : L32102KA1945PLC020800

Wipro Limited
Q4 FY 2022 Earnings Conference Call

April 29, 2022

Management

Thierry Delaporte

Chief Executive Officer & Managing Director

Jatin Dalal

Chief Financial Officer

Saurabh Govil

President & CHRO (Human Resources)

Stephanie Trautman

Chief growth officer

Rajan Kohli

Global Managing Partner & President

Aparna Iyer

Vice President & Corporate Treasurer

Moderator: Ladies and gentlemen, good day and welcome to the Q4 FY'22 Earnings Call of Wipro Limited. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Aparna Iyer – Vice President and Corporate Treasurer. Thank you and over to you, ma'am.

Aparna Iyer: Thank you. A warm welcome to our Q4'22 Earnings Call. We will begin the call with Business Highlights and Overview by Thierry Delaporte - Chief Executive Officer and Managing Director, followed by a Brief Overview on our latest acquisition, Rizing, by Rajan Kohli -- Managing Partner, IDEAS Business Line, and then a Financial Overview by our CFO – Jatin Dalal.

We also have with us as a part of the management, Stephanie Trautman, our Chief Growth Officer, and Saurabh Govil -- Chief Human Resources Officer.

After the initial comments from the management, the operator will open the bridge for Q&A.

Before Thierry starts, let me draw your attention to the fact that during the call, we may make certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act 1995. These statements are based on management's current expectations and are associated with uncertainties and risks, which may cause the actual results to differ materially from those expected. The uncertainties and risk factors are explained in our detailed filings with the SEC. Wipro does not undertake any obligation to update the forward-looking statements to reflect the events and circumstances after the date of filing. The conference call will be archived, and a transcript will be made available on our website. Over to you, Thierry.

Thierry Delaporte: Thank you, Aparna. And good evening, everyone. Thank you all for joining us today. To those of you joining us from the US, good afternoon. Fridays are often known to bring good news. So, today is no different, at least for us.

In my opening remarks, I will sum up of the year that has gone by, I'll elaborate on the demand environment, provide details on sectors, markets, service offerings, and share a business outlook for the quarters ahead.

I'll start by acknowledging that we've had an outstanding year; we've delivered revenues of $10.4 billion at an industry-leading growth of 27%-plus in constant currency terms. Crossing $10 billion of revenue is a significant landmark for us and we are now aiming higher.

Revenue growth has been our fastest ever in absolute terms. We've added one-fourth of our revenue just this year.

Our order bookings in 'Annual Contract Value' terms grew 30% year-on-year. And we are finishing off the year with the highest ever pipeline.

Through the year, we have made significant investments, both organic and inorganic in strengthening our solutions, go-to-market, the leadership team, as well as the broader talent pool. We have added over 45,000 new employees on a net basis, which is also the highest ever.

We also continue to invest in our internal transformation. We know this will bring agility into our processes, and help us serve our customers better.

Operationally, we delivered 17.7% operating margins which is ahead of our stated range.

Finally, our net income in absolute terms is the highest ever, which grew by over 13% year-on-year, and EPS expanded by 17% year-on-year.

No doubt, it has taken a tremendous amount of discipline and determination to remain resolute in our pursuit of growth and execution excellence. I'm proud of what we've been able to achieve.

Now, on to our Q4 performance and the demand environment. Our revenue growth during the quarter was at 3.1% in constant currency terms and 28.5% year-on-year.

We've been consistently growing at or over 3% for six quarters now. Our growth continues to be broad-based across all our key markets, service offerings, and in most of our sectors.

During the quarter, we had a net addition of over 11,000 colleagues, which sets us up well for future growth.

Business environment is still very good. The demand for IT services is strong, propelling our business forward. This is reflected in the state of our pipeline, our order bookings, and our overall growth rates. In fact, look at the order book, this quarter has grown 38% year-on-year in terms of annual contract value.

We continue to close large transformation deals and see rapid expansion in small and mid-sized deals as well. This represents growth in our existing accounts, as well as the expansion of our market portfolios.

Equally notable is the pivot to high growth services as we help our clients transform and digitize their businesses. We've had significant wins that put design at the center of the experience and combines our iCORE and iDEAS capabilities to reimagine IT, back office and customer experiences.

There’s continued focus on our hyperscaler partners. This will not only help us win more in the market together, but it's also providing the alignment and investments we need to scale talent, assets, and industry solutions for the future. For example, our industry alignment with Microsoft has strengthened our partnership dramatically. We worked closely with Microsoft to define and take to market solutions that are focused on established priority scenarios that align with Microsoft’s Industry, Cloud-first Vision.

We have chosen to prioritize BFSI, Retail and Energy and Utilities where we will have a sharper focus.

Ultimately, delivering faster time to value, rapid digital transformation in a simplified Microsoft customer relationship.

Similar approach with ServiceNow has led to Wipro being recognized in their Partner Maturity Index at the far upper right end of the quadrant.

In the joint industry solution space, we continue to explore areas that combine novel, first-of-its kind solutions with broad industry-leading partner coalitions to create innovative impactful platforms. A great example of this is the “Cloud Car” platform for Software Defined Vehicles, which we announced earlier this year at the Mobile World Congress.

We've brought together Wipro’s FullStride Cloud Services and engineering capabilities with more than 40 different partners to deliver an integrated cloud native solution.

This is helping automakers innovate faster, and at a lower cost, while keeping software-defined vehicles digitally relevant for years to come, by decoupling previously integrated software and hardware.

Our FullStride Cloud Services has had an impressive year since its launch in June 2021. Our Cloud Ecosystem revenues also grew at an accelerated pace of over 31% in the fiscal year '22.

On the M&A front, we have continued to pursue strategic fits pretty aggressively. Our recent acquisitions- in particular Capco- which we are celebrating today, the first anniversary of the acquisition, performing very well.

We're very pleased to report that Capco has had a very healthy double-digit growth this year. They're ahead of plan and together we have had over 60 synergy wins across markets.

Most of you will know we've announced two more acquisitions in the last few days. The first one is Convergence Acceleration Solutions or CAS Group. They are a US-based consulting and program management company, focusing on the communication sectors. They specialize in driving large scale business and technology transformation. CAS Group's deep client relationships and strong domain expertise, combined with Wipro's execution capabilities will deliver an end-to-end professional services solution, and immediate impact on clients.

We can now provide our clients with services ranging from strategy development and planning to execution and implementation.

The second acquisition that we announced just earlier this week is Rizing, a global SAP consulting firm. As one of the leading strategic partners in the world for SAP, Rizing will become a very critical extension of Wipro’s SAP Cloud practice and Wipro FullStride Cloud Services. Rajan Kohli is on the call today, will share more details on the deal.

On to the operating margins now, we delivered profitability of 17% in Q4, adjusted for Capco, our largest acquisition. This will be well above the pre-pandemic margin levels.

I will now provide some finer details on markets, service offerings and sectors. All our markets grew double-digit, but the Americas and Europe, our top two markets, grew at 28% and 36%, year-on-year respectively in Q4, and 26% and 39% year-on-year in FY'22.

Let's look at the different market units. In Americas 1, we grew 22% year-on-year in Q4 with all sectors showing strong growth.

For the full year, we grew 21% year-on-year. Communications, Media and Information Services grew 28%. Consumer Goods and Life Science grew 26%. Healthcare and Medical Devices grew 17%. While Technology Products and Platform actually grew 34% year-on-year in the quarter.

In Americas 2 now, we grew 34% year-on-year in Q4 and 30% in FY'22. Also, there was broad-based double-digit growth across all sectors in the quarter. The order book in terms of annual contract value grew over 56% year-on-year in Q4.

Now let's look at European business, has delivered an outstanding year-on-year growth of 36% in Q4 and 39% for the full year. Germany and Southern Europe have grown over 1.5x in size. Benelux grew 23% and our UK business grew 39% year-on-year.

Finally, our APMEA market grew at 14% year-on-year in Q4 and 9% in the year '22. Australia, New Zealand and South East Asia are growing in double-digits year-on-year for the quarter as well. The order booking again in annual contract value terms are looking healthy with 22% year-on-year growth.

Customer relationships remain top priority. Our top five customers grew 35% year-on-year. Our top 10 customers grew 34% year-on-year. In the last 12-months, we have added eight customers in more than $100 million bracket and 10 customers in more than $50 million bracket.

Now, from a service offerings standpoint. Our IDEAS Global Business Line grew 39% year-on-year in Q4, and 35% in FY'22. Most of the sub-practices showed a healthy double-digit year-on-year growth, led by Domain and Consulting, which literally tripled in size.

The Engineering Services business grew 26% year-on-year in Q4, which is compounded quarterly gross rate of 6% over the last four quarters.

Now, our iCORE global business line grew by 15% year-on-year in Q4 and 17% in FY'22.

Mass most sub-practices grew in double-digits on a year-on-year basis too. Digital operations and platform-led growth with 18% year-on-year for the full year.

Now, the kind of deals we are winning, are very promising For example, global on-demand education platform, a selected Designit as its campaign and media strategy partner, Designit will help them with new ways of engaging on its digital channels to deepen brand recognition in global markets.

And those are interesting examples is with a leading US-based food service distributor. They selected Wipro as a strategic partner to drive profitable market share, anchored on omni-channel initiatives, next-generation service platform and best-in-class insights and analytics.

There are more examples worth sharing, but I'd like to now focus on talent and our go-to-market strategy. I'm pleased to report that, in line with what I had shared with you last quarter, our quarterly annualized attrition rate have moderated by 5,500 basis points. We doubled our fresher intake for FY'22 when compared to the previous year and our plan is to double this in FY'23 as well. Further, we have decided to increase the frequency of promotion cycles for 70% of our colleagues in junior bands, to now a quarterly basis.

No doubt, leadership oversight is now deeper. The presence of senior leadership in locations outside India has improved by 16 percentage points. It's also relevant to note that nearly 50% of our leadership hires have been in the Growth Office and in the customer-facing Global Account Executive roles. This means, we are strengthening our frontline and sales teams.

Over the last 21-months, we have improved ethnic diversity in our senior leadership by 24 percentage points. And gender diversity in the leadership has nearly doubled. I'm proud of this and we will continue to build a more inclusive workforce in the coming years.

We continue to do business responsibly. In particular, the humanitarian crisis in Europe has at our attention. We don't have any material exposure in the affected regions. Many of our employees in the neighboring countries, Romania, Poland, have personally joined relief efforts, providing food and shelter for thousands of displaced people. Our employees in Romania volunteering to manage a dedicated helpline to support those in needs. We've also created an employee donation program and matching it to the dollar, doubling the available funds. We have also partnered with Project HOPE. Their emergency response team and European partners are providing critical medical supplies, but also assistance to refugees. We can confirm that Wipro will always stand by the principles of democracy, justice and equality.

Before I close, a word on our outlook for the next quarter. We have guided for revenue growth of 1% to 3% which will translate to growth of 16% to 18% on a year-on-year basis in constant currency. While we don't provide an annual guidance, I want to confirm that we expect to grow in double-digit for FY'23 as well.

On margins, for the medium term we hold 17%, 17.5% band; however, for the next two to three quarters, we will see slightly lower margins. This is because of the investments we have made that I spoke to you about earlier.

In summary, we are pleased with the current business momentum and very optimistic of further strengthening it going into the new financial year. All our key markets are growing on a year-on-year basis and that is the solid foundation. We are starting FY'23 on.

On that note, let me now welcome Rajan Kohli, who will provide more details on our latest acquisitions of Rizing.

Rajan Kohli: Thank you, Thierry. It's my pleasure to say a few words about our acquisition of Rizing. SAP is the market leader in ERP supply chain management and human capital management. It is growing rapidly due to increased cloud adoption and the post-pandemic economic recovery. Meanwhile, rise with SAP, a comprehensive cloud ERP offering, is gaining traction as it helps companies develop new cloud-based business models to fuel their growth and transformation.

Given this deep and broad growth profile for SAP, this is strategically important acquisition for four reasons: One, this presents complementary capability. Rizing deep industry expertise in SAP enterprise asset management, human capital management, and SAP for consumer industry positions them as a sought-after advisor of clients complex SAP transformation. This offers cross-sell opportunities into our client base, as well as up-sell to lead with consulting.

Two, complementary customers in industry, where we have strong presence. Rizing enhances our existing position of strength and leadership in industries, such as oil and gas, utilities, manufacturing, retail, fashion and consumer with their own roster of complementary Fortune 2000 customers.

Three, Rizing offers us local presence across strategically important geographies; USA, Canada, Australia and Germany, with over 1,300 experienced SAP consultants in 16-countries. As onsite presence is even more important when we lead with constant consulting.

Fourth, Rizing's strong SAP process consulting expertise will advance Wipro's capabilities, while at the same time Wipro's broader consulting and digital transformation capability will give Rizing's clients access to a complete portfolio of services.

The joining of Rizing with Wipro could not be better time given the growth we have seen in the SAP market and the opportunity to support clients in their transformation to become agile and intelligent enterprises.

I will now like to hand over to Jatin Dalal, our CFO for financial highlights of the quarter. Over to you, Jatin.

Jatin Dalal: Thank you, Rajan, and I will quickly cover the financial highlights. We had an excellent year; we grew 27.3% in reported terms, 28.5% in constant currency terms, delivered 17.7% in operating margin, and 19% ETR which resulted in industry-leading EPS growth of 17%.

We delivered and converted consistent cash flows. Our operating cash flow as a percentage of net income was 91%. Our free cash flow as percentage of net income was 75%.

We had after paying dividend that we declared in March end, $4.6 billion of cash, gross of debt and $2.6 billion of cash, net of debt as of 31st March.

We have $3.5 billion of FOREX hedges as on 31st of March. And we delivered 75.91 as the realization rate in Q4.

We have guided for Q1 at 16% to 18% year-on-year growth as guidance, which converts in sequential terms to 1% to 3%.

We'll be very happy to take your questions from here.

Moderator: We will now begin the question-and-answer session. The first question is from the line of Kumar Rakesh from BNP Paribas. Please go ahead.

Kumar Rakesh: My first question was regarding the recent acquisition of Rizing. What I wanted to understand that was a significant part of the business appears to be built through acquisitions done over the last two, three years. And you spoke about that this company is in a space of high growth SAP, cloud implementation. But when I look at the revenue which we have disclosed over the last two years, the CAGR appears to be about 11%, within which there is a large acquisition as well. So how do you see this company operating? And are all those acquisitions already well integrated and no risk, is coming from execution of integration of those acquisitions done by Rizing?

Rajan Kohli: It is true that company has had several acquisitions over the last five to seven years, but they have not made so many acquisitions over the last two to three years. They made one very big acquisition of a company called Attune. Most of the other acquisitions are fully integrated, and Attune is more or less integrated with the core business. And Attune has a very good recovery post-pandemic. As fashion and retail was the most impacted business during the pandemic. But now, as we come out of the pandemic, those industries have seen very good recovery. So, we are quite confident of both the quality of the asset and the quality of the recovery that we will see. This business will operate under the application and data business that we have adjacent to our SAP business. The idea is that we will drive synergies between Rizing and Wipro's existing SAP business and go-to-market. We will continue to serve existing clients of Rizing and look for cross-sell opportunities for Wipro in those accounts, and we'll also look at existing clients of SAP and lead with consulting that Rizing brings to the table.

Kumar Rakesh: My second question was about the growth outlook which we have given, 1% to 3%. Assuming that we hit about midpoint of that through the year, we could at best be doing about 10%, 11% of growth in the full year in FY'23. While it would be a double-digit, but it would be a far higher slowdown in growth from FY'22 level compared to where the industry is likely to be. So how are you seeing the growth panning out through the year -- are you expecting the growth to further accelerate post the first quarter or the conclusion which I'm making is broadly correct?

Jatin Dalal: We are suggesting that the growth is going to be double digit and double digit doesn't end on a number, it starts on 10. What I want to highlight is, we have grown six quarters at a three percentage plus. And that is a track record that we have as we enter this year. We have given 1% to 3% guidance. And this is a natural rhythm of the business and no business will consistently grow at one specific percentage. There would be certain quarters which would be faster, certain quarters which would be slower. And we have to retain that realization. And what we see, we guide for Q1 accordingly. It's neither conservative, nor any other way that we have changed our guidance stance.

Thierry Delaporte: If I can add to what Jatin said, the reality is that it continues to be a solid growth for now seven quarters. And 1% to 3% is the level where we feel we are comfortable for Q1. The pipeline is solid. Based on the quality of our bookings over the last quarters has been really strong as well. So that what gives us the feeling and the confidence as we are starting the year that we will certainly be able to deliver double-digit growth. As Jatin said, more to come over the next quarters for sure. But, I think this is the confidence that we are starting the year '23. It's going to be another year of nice growth for Wipro.

Moderator: The next question is from the line of Ravi Menon from Macquarie. Please go ahead.

Ravi Menon: Just a clarification on the guidance. So we've heard that this year normal Q3 to Q4 season actually would not quite play out. Typically, Q4 has slightly higher working days due to higher holidays in Q3 and Q1 should therefore definitely have more working days than Q4. But that doesn't seem to be coming through and in a buoyant demand environment, is this something to do with say the deal anniversary in Wipro what we should be thinking about the guidance?

Thierry Delaporte: I hope I would respond to your question your voice was not always clear. But what we're trying to understand is the nature of this guidance into seasonality. What I would recommend is look at the seasonality quarter-after-quarter, the sequential growth of five or six of our competitors and us in the last six quarters. And you will see that, we are probably if not the only one, one of the only one to have been consistently above 3% every quarter. And reality is that because of the nature of the contract one day or the size of an opportunity or deal, you have some quarters a little more, some quarters a little less. I don't think that you should read anything kind of a trend between a guidance like the one we've given in the previous quarter. And this one, I think, we are still talking about growth. And I think we keep the same level of confidence that what we had in mind several quarters ago.

Ravi Menon: Secondly, I want to ask you about the acquisitions. We've done Capco, that these are BFSI, now with Rizing, we've got retail and we've got Edgile too for cybersecurity. Do you think that we should see this as pretty much the last of the large acquisitions or do you think there is a need to fill out certain gaps in the service portfolio?

Thierry Delaporte: Okay, excellent question, Ravi. First, I reflect on the acquisitions that we made and then I'll give you a view going forward. If you look at the acquisitions we have made over the last two years, they have all in common, strategic nature. The deals we've made are strategic. What I mean is that, we are not acquiring volume, we are not going for the sake of acquiring a sizable business that will bring a scale. No, we're not doing that. We are looking at companies that have a strong brand, not necessarily large companies, but company that have a strong brand and bring a true domain expertise or a true ability to drive transformational deals. If you look at Edgile, that was a consulting business in security, that is reinforcing and enhancing our security practice- very successfully. If you look at Capco, it's the best example by the way. I just want to celebrate here with you our first year anniversary of the acquisition of Capco exactly a year ago. Frankly, Capco is a very strong brand. And we've had the opportunity to realize the potential and the power and the quality of the talent of this team. We have been able to deliver to create together between the Capco and the Wipro teams, as many as 60 synergy deals over the last one year. Capco has performed extremely well under alliance leadership in the last one year. And I must say, this idea of combining our strong BFSI business with a large consulting practice like Capco was the right thing to do. And I think we are pleased at the time we are celebrating this anniversary. If you look at CAS and Rizing now, the deal we just announced a few days ago. CAS, you could look at it as a small Capco. It's more or less the same strategy which is to say adding a consulting practice that as a particular strength in a given sector in the case of CAS in the communication sector. And already now, we have opportunities. Our teams from CAS and from Wipro, if I can say, are working together on some deals with clients. So it's getting immediate traction. And then we have a very nice and solid SAP practice. But we didn't have real consulting capabilities. Rizing brings just that. So again an example of an acquisition that is strategic in nature, because it allows us to have a different kind of discussion with our clients and allows us to go for more transformational deals that what we would typically go for before. So that's what we've done so far. And that's what we will continue to do. We do not have a number to reach. We don't have a particular target. It's not like we want to close a deal every now and then. But we'll look at what kind of opportunities we see and what kind of deal, if there is a solid case for a strategic move in one of our offerings or sectors, we'll continue to look at it. I cannot better answer than to your question like that.

Ravi Menon: One last kind of bookkeeping question. You spoke about engineering services and really fast growth there. Could you share what proportion of our revenue that engineering services contributes to this?

Jatin Dalal: Ravi, I will check and come back to you.

Thierry Delaporte: What all I can say is engineering services is actually a significant practice for us. It's getting real scale. I think we are now one of the global players in engineering services. And I'm very pleased with the growth I've seen in that space over the last quarters, and we continue to accelerate.

Moderator: The next question is from the line of Gaurav Rateria from Morgan Stanley. Please go ahead.

Gaurav Rateria: I have two questions for Thierry and one for Jatin. Thierry, so while ACV growth was quite strong, the TCV of large deal win was soft on a quarter-on-quarter basis. How much of that has a rub off effect in the near-term performance? Was that one of the factors that kind of drove your guidance to 1% to 3% versus a trajectory of 2% to 4% in the last few quarters?

Thierry Delaporte: I've always said that going after large deals is a strategy, it's an important priority for us and we are gearing up to. We have a nice pipeline, we have a lot of good opportunities, we have deals that we could expect to close in the next few quarters and so we are on it. And I have zero doubt that that will trigger some nice deals. I see it as being us coming on top of the sales activity that we drive quarter-after-quarter. If you look at the performance in sales of the last quarters, it's been strong. So, it's actually been strong, but coming from smaller or mid-size type of deals. We have also some large deals, but as you have seen, less this quarter than those. We also see that some of these deals are coming in chunks. So sometimes clients are just not comfortable to go for lengthy commercial discussion and prefer to split the deal in different chunks and get us to start a phase rather than going through this long process. So that's also a fact that we are observing. But, absolutely, our objective is to continue to get some of these large deals in the next quarters.

Gaurav Rateria: Second question is on some of these strategic acquisitions that you have made. It looks some of them are running independently, while you have integrated the go-to-market. So when do you really think the integration is really fully over, how do you bring it altogether as one Wipro, not just in front of clients, but also in terms of the organization structure as one consulting organization.

Thierry Delaporte: I've got a couple of points on that. One, we have integrated a lot of the companies we've acquired and they are now completely part of the Wipro family. However, when we talk about integration, it doesn't mean, we are merging them and completely removing the brand and so on. In the case of Capco, for example, it's a strong brand, and we really want to retain this brand, at least for the foreseeable future, because it's highly recognized in the market. Second, Capco is a consulting practice. So, we have a consulting practice inside Wipro and objective is to combine those two consulting practice. But, the objective is not to merge the consulting practice with a technology practice. Those are different families. And we are managing inside Wipro with different families, right. I take another example, Designit is completely integrated now in organization; however, because it's also a different family, highly creative, we are keeping a different brand. The capabilities, if you like the talent, the people are in one practice. So, again, it means integration of systems, integration of processes, legal, offices and so on. Those things are absolutely done. But it doesn't mean that necessarily the brand disappear, or that we are merging completely this team into our teams. We maintain the logic of families, because a consulting team is not the same that the technology team, it's not the same that the digital operations team, it's not the same that creative teams or engineering teams.

Gaurav Rateria: One question for Jatin. The question was what is the flexibility we are allowing ourselves to invest and manage supply side challenges in the near term? And how should one think about consolidation of the Rizing and potential impact on margin due to amortization or any integration-related costs?

Jatin Dalal: We have stated that, while we remain confident about the corridor of margin that we have disclosed before and we have always talked about it in mid-term, for next two, three quarters, our margins would be slightly lower. And that is really the flexibility that we are retaining. The growth is absolutely front and central to our strategy and to our execution as we look at FY'23. And therefore, we will have to remain focused on making sure that we are doing everything to deliver an excellent growth trajectory. So we have retained that flexibility, in the commentary we have made or the way we have planned our year. To your second question on financial integration, or financial consolidation of Rizing and the relative impact on the margins, it's difficult to call out at this juncture exactly, but, you could take a proxy of our previous amortization range as a percentage of the purchase price we are paying, and I think that would be ballpark, an accurate number for you to assess, and their profitability is very similar to a good onsite consulting firm will deliver on a consistent basis.

Moderator: The next question is from the line of Pankaj Kapoor from CLSA. Please go ahead.

Pankaj Kapoor: My first question is on the outlook that you see for the Capco business, specifically, given the current macro headwinds that we see in Europe. So, how what kind of a pipeline or what kind of a deal activity do you see for Capco? Is there any risk especially on the financial services side, which is leading to any elongation in decision-making from the clients?

Thierry Delaporte: By definition, Capco being a consulting business has a shorter cycle if you like, and therefore, the visibility typically you would have on a business like this is not in a few quarters. However, I would say the business continue to be very strong. In fact, I was just trading some messages with Lance, and the outlook continues to be really solid. I think, this company, because of its impact and the ability to help bank, financial institution and insurance to drive transformation programs, they're really helping those companies to improve their productivity and address some of their efficiency challenges. And I think, the visibility we have on the pipeline is strong. If I look at the bookings for the Q4, I think it's been the biggest ever they've done. So, based on where we are now, it's really looking good for Capco, not worrying. I just wanted to add one thing, because you were referring to the European market. And indeed, there's a significant part of the business of Capco in Europe. I would say the mix of Capco between Europe and America is significant, but the one of Wipro is as well. So here, I tend to be a little bit careful, because macro situation like the war is something that can evolve and no one knows, right, what can unfold. Based on what we are seeing today, looking at the pipeline or talking to our clients, no signs of slowdown either. So we stay close to it, we talk constantly to our clients, but today, no real sign of slowdown.

Pankaj Kapoor: Other question is on your large deal wins just persisting there. So, it's almost four quarters since we announced a major deal win and I understand that these deals are cyclical, and it is very difficult to predict the timelines, but four quarters is a reasonable timeframe to look at the success of how our large deal strategies working. So just curious to know that a), on the large deal front, what is your initial sense, is there a kind of a calibration that you need to make midway to make it more effective? And the second part is that unfortunately, since you only disclose deals which are upward of 30 million, it clouds our optically sense of what kind of order book that you have. But, how do I look at your overall order book, if you can share some quantitative or qualitative commentary in terms of how that has grown on a TCV?

Thierry Delaporte: So let me address the second part, which is the quality of the pipeline, and then I'll hand it over to Stephanie, who is sitting here next to me to talk about the large deals. The nature of the quality of the order book. One, about 40% of order book today is coming is cloud-related. And that is more every quarter. And we like that because this is really where we get a lot of growth and we know that the market continues to expand. We know that this is a good quality of deals. The growth we are seeing from domain and consulting, the growth we are seeing from engineering, in particular, continue to be very strong. So that is promising. What's equally promising is the fact that about 50% of the deals we've closed in the quarter have been in partnership with some of our larger partners, right, SAP, ServiceNow, AWS, Google, Microsoft, Salesforce. And those relations clearly changed the nature over the last months. When I hear that, Bill McDermott is mentioning our name in his earnings yesterday, is something that wouldn't have happened necessarily several quarters ago. Same thing with Microsoft and SAP. So I think it's a reflection of the fact that our order book is positioned in the right parts of the portfolio, if you like. We have been working actively on the rotation of our portfolio and the performance in bookings reports, this rotation. On the large deals. Stephanie, over to you.

Stephanie Trautman: We started building our large deal organization last year. And I'm pleased to tell you that it's fully in place and operational today. And everyone on the team has a robust pipeline of opportunities. And we're very excited about the pipeline that we are working with going into 2023. We did have some very large deals in 2022. But they haven't materialized as Thierry mentioned, either decide to break them up and stage them or are still in the midst of their decision-making process and determining whether a single partner or multi partners is the right solution for them. So I would say overall our strategy is working. Our teams are disciplined and on the ground. We're putting the full might of One Wipro behind them to help them really differentiate, and we're very optimistic about what we'll see in 2023.

Pankaj Kapoor: One last question to Jatin. From a full year perspective, the kind of investment that we are planning and the kind of wage pressures that you have in the first half, do you think that the margins could be significantly at a risk in FY'23 on overall year basis versus FY'22?

Jatin Dalal: Pankaj, it difficult to look into the future because we are also dealing with an external environment. But our commentary right now, very clearly, is this that the margin corridor that we discussed before, we will be slightly lower than that for next two, three quarters. That's the visibility right now and I'll stick to it and we'll continue to talk more about it as we see how the year progresses.

Before we go to the next question, I will also address Ravi's question. We don't break it out the engineering as a services revenue of our aggregate, but specifically for this question, it is little over 10% of our revenues and it has had a fabulous year, it has grown in healthy 20s this year as a growth, and as Thierry mentioned in his commentary on engineering it is an area where we remain very bullish, we are making all right investment in this space and we are looking forward to another strong year in FY'23.

Moderator: The next question is from the line of Dipesh Mehta from Emkay Global. Please go ahead.

Dipesh Mehta: My question is broadly more about a clarification. You indicated about double-digit revenue growth guidance for the year. Is it organic or is it our acquisition closed so far, how one should look at it?

Thierry Delaporte: The guidance we give for the growth is organic. So it's based on the parameter as of today.

Dipesh Mehta: Based on the acquisition we have closed so far, that is right understanding?

Jatin Dalal: That is right, you're accurate in your assessment, it is all the acquisitions which are closed as of today. That's what we have counted and therefore we have not counted Rizing, which is announced, but not closed.

Dipesh Mehta: Second question is about the margin, slightly medium term rather than near term which you indicated. Now when we did Capco, we indicated our organic business will operate at 19% and Capco because of the amortization and transaction related cost, would have 200 bps kind of impact. And over a period of time, this 200 bps impact will narrow down. And considering now we are one year in that journey, and obviously, supply side challenges have some implication in near term, because acquisition is also a part of growth story for us and integral part of revenue growth, whether this 17% to 17.5% is a good range to understand from medium term perspective, or how one should look Wipro's margin trajectory?

Jatin Dalal: From a medium-term standpoint, we believe today, that 17% to 17.5% is a trajectory that we would like to hit. Yes, your assessment is right that some of the amortization costs related with Capco would come down over the years, but not certainly in one year, at least first few years, we will have that impact, that we have spoken about. That's how you should see it from a medium-term standpoint as you mentioned.

Moderator: The next question is from the line of Sandeep Shah from Equirus Securities. Please go ahead.

Sandeep Shah: So just six to seven months back, we have issued a press release, talking about $1 billion worth of investment, of which $750 million will be inorganic in building the cloud capabilities. So, whether Rizing is a part of this $750 million plan, or this would be over and above that?

Jatin Dalal: Rizing is in the right space and certainly it's part of our consulting capabilities and that's how you should see it.

Sandeep Shah: So that means it's a part of it as a whole? And second question is in terms of margins. So, even after Capco, if I look at the fourth quarter margin over first quarter margin, at EBITDA level, there is close to a difference of 200 basis points, while at EBIT level, the difference is 70 to 80 basis points as a whole and we are talking about a further decline in the next two, three quarters from the levels of fourth quarter as a whole. So the question is, growth is turning around, but operating leverage is not coming. So, when do you expect that to come? Because FY'23 could be a year where some of the hits on the margins are unlikely to be recovered, because of the higher wage hikes, return to office, travel cost and all that. So, is it fair to assume that FY'24 could be the year of operating leverage as a whole for Wipro?

Jatin Dalal: Let me first start by saying that, we shared a range and we have operated always in that range or in fact a little higher for previous quarters until Q4, where we are in the range, but at the bottom end of the range. The second point is that the operating leverage is coming through truly; however, we are also investing additionally. So, it is not that we are not being productive in the way we are spending money, but we are actually generating productivity and investing in the areas that we want to invest in. And Thierry spoke about some of those areas in his opening remarks. And I don't see any difference in FY'23 also. Only so to say external variable for all of us to watch out and not just us as company, but as an industry, is the continued pressure on talent and what we'll have to do in FY'23 for that and we will see how FY'23 therefore pans out. But we are very clear that we on one hand drive efficiency that we can invest back as investment and that's the whole strategy has been in '22 and will continue to be in '23.

Moderator: Ladies and gentlemen, that was the last question for today. I now hand the conference over to Ms. Aparna Iyer for closing comments.

Aparna Iyer: Thank you all for joining the call today. In case, we couldn't take your questions, you can please feel free to reach out to the investor relations team. And have a nice weekend ahead.

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