



**July 22, 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 July 20, 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**

# **Q1 FY 2023 Earnings**

# **Conference Call**

**July 20, 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 Q1 FY'23 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 '\*' and then '0' on your touchtone telephone. 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:** A very warm welcome to our Q1 FY'23 Earnings Call. We will begin the call with "Business Highlights and Overview by Thierry Delaporte, our 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 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 detail filings with SEC. Wipro does not undertake any obligation to update forward-looking statements to reflect the events and circumstances after the date of filing. The conference call will be archived and the transcript will be made available on our website. Over to you, Thierry.

**Thierry Delaporte:** Hello, everyone and absolutely good evening. Thank you for joining our Q1 Earnings Call.

Let me first tell you that as I speak to you today to share our financial performance, I'm both humbled and excited, humbled to have had the honor of leading this incredible company for exactly two years now, and excited for what lies ahead of us.

As always, I'll share with you a view on the demand environment and also offer some details on sectors, markets, service offerings, as well as business outlook for the quarter ahead. Despite the uncertainties of the macroeconomic environment, if I look at the pipeline, order bookings and the discussions we are having with our customers, there has been no slowdown or pullback of spends for us.

The demand for our IT services is robust. And I must say I'm thankful for that. Our overall pipeline is actually in fact at an all-time high, and it continues to be renewed as we are winning deals at a pretty good pace. High growth services like cloud, like digital, like engineering services or cyber security are seeing definitely strong interest from our clients. Led by our FullStride Cloud Services more than half of our bookings today are attributable to these strategic focus areas. And we believe this rotation to high growth areas is going to accelerate. Our bookings in cloud are up 35% year-on-year and engineering services booking literally doubled.

**Overall bookings** for the quarter were very solid. Our bookings in **total contract value (TCV)** terms grew at 30%-plus year-on-year and in **annual contract value (ACV)** terms grew 18% year-on-year. Three of the four markets grew upwards of 25% year-on-year in TCV terms. I've shared this with you in the past the large transformative deals are a key pillar of our growth. They provide

excellent opportunities to showcase our capabilities and scale. But I'm pleased to share that our large deals bookings were nearly \$1.5 billion this quarter, which is almost 3x of what we did last quarter and the majority of these are new.

Our **revenue** growth during the quarter was at 2.1% in constant currency terms and 17.2% year-on-year. We grew 15% plus year-on-year across all markets. We are investing heavily in talent to support our ambition growth plans for the year. We added fresh 15,000 net new talent during the quarter.

In line with our strategy to reinforce our cloud and consulting capabilities, we completed the acquisition of Rizing last quarter. Rizing is a global SAP consulting firm, one of the leading strategic partners in the world for SAP. Rizing will become a critical extension of Wipro's SAP Cloud practice, but also Wipro's FullStride Cloud Services.

Our Q1 operating margins as anticipated were lower at 15%. This is because we're investing in solutions and capabilities for us to further strengthen our position as a strategic partner for our clients. But we've also accelerated structural transformation by investments in freshers in and IT, that will help drive operational efficiency and agility. The inorganic bets we made to accelerate our growth are presently diluting our margin by 2.3% as a reference, and at 15% we believe we have bottomed out.

I will now provide some finer details on markets, service offerings and on sectors. All markets grew double-digit. With the Americas and Europe, our top two markets growing at 18% and 16% for the quarter year-on-year in constant currency terms. Let's go through each of these regions in details:

In Americas 1, we grew 20% year-on-year in the quarter with all sectors showing strong growth. During the quarter, technology products and platforms grew 37% year-on-year, and communications, media and information services grew 26%

Let's look at Americas 2. We grew 17% year on-year in Q1. Financial services and manufacturing, led the performance, recording a growth of nearly 30% each year-on-year. This order book in total contract value term grew nearly 30% year-on-year in Q1.

Now, let's look at Europe. Our European business delivered a year-on-year growth of 16% in the quarter gone by. UK, Ireland, Southern Europe and Benelux grew at/or over 20% year-on-year. Our pipeline here is robust and we have won many large deals in the market. Order book in total contract value terms grew at 40% year-on-year.

Finally, our APMEA business grew at 15% year-on-year in Q1. The region that did particularly well during the quarter were Australia and Southeast Asia. But here also, overall, the order bookings in total contract value terms were very robust, growing at 60% year-on-year.

We said as part of our strategy continuing to strengthen client relationships remains a top priority. We have created segmentation strategy to grow in key markets by not only deepening our relationships with our existing clients but also bringing on new clients who are looking for a strong

business and technology transformation partner to help them digitize their business. As I mentioned earlier, we are pivoting our go-to-market investments to allow us to do this. As a result, our top five clients grew 26% year-on-year and our top 10 clients grew 22% year-on-year both in constant currency terms. If we look now in the last 24 months, we have doubled our clients in more than \$100 million segment to 20, so from 10 to 20. We also added eight clients in more than \$50 million segment just in the last 12 months.

Now, from a service offerings standpoint, our iDEAS Global Business Lines grew 21% year-on-year in Q1. This growth was led by 1) digital experience 25% year-on-year; 2) domain and consulting which grew over 45% year-on-year; and 3) engineering services which grew 18% year-on-year.

And then our second Global Business Line, our iCORE Global Business Lines grew 11% in Q1. You will certainly appreciate that this performance comes against a backdrop of accelerated rotation of portfolios to the new high growth areas I talked about earlier.

And cybersecurity services led growth was 34% year-on-year in Q1. Improved customer and employee experience are definitely fueling this growth in iCORE. Our customers want us to reimagine what I would call traditional services such as end user computer computing services or human resource outsourcing.

Leading with business solutions has been one of our key differentiators. Our role as a cloud ecosystem orchestrators which we prefer stride allows us to increase opportunity to grow our business. Last month, we hosted our first ever FullStride Sales and Partner Summit, featuring 23 of our cloud partners. Together, during several days, we strategize around new opportunities and committed to working together to help our clients transform into cloud. There was tremendous energy across our teams. In the market, we are partnering closely with Microsoft, for example, to help one of our large healthcare clients transform their legacy infrastructure to Microsoft Cloud.

Now, our engineering services have grown at a compounded growth rate of 4% over the past four quarters, which is showing the consistency in growth. Given the depth of our services and capabilities here, I can proudly say that we are a true leader in engineering services. And this week, we have launched Wipro Engineering Edge, our full stack portfolio of engineering services. We know this will enable our clients to innovate at scale. This also extends our engineering edge by combining capabilities such as Cloud, 5G, AI, Industry 4.0, IoT and Silicon Design.

Engineering Edge is already having an impact in the market. For example, leading mobility technology company has chosen Wipro as an extension of their global engineering team to support them on the development of software-defined vehicle applications. We also won a multi-year engagement with a leading US based semiconductor corporation to provide VLSI and system design services across a variety of products globally. We will help meet the quality standards required of semiconductor chips using applications such as high-performance computing, self-driving cars, design and visualization, deep learning, AI.

I will share a couple of examples before I move on. Wipro has won a very strategic engagement to assist in the digital transformation journey of a leading US-based fund administrator. We will provide a range of services including digital contract management, cloud migration with Wipro's FullStride Cloud Services, quality and process engineering as well as create a talent transformation roadmap for the client's workforce.

Wipro has also entered a multi-year strategic agreement with one of the world's leading energy technology companies. Here, we will reimagine the employee experience for the firm's 70,000 plus employees across 75 countries.

I now share the view of our talent landscape. You may remember I had shared earlier about a shift in our talent strategy towards fresher intake. In line with that, we have onboarded more than 10,000 freshers in Q1. Now, why we are on the subject of talent? I want to share that our attrition has continued to moderate, right. That's three consecutive quarters of improvement in employee retention in reality; in Q1, it was down to 23% on the trailing 12-months basis and we expect further moderation ahead.

Talent investments I believe are paying off. That's what it says. If you recall, we announced moving to a quarterly promotion cycle, which will be effective, actually July 2022, and salary increases for all those eligible in September of this year 2022.

Before I close, I will share an outlook for the next quarter. We have guided for a revenue growth of 3% to 5% in Q2, which will translate to growth to be precise 11.6% to 13.8% on year-on-year in constant currency terms. With this guidance for Q2, let's be clear, we will very comfortably grow in double digits for fiscal year 2023.

In summary, all our markets are growing. We have doubled our 100 million strategy clients. All our bookings are strong. Our pipelines at an all-time high. I sound very optimistic about the rest of the year.

With that, I'll hand it over to Jatin now for his comments. Thank you.

**Jatin Dalal:**

Thank you, Thierry. I'll share some data points. As you know, we grew 17.2% year-on-year in constant currency terms. We delivered a net profit of ₹25.6 billion. Our ETR for the quarter was 23.7%, which is an industry leading ETR. We had hedges of \$3.9 billion. The exchange rate realization for Q1 was ₹77.81. On a trailing 12-month basis, we have converted 68% of our net income into operating cash flow. And as at the end of the quarter, we had \$3.9 billion of gross cash on the balance sheet and \$1.7 billion of net cash on the balance sheet.

As Thierry mentioned, we have given a robust revenue guidance of 3% to 5% for Q2 at the exchange rates which I mentioned in our press release. And we'll be very happy to take your question from here.

**Moderator:**

Ladies and gentlemen, we will now begin the question-and-answer session. Our first question is from the line of Moshe Katri from Wedbush Securities. Please go ahead.

**Moshe Katri:** Thierry, just a big picture question for you. Now the Capco anniversary as we speak, at this point, you're not going to get the contributions from Capco that you've. How do you try to fill on that gap down the road and obviously you spoke about some of the different areas that you're focusing on in terms of high growth initiatives that we can get some color on that and some detail on strategy? Thanks a lot.

**Thierry Delaporte:** Moshe, Capco's acquisition was finalized about a year ago. We celebrated one year of Capco in the Wipro family a few weeks ago. It's been an absolute success. Obviously, always early to say after one year but frankly, the way the team has integrated and maintained the focus on the market, the way this team has continued to play its role and started to connect with the Wipro BFSI business to develop common go-to-market strategy with our key clients has been really remarkable. Capco, quarter-after-quarter, the growth has been extremely strong. Capco has not seen any acceleration increase or easing of attrition after the acquisition. Capco is very much involved into BUs. And, frankly, we are not seeing slowdown in the growth of Capco. The performance in bookings in the last two quarters of Capco has been solid. This quarter again the pipeline is strong. We know that typically sometimes consulting business are more exposed when there is a slowdown, but this is not what we are seeing. And I think it comes from one aspect. One, it's the quality of the relationship built by Capco with its clients, one. Second, the fact that it's truly connected to their digital transformation. We are seeing a certain shift sometime not of the volume of opportunity, but the type of opportunities of clients who are still looking to transform, but with the ability to drive more productivity improvements and Capco is very much geared to address these challenges as well. So, at the end of the day, Moshe, Capco is going well, and is a very solid contributor to our performance.

**Moshe Katri:** So again, just as a follow up, now that your anniversary of that acquisition, are you comfortable that you're going to be able to sustain the growth that you've seen, and I'm talking more about the year-over-year growth cost that seem to be moderating in Q2 versus Q1?

**Thierry Delaporte:** The answer is yes.

**Moderator:** We'll take the next question from the line of Mukul Garg from Motilal Oswal Financial Services. Please go ahead.

**Mukul Garg:** Thierry, I would kind of add on to probably a broader consulting piece. Last two years, you've added quite a chunky bit of consulting revenue to Wipro. Given the recent macro environment, what are the risks you are preparing for in this business because the past experiences to all of us that advisory work generally slows down at a faster pace compared to the demand, which is out there for the cost optimization piece which generally gets highlighted during weaker times. So, if you can just highlight both from a cost aspect as well as how you are managing or looking forward to the growth in the consulting business over next one year, it would be great. I also had a question for Jatin. How should we see the wage cycle play out after the shift to the quarterly promotion cycle? Thierry just mentioned that the wage hikes have been pushed out to Q3. Is that the right assumption? And besides utilization, what other immediate levers do you have which can help you take up the margin over next two quarters?



**Thierry Delaporte:**

Mukul, let me take the first question and then I'll pass the mic to Jatin. I suspect your question was specific to consulting but broadly, looking at the different consulting component of the business. At Wipro, we really have a consulting business that is really very much connected with our technology business, right. So, it's not uncommon. The proportion of our business that actually combined consulting and technology capabilities is significant. So those are not standalone consulting business, just selling to different types of clients. And I think it changed a lot, the landscape because the reality is that, as you said, let's start with we are listening to what, the analysts, what the market, what the journalists have to say about macro environment. When we hear that we pay attention to potential implications for business. But then important is the connection with our clients, right. I'm speaking to clients every single day and having discussions about macro environment. They are like us, seeing those same signs between a war on the side, on one side of the world inflation, interest rate, potential clouds on the economy in a given country or another. But they also have learned over the last two years about technology. When I say they have learned, they have reinforced the conviction during the last few years that technology is not a cost center, it is a driver of transformation. Now, what might have happened or might happen now is that in some cases, we're driving program to drive to develop new business models or improve experience, I think they are possibly going to more focus on drive productivity gains and reduce the cost of running the business. But that's completely feeding with our capabilities and solutions that we have. We are indeed helping them leveraging technology to drive the transformation and improve their productivity. So, at the end of the day, consulting is an integral part of our go-to-market strategy. They are working with our technology teams, they are developing opportunities in the pipeline, they're winning deals together. If you look at the Rizing business, we already have several leads, where the Rizing team and the SAP team of Wipro are working together. The first question was on Capco. We have had more than 60 joint wins in the last 12-months. And so, this is really what's driving the growth. I confirm today we are on one end I don't want to be arrogant, I want us to continue to stay vigilant and observe the market and see and be ready to react when there are different signs. Okay, that we cannot predict always. But what I'm telling you is that as we speak right now booking performance solid for Q1, I should say, even extremely solid, pipeline all-time high and extremely good engagement with our clients. So, the level of confidence on our growth going forward is solid.

**Jatin Dalal:**

Mukul, let me articulate the levers that can help us improve margin from hereon. I see six levers. The first is clearly utilization. As you know and it is visible in data sheet before including freshers or excluding freshers you will see around 5% away from what was our peak utilization. So, that's first. Second, subcontractors as borders and travels are difficult for all of us and particularly have accumulated certain amount of subcontractors, which we will be able to moderate every quarter going forward, that should provide additional lever because the cost of subcontractor is typically about 30% higher than your own employees. So that is second. Third and most important lever is the pyramid and fresher improvement. As you know, we have hired in FY'22 more than double of freshers that we hired in FY'21 and in FY'23, we will hire another more than double, which means that our ability to correct the pyramid through consistent improvement of the base and moving people up through the pyramid would be a big structural lever. In fact, that is the only lever which can reduce the cost pressure that we have seen in last 18-months. The fourth lever is pricing power. The attrition on one hand and our ability to position ourselves very differently, for example,

the Agile acquisition puts us in a very different space of consulting in cybersecurity and the rates that reflect very differently than what you would see in a traditional managed services business of Wipro. So, pricing for right services. Cloud is another area where we have invested heavily in our ability to command price there is definitely much better than the traditional areas that we're working. That's the fourth.

The fifth is attrition itself because one of the biggest impact on our cost structure is when you are simply replacing similar skill and similar capability and similar experience, but you are paying a premium to a lateral of 25% to 30% as we spoke about and as you are aware, the attrition is moderating and that should certainly give us lever.

And finally, the operating leverage as we work through as the growth comes back, not all cost structure should go up in-line with the growth of the revenue. So, there are levers, I do not want to, for a second believe that there are not sufficient levers in our business to get back to a structural superior position from the margin.

**Mukul Garg:** Thank you. Just if you can clarify on the wage side part after shifting to the quarterly promotion cycle?

**Jatin Dalal:** We are not making any shift. We have said, we will give wage increases on 1st September. And we have given the promotion from 1st July. And these are the areas of investment for Quarter 2.

**Moderator:** Thank you. Our next question is from the line of Kumar Rakesh from BNP Paribas. Please go ahead.

**Kumar Rakesh:** My first question was on your earlier commentary on margin in previous quarters that you had talked about a margin guidance of 17% to 17.5% for foreseeable future, and below that for the next couple of quarters. So, where do we stand on those commentary, and specifically about the band of 17% to 17.5% by when do we expect our business to get back, in the context of potential macro headwinds in the second half as well?

**Jatin Dalal:** You are absolutely right, we, in the beginning of last quarter, we said that we will be away from the range of 17% and 17.5% for a few quarters. That was also purposeful because we were planning to invest in the business apart from the fact that some of the operating expenses were coming back like travel and facilities. And those investments have been made, roughly of 2% point, 1.5% point comprises of 20 basis point for the rising acquisition dilution for a month or so but more importantly, nearly 1.3% is on three areas, utilization, which I spoke about before, subcontractor and some of the internal investments that where we have made in IT, to make ourselves far more efficient, agile and productive over a period of time. And those investments have been made.

We said this is the bottom, and from here on our endeavor would be to come back to the guided range that we spoke about before. However, we will calibrate it every quarter, we are not giving a time window or by when we will come back. For Quarter 2 specifically, I spoke before that we will have to invest in talent. So, whatever efficiency gains we are making it will get invested back into

the business in Quarter 2. And beyond that we will talk at the end of Quarter 2 rather than making a comment beyond that today.

**Kumar Rakesh:**

My second question was around the Capco acquisition. So, one of the rationale we had at the time of Capco acquisition was that it will give us a scale in BFSI. And also, the consulting capability which comes with Capco, should help us and start delivering strong growth in the BFSI vertical.

Over the last few quarters, we have seen that the BFSI vertical has been doing reasonable growth, but it hasn't been outperforming the industry per se. So, are we still seeing the benefit yet to accrue from that acquisition in the BFSI space? Or is it something which we are happy with what we have achieved so far?

**Thierry Delaporte:**

Rakesh, you know we always expecting, always more in terms of growth, but the reality is that our BFSI business today is growing 24% year-on-year. And I think what is very visible and comforting for us is that not only we have driven growth in terms of volume, if you like, but also in terms of position in those accounts. We have increased the number of large accounts. We have increased the nature or we have changed the nature of our relationship with our clients. And we are a lot more able to work with them on more strategic initiative than we were in the past.

So, I think it's absolutely, certainly we can do more and we will continue to do more. We have continued to reinforce our setup, if you like to trigger even more impact on the larger accounts. But frankly, I think we can say after a year that it's really a success, 24% year-on-year is a decent growth, I would say.

**Moderator:**

Thank you. Our next question is from the line of Sandeep Shah from Equirus Securities. Please go ahead.

**Sandeep Shah:**

If I just look at one metric of revenue per employee on a YoY basis, it has gone down by 8% in the IT services. And this is despite a high revenue yielding companies acquired like Capco Rizing and the Agile as a whole. So, what are the reasons for the same, I do agree utilization has gone down, but that explains partly not for me as a whole. So, what are your views, is it some traditional business has a higher pricing pressure?

**Jatin Dalal:**

If you see the overall offshoring trend, it continues to be very favorable to Wipro. And when the offshoring trend is favorable to Wipro, realization is one-third in India. So, that has definitely played out in terms of IT services per employee realization coming down. I am not seeing from a pricing power standpoint, any concern where we are giving away price discounts. In fact, I would think, it could be a little bit of portfolio play. In fact, I would believe that if you adjust for offshore, you will see a strength there because we have added Capco, we have added Agile, we have added Rizing which are high significantly higher realizations generative business by design.

**Sandeep Shah:**

So, just a follow up question in terms of the consulting company like Capco and Rizing, and Thierry, your comment regarding sensitivity to macro issue are slightly higher for these consulting businesses. So, how flexible we have in terms of cost management within this Company as a whole, both in Capco and Rizing. If slowdown happens, you believe the margin of these companies

can slide. And if we try to manage the margin, we believe we are running a risk of high attrition as well in this Company?

**Thierry Delaporte:** Let me tell you one thing, we have obvious levers to pull to improve the margin of our consulting business in particular Capco, but also Rizing, which is to continue to develop the offshore component of this business. And we have a lot more to do in that area. So, you know, certainly we will do it. And for the rest, I think we have also triggered a certain volume of cost synergies between these business for Capco, for Rizing it's obviously very new so nothing for now, but I think, we will continue to work on those aspects as well. Jatin you want to add something.

**Jatin Dalal:** Only additional point I want to make is these are not small businesses. These are large businesses with the right amount of governance, of the profitability management, where they have been in existence for a long period of time, they have seen ups and downs. They are able to carry themselves through one phase to the other. So, we remain quite optimistic that right now, we don't see anything, but even if two years down the line there is a downturn, we would be able to manage the cost structures quite well.

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

**Nitin Padmanabhan:** This time you are pretty bullish on growth itself, based on the pipeline and the kind of deal wins that you have had. Just wanted some color on what you saw this specific quarter, considering that the organic growth was just around a percent, is it the annual productivity benefit cycle that has sort of driven the weakness? Or is this something that you had anticipated earlier? Or was it a surprise, just, broad thoughts and anything from a vertical standpoint would help.

**Thierry Delaporte:** Nitin, honestly speaking, if I am not wrong, for six quarters we have guided every quarter, between 2% and 4% of growth and for six quarters, we have guided, we have delivered north of the middle of the guidance, and sometimes above the guidance itself. In early Q1, we said, this quarter we see a little less than 2% to 4% it doesn't necessarily reflect a slowdown, it's just you know, sometimes because you have a deal that is starting here or the previous quarter you had a bigger deal or just the nature of the type of deal, you see a little less and so we guided 1% to 3%. And we are delivering right in the middle of the guidance.

When we guided on 1% to 3% for Q1. We have been delivering north of 3% for six quarters in a row. And you could expect that one quarter, you have a little less, and then another one, you have a little more. And so going on that it was not reflecting in any more profound, more deep trend of our business. And the performance in bookings in Q1 is just confirming this. We have done really well in the business, in our bookings, in Q1 across the whole markets and across sectors. And we have a good mix of small deals, medium deals and large deals. We have closed 18 large deals. We have had 3x in terms of performance of what we had done a quarter ago. And I think it's also, I would say it's all the efforts and investment made over the last quarter that are paying off.

And so, when you combine the visibility we have on our backlog, if you like, account-by-account that you add the bookings performance of the quarter, I think that's how we are coming with a guidance that indeed is rather strong for Q2 of 3% to 5%.

**Nitin Padmanabhan:** Actually, the context of the question was that, historically, we have always seen a weak Q1 for Wipro. And the thought process was that this should sort of come down with the acquisitions in terms of that seasonality. Although it has come down a bit, the only, but what I was trying to sort of understand was, is this here to stay in terms of seasonality and then should sort of slowly sort of reduce on a going forward basis for Q1. I was thinking more from that aspect, then trying to nitpick Q1.

**Thierry Delaporte:** Nitin, I am challenging the seasonality aspect of the growth. I don't think there is necessarily a seasonality certainty to Q1. I don't really understand the rationale behind that. No, I think don't assume that, and don't assume that there is any season gain between Q1 and Q2, I think it's the flow of business that are delivered every quarter.

We had done very well in bookings in Q4. But we had said at that time that it was mostly driven by smaller and medium deals. We had fewer large deals, okay. I think the volume of large deals and we all know that the volume of large deals is driving a little more growth and that's what we are seeing for Q2.

**Nitin Padmanabhan:** Just one quick question for Jatin, if I may, Jatin the wage increase cycle, we had shifted to September it starts September. So, it's exactly the same as what it would have been if it was, it's just shifted by a quarter, that's the way I should think so October, November, December will be a full quarter of impact for that and the quantum of increase will probably be the same?

**Jatin Dalal:** See the quantum of increase will be something that Saurabh will determine closer to the date as he gauges the environment. But what I want to remind all of us, is that it is I think the wording, shifting is a little misplaced, because we had our last salary increase in September of last year, it is 12 months from that, and we are giving our increases after 12 months. So, it is not a shift for more than majority population of the company.

**Thierry Delaporte:** And Nitin, if I can just build on what Jatin said, keep in mind the fact that by now moving from a yearly cycle of promotion to a quarterly cycle of promotion, it has also some real implication from compensation standpoint.

**Moderator:** Thank you. Our next question is from the line of Gaurav Rateria from Morgan Stanley. Please go ahead.

**Gaurav Rateria:** So, I have a couple of questions. So, I will go one by one. The 18 large deals, very strong performance, how much of that was led by improved win ratio for Wipro? Or how much is because of overall market being pretty strong for large deal wins in the last quarter?

And a related question is that, how should one think about the contractual profitability in these large deals? Has anything changed compared to the past in terms of gross margins coming down, because of macro or things that pretty much stable?

**Stephanie Trautman:** We have seen tremendous momentum in large deals both in the quarter and the deals that we closed, and also in our pipeline, overall. The market is certainly creating these large opportunities, but we are also winning more. So, our win rates are up, our strategy to invest in the large deal team is paying off. And we are seeing a lot of momentum in the market.

In terms of margins, we are seeing margin pressure on more commoditized type services, as we compete for those, but a lot of our deals are actually more transformational in nature, where we are delivering on outcomes for clients, and therefore, we can value price our opportunity. So, it's a bit of a mix right now. But as we continue to pivot our portfolio and position ourselves better as an orchestrator for our clients and delivering those outcomes, we anticipate seeing margin improvement as well.

**Gaurav Rateria:** The second question is on Europe, you talked about couple of regions clocking more than 20% growth, but overall, Europe was I think, 16%. So, there were a couple of regions that clearly dragged out the overall growth there. So, what were the factors that drove that? Is it something again, related to the external environment or is it more a Wipro specific phenomenon?

**Jatin Dalal:** Thierry mentioned in press meeting as well as in his opening commentary that Europe remains a very strong region for us. The only reason you are seeing a slightly muted growth is Europe had a fabulous growth in Q1 of last year, which was from the 1st April onwards so Europe was at an extraordinarily base to climb on. And that's the reason you are seeing a little muted, but we remain very confident including the deal wins that we have seen in Quarter 1, as how the Europe will pan out for Quarter 2.

**Thierry Delaporte:** Okay so now I understood the point, so when you look at a growth per quarter at the level of region it's sometimes slightly misleading because of a deal like you know, Metro kicking in one quarter or another, you have certainly a step change and therefore you know the next quarter is compared with a challenging baseline. But if you look at the performance of Europe, two data points, if you look at the performance of Europe, year-on-year, it's 16% growth this quarter, so it's solid. And what we see from Europe, for Q2 in terms of sequential growth is solid as well.

So, no, we had our Board over the last two days our Chair or Head of Europe was here. And we got the opportunity to discuss with him also his perception on the market in Europe and so on. And he doesn't see signs of slowdown, frankly. And again, quite the opposite, given the volume of nice deals, new deals that he has won in Q1, the one he has in the pipe for Q2, I think there is a good level of optimism among his team at the moment for Q2 and beyond.

**Moderator:** Thank you. Our next question is from the line of Dipesh Mehta from MK Global. Please go ahead.

**Dipesh Mehta:** A couple of questions starting with first clarification, I think Jatin earlier we indicated by Q4 we should be achieving our medium-term margin aspiration. So, I want to know, in earlier one of the

question you answered, are we maintaining those kinds of outlook when by Q4 we should have normalized margin trajectory? That is question one.

Second question is about cash generation, if I look this quarter cash generation remained fairly weak. If you can provide some sense about what played out there.

And last question is about iCORE revenue, this quarter it is flattish quarter-on-quarter, despite Cloud, cybersecurity as part of the service line. So, if you can provide some sense what is playing out there?

**Jatin Dalal:**

So, Dipesh, let me clarify that I did not say that by Quarter 4, it is going to be a particular range that we mentioned before. What I said that we have bottomed out, in Quarter 2 particularly we will have whatever operational efficiency gains we will get we will invest back into the promotions and the salary increase. And from here on, we will continue to calibrate upwards, but we will guide you on that on a quarterly basis rather than telling you a particular quarter or timeframe around it. So, that was the commentary that we have made in press conference, as well as in the earlier part of earnings call.

Your second question on cash, yes, it has been a slower quarter from cash standpoint, but we are very confident that we will catch it up in Quarter 2.

And on your question on iCORE growth, a part of iCORE is also our digital operations business, which has a reasonably large presence through our HPS business which sees a great momentum of open enrollment in Quarter 4 which it did not have in Quarter 1. And therefore, while cybersecurity and infrastructure business continued to do well we had a little bit of moderation through our DOP business purely on the seasonality of our open enrollment business. And that is the reason that there is a slight moderation there.

**Moderator:**

Thank you. We will take our next question from the line of Sandeep Agarwal from Edelweiss. Please go ahead.

**Sandeep Agarwal:**

I have one question on the demand side, while you have reiterated that we are probably seeing worst times behind, but if we do the adjustment for the acquisitions still our outlook doesn't look very exciting. So, is there some conservatism which you are building in or you think that it is best to wait and watch and see how things pan out, because of the tremendous amount of fear which is there for the macros, that is part one of my question.

And part two, when you talk to your clients now versus earlier, that is two years back, is there a substantial change in their mindset regarding investing in technology, in the sense that do they believe that despite challenges in the macro, it will be very important for them from a long term perspective to invest in technology so as to maintain their market share or grow their market share going forward, or you think that, again, the dominance of cost and efficiency are on their mind rather than growth when it comes to expense, so what is your assessment?

**Thierry Delaporte:** Let me start with the clarification. So, you are saying our guidance 3% to 5% growth for this coming quarter is conservative and not exciting, is what you're saying?

**Sandeep Agarwal:** I am saying it looks a little conservative when we adjust for the acquisitions.

**Thierry Delaporte:** Sorry for that. But, you know, I think we will go with this guidance. And for sure, trust we will do our best to surprise you okay. We didn't say that the worst was behind actually we have never said that. I think we are connected with the market every day and we are saying that the demand that we have seen in the last quarters continue to be good so that's what we have said. So, this is in terms of market outlook, frankly, there is demand for technology, expertise, capabilities, talent. And in the areas that we are talking about Cloud, engineering services, cybersecurity, data, digital transformation, we have plenty of opportunities.

And again, I don't think we are neither being, we are trying to be realistic in our guidance. We are not trying to be conservative, no being overly optimistic, it is definitely not our way of guiding.

**Sandeep Agarwal:** I just wanted to understand a little bit more about how your clients are thinking now, given the current macro situations?

**Thierry Delaporte:** It's always difficult to respond in few minutes to a question like this, because clients have, different industries, different reality, different markets, but I think what's visible, see Sandeep, a week ago, I was in London visiting one of the largest insurance company speaking to the CEO. He has absolutely no intention to reduce the spend in technology. In fact, at no point in time in the discussion, did we ever discuss the concern about the cost of technology. What they are looking for, is really more the outcome. So, what is it going to drive? So, I think that's why I believe that in the way we are structuring our proposals to our clients, we are getting their attention when they can see immediate impact of the technology investment into productivity gains. It doesn't mean 100% of the programs are with that in mind, but I think there is a growing focus on this in the current macro environment.

**Moderator:** Thank you. Ladies and gentleman, we take that as a last question. I would now like to hand the conference over to Ms. Aparna Iyer for closing comments. Over to you, ma'am.

**Aparna Iyer:** Thank you all for joining the call as always. In case we cannot take any questions due to time constraints, please feel free to reach out to the Investor Relations team. Have a nice day. Thank you.

**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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