October 15, 2022

The Manager- Listing
BSE Limited
(BSE: 507685)

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 October 12, 2022. The audio recording of the same is available at https://www.wipro.com/investors/quarterly-results/.

Thanking you,

For Wipro Limited

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Wipro Limited

Q2 FY 2023 Earnings Conference Call

October 12, 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

Aparna Iyer

Vice President & Corporate Treasurer

Moderator: Ladies and gentlemen, good day and welcome to the Q2FY23 Earnings Call of Wipro Limited.

I hand the conference over to Ms. Aparna Iyer – Vice President and Corporate Treasurer. Thank you and over to you.

Aparna Iyer: A very warm welcome to our Q2 FY'23 Earnings Call. We will begin this call with business highlights and overview by Thierry Delaporte - Chief Executive Officer and Managing Director, followed by financial overview by our CFO - Jatin Dalal. Afterwards the Operator will open the bridge for Q&A with our Management team.

Before Thierry starts, let me draw your attention to the fact that during this call we may make certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations and are associated with uncertainties and risks, which may cause the actual results to defer materially from those expected. The uncertainties and risk factors are explained in our detailed filings with SEC. Wipro does not undertake any obligation to update the forward-looking statements to reflect 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: Hello, everyone. Good evening. Thank you for joining our Q2 Earnings Call. And for those of you joining us from the U.S., good afternoon, I guess maybe good morning for some.

Since the last time we spoke in July, we have seen the macroeconomic conditions across almost all markets and sectors have changed. In speaking to our clients every day, we are seeing a change in the level of optimism. As businesses around the world are dealing with inflation pressure, with geopolitical turmoil, with energy crisis, also the rising interest rates. Almost every major economy is experiencing economic deceleration.

And it's against this backdrop that we delivered a strong quarter. Our business strategy is sound and our value proposition continues to resonate with clients across markets. This is reflected in robust bookings, healthy deal signings, growth in revenues, as well as operating margins.

Let's start, our bookings. Our bookings in total contract value terms grew 24% year-on-year in Q2. Two of the four markets, Americas 1 and Europe grew more than 30% year-on-year. We said in the past that large transformative deals are a key pillar of our growth strategy. Indeed, they will allow us to demonstrate the true power and scale of our services, talent and operations. Large deals are where we deliver maximum value for our clients. So, I am pleased to share that large deal wins have continued to be really strong.

In Q2, we signed 11 deals with a total contract value of USD 725 million. This actually follows an exceptional quarter in Q1 when we clocked over a billion dollar in deal signing. And this strong booking trajectory translates into a 42% year-on-year growth in our large deal bookings, in the first half of this fiscal year. Over the last few years, we have steadily increased our win rate, improved the quality of our pipeline. As of today, our pipeline has, a well-balanced, mix of transformation growth and cost take-outs engagements.

Now, this mix may change in the coming quarters based on external conditions that I talked about earlier. But we expect continued strong demand for our comprehensive portfolio of services. We know that technology in good times like and bad has become the underlying success factor for any business. Regardless of what the problem is, increasingly technology is the solution. And I believe we are better positioned than ever before to help our clients tap into the true power of technology, whether that's to drive growth and transformation, or manage cost or build a sustainable future.

Speaking of sustainability, we continue to build sustainability into everything we do, including across our tech stack. You will see us leveraging our sector domain expertise and a strong partnership to develop new, low carbon impact solutions for our clients. Our enterprise scaling and sustainability process experience is helping us standout in the market and leading to strong client demand. Overall, with our deep engineering expertise and comprehensive set of offerings, we are well positioned, to be the partner of choice for our client as they face a growing set of headwinds.

Now, turning to our revenue growth, we recorded 4.1% growth in constant currency terms sequentially, and 13% on a year-on-year basis, that translates into double digit growth across all markets.

Business growth translate into growth for our colleagues, and I am happy to share that we rolled out quarterly promotions to our employees in July. And salary increases effective September. And yet, we have achieved operating margins of 15.1%.

As we continue to enhance our portfolio with the newer and more strategic service offerings, our clients are recognizing the value we deliver. This is increasingly reflected in our improved price realizations. This combined with operational excellence, automation, higher productivity are the key levers for margin improvement.

As every quarter I will now have share some finer details on markets, service offerings and sectors. Let's start with our markets.

In Americas 1, we grew 15% year-on-year in the 2nd Quarter with all sectors showing strong growth. During the quarter, the fastest growing sector in the market was Technology Products and Platforms which grew 26% year-on-year. Order bookings in total contract value terms grew nearly 34% year-on-year in Q2.

Now moving to Americas II, we grew 12% year-on-year in Q2. Manufacturing and Energy and Utilities led the performance, recording a growth of more than 20% each year-on-year. Financial Services grew 17% year-on-year.

Moving on to Europe, our European business delivered a year-on-year growth of 12% in Q2. Most of the markets recorded strong double-digit year-on-year growth with Benelux, UK, and Ireland and Southern Europe leading the pack.

Our order book in total contract value terms grew at 36% year-on-year, which is quite massive. Our APMEA business grew at 11% year-on-year in Q2. Regions that did particularly well during the quarter where Southeast Asia, Australia and New Zealand and Middle East so you can see across all markets, double digit growth.

Strengthening client relationships remain a top priority for us. As a result, we are gaining share in our metal accounts. Our Top five clients grew 19% year-on-year. Our Top 10 clients grew 17% year-on-year in constant currency terms.

Now moving to service offerings, we have two Global Business Line iDEAS and iCORE. Let me go through each of these two business lines. Our iDEAS Global Business Line grew 15% year-on-year in Q2. This growth was led by Cloud Transformation first, which grew 26% year-on-year, by Applications and Data which grew 21% year-on-year, and finally by Engineering Services which grew 18% year-on-year.

Now looking at iCORE, the other Global Business Line grew 9% year-on-year in Q2. But here led by Cyber Security Services which grew 23% year-on-year in Q2. And as the speed of transformation accelerates, we are experiencing increased demand for our full suite of cyber offerings. We are leveraging internal methodologies, framework and intellectual property in collaboration with our technology partners to help clients manage a dynamic and complex risk environment.

In one recent example, we helped a global communications organization improve and automate their compliance processes, leading to an enhanced risk posture. We now operate and execute this program globally and have driven significant cost reductions in their security and compliance program.

Then talking about Wipro FullStride Cloud Services, which is more than 1/3rd of our business today, continues to be a driver of our success, and partnerships are at the center of this growth. In fact, in the 2nd Quarter, bookings with Hyper Growth Partners grew 24% year-on-year.

Working alongside our partners, we know we are creating industry solutions and leading major transformation efforts designed to help clients unlock the value of Cloud, but also realize new efficiencies.

In addition to modernizing applications, we see a great amount of interest in modernizing data operations. Organization realized the power of data in gaining new insights into their business. For example, for a U.S. based Diversified Financial Services Group, we are working on a digital transformation and data modernization effort which actually involves building a Next Generation Cloud Analytics platform. The goal here is to deliver omni-channel experiences that help our clients get better, real-time insights into their business. Ultimately, the transformation is helping our clients reduce time to market for new capabilities and deliver enhanced experiences.

In another example, for a leading provider of industrial automation solutions, we are working on a transformation program that will help them become more client and relationship centric. We are building a multi-Cloud solution that will transform the firm's marketing sales and services around a single client definition, creating opportunities for more meaningful engagement with customers.

And we continue to double down on strategic investments in areas that we know will drive long-term competitive edge, for us and for our clients. For example, recently, we launched Lab45, a new brand for our CTO organization. Lab45 is a new direction for Technology Research and Development Unit.

The objective of Lab45 is to develop new assets, intellectual property, and products through client collaborations and partnerships. Lab45 will help our clients build new business models, enhance user experiences and drive growth through enterprise technologies. In fact, the opportunity to tap into our expertise and world-class talent through Lab45 is already factoring into client decisions and making an impact on how we win in the market.

We are continuing to also expand our capabilities in strategic areas, such as Artificial Intelligence and Data, but also 5G, Metaverse, IoT and Industry 4.0 to help clients gain new competitive edge.

I will now share a view of the talent landscape. I am first happy to share that our attrition has continued to moderate for the third quarter in a row. In Q2, attrition was down to 23% if you are looking at it on a trailing 12-month basis. And our quarter annualized numbers are trending even lower than that. We expect a further moderation in Q3.

And like I had shared last quarter; we are now offering promotions to our employees every quarter and in Q2, we promoted about 10,000 colleagues. I am also pleased to share that the annual salary increases were given to our colleagues across bands in Q2 where it is our philosophy a steep differentiation in a reward for our top talent.

We have also on-boarded over 14,000 freshers in H1, which is I would imagine 75% of what we added in the whole of last year. And finally, I will share an outlook for the next quarter. We have guided for revenue growth of 0.5% to 2.0% which will translate to growth of 10% to 12% year-on-year in constant currency terms. This guidance reflects the current environment and the quarter seasonality. For the full year, we also think that we will report double digit growth. Our margin in Q3 will have some headwinds, there's the impact of two incremental months of salary increase and yet we expect to hold a margin in a narrow band.

In a summary, we have delivered a strong performance against the backdrop of a mixed macroeconomics environment in Q2. Our order bookings and large deals reflect an improved market competitiveness. And prove that our strategy is working. We are experiencing a real shift in the market as clients increasingly turn to us to realize their boldest ambitions. And based on all these factors, we remain confident of gaining market share in the coming quarters. With that I will hand it over to Jatin now for his comments.

Jatin Dalal: Good evening, good morning, good afternoon everyone. We had a solid quarter we delivered slightly above the mid-point of our guidance at 4.1% sequentially which was 12.9% YoY growth. We delivered operating margin which was slightly higher than Quarter 1 at 15.1%. We had an ETR of 22.5% which was again 1% better, than what we had for Quarter 1. And as a result, our net income grew 3.7% sequentially for Quarter 2.

We had robust performance in cash collection and overall improvement in working capital cycle management. We therefore have posted a very robust 180% ratio of operating cash flow to net income.

At the end of Quarter 2, we had $4.3 billion of gross cash and $2.2 billion of net cash on our balance sheet. We had a good performance in forex, our realization rate was 79.93. And we had $3.8 billion of forex hedges at the end of the quarter.

Our guidance as Thierry remarked for Quarter 3, is 0.5% to 2% in the constant currency terms. We will be very happy to take your questions from here.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. We will take the first question from the line of Sandeep Agarwal from Edelweiss please go ahead.

Sandeep Agarwal: So, I have a small question from Thierry. Thierry in all your discussions with the client right now, are you hearing any kind of cautiousness from the any of the clients in any of the vertical or geography regarding this macro, or it is more a preventive step that they don't want to go aggressive right now? Or they want to also be careful and watch the environment how it plays out. So, what kind of restrains you are seeing whether it is a realistic pressure, which is leading to some kind of cautiousness and it is more likely to get cut, or you think that it is just a preventive step from them right now, where they want to wait and watch the macros, #1.

#2 The guidance while I understand that the environment is very volatile and because of that, probably you have kept in some bit of conservatism while guiding, but it still looks a little slower given the kind of demand environment what we are hearing from the industry, what we are hearing from the competitor. So, what is hurting us more than the others can you elaborate a little bit on that?

Thierry Delaporte: Let me take the questions, one-by-one, one is talking about the market environment. I think the answer was almost embedded into your question. So, here it is that I think we all are connected with the market news. And it's quite interesting to see every single day what's happening in the whole world, macro environment weather, what's happening in Ukraine, what's happening with the energy, what's happening in market conditions in America or in most of the countries. There is a certain evolution of the climate that is certainly the confirmation that we have, the market has changed market and conditions has changed. We are no longer in the same market and condition that we were nine months ago or 12 months ago. That's a reality.

But the big question is, is this context going to impact our industry. And frankly speaking, I am not sure. That's why I see a certain level of uncertainty today. There's a bit of uncertainty, because, in talking to clients, they all are assuming that at some point in time, this will have some implications for them. And I think that would be naive on our side to not hear what they are saying.

So, that's probably what it is and I am moving to the question #2, it's probably what's leading to our guidance. The business is good. I mean, we have been growing well over the last quarters, we have been performing well on bookings. So, there is no sign on our side of any particular slowdown, except that the market has changed, except that they are a certain environment of uncertainty that is impacting our clients.

And then obviously, Q3 is also a quarter where there is furloughs. Do we have more furloughs than the previous years? I don't know. But we know that they will be furloughs and so I realized that you might see a point of caution, and it's maybe the case, but I think we have tried to be cautiously optimistic.

I want to also give a perspective in terms of the growth trajectory. If you look at Q2, we do 4.1% of gross, which is a sign of very strong performance. All our markets have grown double digit year-on-year, not one grew less than 10%. So, we see this trend. Now, if you take even more, step back and look at you know, Wipro's trend, last year we were industry leading grows, right, this year, double digit growth, and we are only halfway through the year, we know, that will be double digit growth. This company will have grown to 40% in two years. That's the rarity. And then again, the performance in bookings, the impact we have in the market gives us great confidence that we will continue to grow well and certainly gain market share in the next quarters. That's the mindset that we have right now.

Moderator: Thank you. Our next question from the line of Abhishek Bhandari from Nomura. Please go ahead.

Abhishek Bhandari: Thierry, I have two questions. One is more from a near term and one is more medium term. The first one is, in the backdrop of volatile macro, which you have been alluding to multiple times in your press conference, and even in the recent last 20 minutes. How are you some of your recent consulting acquisitions playing out, especially Capco and Rizing, if you could share some trends over there? And also, from a pipeline perspective do you see any kind of change coming through these two particular subsidiaries?

Thierry Delaporte: So, the first one about consulting. Consulting business has been a massive driver of growth for us over the last two years. I was talking about Capco, we have grown more than what we had in the plan every single quarter. Now, there is no doubt that there is a slowdown, and we see it. It was actually forecasted for us, and we see a slowdown for this consulting business. We also know because it's a reality now in the industry, that consulting tends to be early cycle. So, the first one to slow down, first one to accelerate, and extremely agile to adjust to market evolution, so that's for your first question.

In terms of as you said, looking at the pipeline, a pipeline is stronger than ever. We have a very solid pipeline; I think supporting our growth. If we look at the nature of the pipeline, they might be a certain evolution of the type of deals won, they are definitive, significant driver of growth, we see it. Cloud will continue to grow massively for us, and it's the third of our business. Security will continue to grow also large double digit. Engineering is growing very well, as well.

In terms of type of offerings, those are here, but I think even if we look at the Cloud, I think it is the type of deals will possibly and I am being cautious in my assessment, because the trend is to be observed over a longer period of time, but I think, we should certainly expect that a lot of the investments that our clients need to do in technology will require a business case, and therefore will have a stronger focus on cost optimization, on productivity gains, and so on. That's possibly where I see an evolution of the of the pipeline.

Abhishek Bhandari: Thierry my second question which is more on the margin side; more for medium term perspective while we understand in the current context, there is around 200 basis point impact of the acquisition, which is continuing. But if I look at the gap between our margins and our peer set margin, that gap has widened quite a bit. So, maybe if you could elaborate some of the medium-term steps you think you could take to go back to your own older levels of margin of around 18% to 19%. And you think the current softening of the supply side issues could help you achieve it faster than what you would have thought maybe six months ago.

Thierry Delaporte: One in terms of the margin, yeah, you said it certainly there was, it's a strategic choice that we have made to make some significant investments in this business to make us stronger in the future. And you are right to not only look at short term but also mid-term, where are these investments, clearly strategic move with some of the acquisitions we have made, with all the acquisitions we have made they have all been driven by a strategic objective and significant investment into talent, significant investment into our operating model and into our operational excellence, significant investment into our efficiency our market impact, significant investment as well in on freshers I think we spend more time explaining this a quarter or two ago but we didn't have a fresher strategy until a few quarters at Wipro that was at par with some of our colleagues in the market. And so, we have decided to go ambitious and really build this freshers strategy and it requires investment. Freshers are an investment that delivers over time. And so, we've made those conscious choices knowing that that would knock down a little bit the margin, we also knew that in a market where we are growing, as I said 40% of eight quarters in high demand environment with cost of people being higher would have this impact, but that is also conscious now, what did we say. A quarter ago, we said 15% is our floor, we are building from here, and we are going to progress. We will not guide as you know beyond the current quarter, but it's clear that we do not see the end of the road where we are absolutely not. And so, what are the levers, continue to drive our fresher strategy, continue to progress on the automation, where we've also made some significant investment, continue to go for larger deals, continue to go for deals delivering more value, and not only going after volume. And finally, I would say continue to work on our efficiency, we've made some significant progress, there's still more to do ahead of us. So, I'm not worried at all about our ability to continue to improve margins and close the gap with some of our colleagues.

Abhishek Bhandari: Thank you, Thierry and which you a great end to 2022 and talk to you soon. Thank you.

Thierry Delaporte: Thank you Abhishek, talk to you soon.

Moderator: Thank you. Our next question is from line of Nitin Padmanabhan from Investec. Please go ahead.

Nitin Padmanabhan: I have two questions. The first is, if you could throw some light on the restructuring cost that has impacted this quarter, it's around 136 crores, what does that pertains to you if you could give some color there. The second, just wanted your thoughts roughly from a vertical perspective in terms of how you see demand on a going forward basis, for instance capital market, specifically maybe capital markets, retail and the high-tech side of things, and manufacturing so some color on those as well.

Thierry Delaporte: Yes, absolutely. So, I'll take the first one, and I'll ask Jatin to build on it. So, on restructuring, so it's a one off, so this is not something that is to be done repeatedly. It was needed, hadn't been done for a long time and it's absolutely exclusively focused on Europe. And that was really to address some, inefficiency that we were caring for a long time. Jatin, you want to say more.

Jatin Dalal: No, it's just sitting and reconciling item, because it's a corporate action which we took at a company level. And as Thierry mentioned it is a one off, there could be probably a small tail spent there in quarter three, but nothing beyond that.

Thierry Delaporte: Now, your second question, Nitin was about sectors, right industries and an outlook for the industries. We are obviously observing the evolution of the market, industry by industry and certainly everyone has different kinds of challenges. You could imagine, I believe actually the banking sector should be holding pretty well and one it's a sector that is used to adjust rapidly to market changes, but also, it's an industry where a lot of efforts will have to be done around driving's, simplification, alignment, streamlining, and compliance is also another important topics for banks going forward. Now, a sector that has been growing tremendously over the last year and certainly is slowing down is the set of technologies if you look at the large tech, look at what they're doing hiring has been slowing down and sometimes they are even reducing headcount. And there's perceivably more slowdown to expect in this industry going forward. Another one where I could potentially see a potential slowdown if the economy worsen is a sector like retail. So, we'll see, Nitin.

Nitin Padmanabhan: Just a follow up on the restructuring cost. Post the restructuring do you think that improves the margin profile in Europe and should we anticipate that it should be a tailwind on margins, from a European perspective after the restructuring?

Jatin Dalal: Yes, so Nitin it is right that we have done this to reflect what we need from technology standpoint of future. But I don't think it would be right to equate this number with the reduction in spend going forward, because as you know in Europe as some of this restructuring cost you many years of pay. So, I would request you not to equate this with the reduction in spent, but there would certainly be a tailwind where we have reduced the employee spends.

Moderator: Thank you, we'll take our next question from the line of Ravi Menon from Macquarie. Please go ahead.

Ravi Menon: Thierry could you give us some color about how you're thinking about the demand environment in the US and Europe. So, when you called out macro uncertainty, does that apply equally in both geographies?

Thierry Delaporte: That's an interesting question, Ravi. What we observed in the past is that, typically when there is a slowdown or recession, it's steeper in America but it's quicker as well. In Europe it tends to be coming a little later, but it takes more time to bounce back. So, we will see, today the performance what's clear is if we look at our own business the growth we see in America and Europe are, I don't know if the comparison help, but I think they are, in the ballpark they are similar so there's no market that is growing faster than another. But if there is a slowdown, I'm guessing it could potentially come from America now. There is something that is specific to Europe, which is more this energy crisis. So, here also, there is a bit of uncertainty here. It doesn't necessarily impact us directly, but certainly impact some of our clients, I'm guessing, in industry like manufacturing for example, it could have an impact on Europe, if not in Q3, in Q4 we will see.

Ravi Menon: Thank you. And you spoke about how there is almost a sense of needing to accelerate the digital transformations and continue on the journeys. So, do you think that that makes technology spending a little bit more resilient in this downturn compared to what we've seen in the past like either the GFC or in 2001?

Thierry Delaporte: I am convinced that indeed you're right. Technology services company are a lot more resilient than they were, absolutely no doubt because technology is not a seen as a cost to reduce but seen as a mean to transform organizations. And that is systematically what I'm hearing from clients, systematically the fact that when you are connecting with the CEO is talking about technology. It's part of his priorities was not the case in the last economic cycles. So, it is definitely different and there is no doubt that when you're working on topics, like security, take the topic of security, I don't see this market slowing down. If you look at what we are doing in cloud, definitely not slowing down now for sure, it will have to be at the back of business cases right, but clients are very mature and they know what technology can bring to them and they know why they are investing in technology. So, to your questions and absolute and frankly yes.

Moderator: Thank you. Our next question is from the line of Mukul Garg from Motilal Oswal Financial Services. Please go ahead.

Mukul Garg: Thank you. Thierry I just wanted to follow up on the consulting business, it kind of sounded that you expect consulting to be a bit slow in the near term, given the volatile demand environment, how do you think about the profitability of the business in the near term, because this business usually has very high operating leverage and slowdown kind of impacts the profitability meaningfully. So, how should we think about the profitability aspect and consulting in general, I'll have a follow up question after this.

Thierry Delaporte: Okay. So, first talking about the consulting business. One point interesting to note, consulting is slowing down from where we were drawing some quarters ago it's true, but what's interesting is that consulting continues to drive growth in our business. If you look at our banking sector for example while Capco growth has been slowing down, the impact of Capco to us winning large deals in the financial service sector is higher than it was, we win more synergy deal, we win more deals that we wouldn't have won and those deals drive, more value, they are more strategic and so from that standpoint they continue to drive positive impact for us. From a profitability standpoint, you're making a good point, you're absolutely right they are agile, it's part of their DNA to react and adjust to the demand rapidly. And that's exactly what we are seeing actually as they are slowing down margins are improving.

Mukul Garg: Okay. So, you expect consulting margins to improve as the growth moderates, not the other way around?

Thierry Delaporte: Yes, that's what I'm seeing for Q3.

Mukul Garg: Understood. The second question was also on the profitability side. If we look at the net adds quarter, and the continuing decrease in utilization, can you just share some thoughts on how we should look at growth versus profitability trade off over next few quarters, while I understand you have scope and you will seek improvements in both of them, is there some point where you think you need to prioritize one over other?

Thierry Delaporte: So, if I look at the situation from a client to another you may have different situation where sometimes there's a bit of a tradeoff to do between margin and volume, but as an organization let's be clear on the margin side, we will not go down from where we are. So, that is a clear position on margins. Our objective is to continue to grow, certainly and drive profitable growth. So, that's continued, we are no doubt balancing growth and profitability. When you are referring to headcount evolution and so on, what we had said in Q1 if you remember is, we had made the conscious decision to make quite a material amount alright, significant amount of hiring knowing well that we could end up the quarter with a little more headcount and a bigger bench than expected. And I'm excluding freshers in my statement, because we needed to get ready for the demand that we were seeing in our business. But we also made the conscious decision to invest in our fresher's. And so, we've just followed the strategy we haven't changed. We have hired in H1 as many freshers as 75% of the total number of fresher's we hired last year, over 12 months. And those are investments because we knew we needed it to continue to improve our operating model while being able to deliver and respond to the demand. This quarter if you look at the utilization part of the utilization is obviously impacted still by the volume of freshers, but we've continued to optimize, our capacity and manage deliver a significant increase of the revenue without having any significant increase of our headcount. It's actually the meal of what we had said a quarter ago.

Jatin Dalal: Mukul, I will just add to the point which Thierry made where he said we continue to utilize this talent that we hired earlier, while it may not reflect in the numerical utilization number that you are seeing in data sheet, because it has effectively the more experience or lateral bench has got utilized, it has got replaced by a higher-pressure bench. So, economically, we have got an upside in quarter two out of utilization, but it is not reflecting yet in the numerical number.

Mukul Garg: Understood. Jatin if I may ask one question on capital allocation, you have in past mentioned about focus kind of moving towards acquisitions. Given the environment in which we are, do you think we need to take a step back from an acquisition point of view from inorganic growth point of view and kind of move on to more cash return to shareholders, or is this the time to press accelerator on the pedal?

Jatin Dalal: So, Mukul we have always mentioned that acquisition remains the core part of our strategy, so there is no change in that position. We also mentioned that 50% of the cash that we generate, net income that we generate we will return back to shareholders and that also we will consistently maintain, we had one of our special dividends that we announced in Q4 FY22 as you're very much aware. Acquisition decisions are a factor of many things, especially apart from the attractiveness of the asset it's also a factor of willingness to sell price correction in the market, and so on and so forth. But, overall, our position remains on the acquisition as well as on cash distribution back to shareholders consistent with what we have said in the quarter. Thierry if you'd like to add.

Thierry Delaporte: No, thank you, you said what I would remind Mukul is that what we've always said is that acquisitions, we do them for strategic reasons. So, we do not have a number like we need to do x number of acquisition in a given year. What is driving a decision is really, does it make sense, is it a sound decision from a strategic standpoint. And so that approach doesn't change for us. Now, acquisition will never be used to offset organic focus, organic focus is what's driving our day to day the acquisition is really in order to get us to reinforce our opposition, in a place where we have already a strong position or strengths but we believe we can accelerate and have a bigger impact or actually acquire a new capability or a set of new technology or new relation with clients. So, clearly strategic drive the decision. It's never tactical and in second point, Mukul is we do not have a number to fill so there's no such thing as we have to do an acquisition. We do it when it means, when it's right for us.

Moderator: Thank you. Our next question is from the line of Manik Taneja from JM Financial. Please go ahead.

Manik Taneja: I wanted to pick your brains about the aspect that while you mentioned that you have been investing in our talent supply chain. But generally, for the Indian origin or the Indian heritage IT services players, we have seen margins now being at least if not on par but being lower than pre COVID level. And that's the case for us as well, while for some of our global competition, both from the European heritage players as well as US, in their case we haven't seen any margin deterioration. So, if you could help us understand what do you think essentially explains the disconnect in terms of the margin profile, or the impact on margins for Indian companies versus the global peers?

Thierry Delaporte: You asked me to comment the margin trends of my colleagues, is it what you're asking me to do. I have too much respect for them to do that.

Manik Taneja: No, so I will just repeat my question, while all the players have seen.

Thierry Delaporte: I get that Manik, I'll try my best, okay. But don't hold me against that, I'll try. So, what happens is that, why have the cost gone, why has the margin been impacted, because of the evolution of the cost of employees, why the cost of the employees have gone up, because in a high demand market attrition has gone up, attrition needed to be backfield, and backfield was with more expensive resources. It's what anybody in our industry has experienced, but also our clients have experienced in the last 12 months. Now, it is a reality that is uneven from one market to another, one market where it's been extremely true is India and so the companies that have the biggest part of their headcount in India have been most impacted. It's a reality, that would be my explanation.

Manik Taneja: Sure. Thank you Thierry, but I also wanted to get a sense on how do we think about price increases over the next six to nine months given the macro volatility do you think price increases still continues to be a margin lever for the industry over the next six to nine months?

Thierry Delaporte: Over the last quarters it has been the case, we've been able to raise prices with a lot of our clients, and we've really driven conscious focus on that, just to make sure that obviously our client understood that given the reality of the supply pressure if you like, it was the same way they see inflation we also were exposed to the same situation and most of our clients want us, do not want us to be no pressure from that standpoint. So, we've been able to work on it pretty well quarter after quarter. Will it continue, that's, we are assuming for the time being that yes, it should continue but market can change at some point in time where it becomes more difficult. I don't see it, for the time being I believe that we should continue to expect price increase from our clients. Certainly, our view.

Moderator: Thank you. Our next question is from the line of Sudheer Guntupalli from Kotak Mahindra AMC. Please go ahead.

Sudheer Guntupalli: Jatin probably this question has already been asked but net utilization ex-trainees it has dropped almost 400 basis points, any client drop off or any project drop off that is causing this reduction?

Jatin Dalal: Sudheer thanks for asking that question. No, there is no such drop-off. I will just define it well, I don't think the net utilization excluding trainees, the trainees are the fresher's who are getting trained in the organization. So, that's a very limited period for that, it is not a utilization excluding fresher's, who have come on board. So, it's for a very limited period that they are, in training for a couple of months where we exclude it. So, as they've completed the training, and they've gone on projects and they are becoming productive during that period of time, they come in this definition of overall bench and that's why you're seeing a reduction. However, as I mentioned before, the economic utilization of quarter two has very clearly improved compared to quarter one and that has given us benefit. So, I will request you for this quarter not worry about the numerical aspect of utilization.

Sudheer Guntupalli: Sure Jatin. Just a follow up so, as these resources start getting bill to the projects, you should see a sharp increase in utilization in the coming quarters is that a correct understanding.

Jatin Dalal: Yes, we will see an improvement in utilization as we move forward as they become more and more revenue generated.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference back to Ms. Aparna Iyer for closing comments.

Jatin Dalal: Before Aparna goes on, behalf of Thierry, me, Saurabh, Stephanie and entire Wipro team we wish you a Happy Diwali and brilliant New Year for those who take it as New Year and over to Aparna.

Aparna Iyer: Thank you all for joining the call. In case we couldn't take any of your questions. Please do feel free to reach out to the investor relations team. Have a nice day and Happy Diwali again. Bye.

Moderator: Thank you. On behalf of Wipro Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.

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