"Wipro Limited Q3 FY'25 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day and welcome to Wipro Limited Q3FY'25 Earnings Conference Call.

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 Mr. Dipak Bohra – Senior Vice President (Corporate Treasurer & Investor Relations). Thank you, and over to you, sir.

Dipak Bohra: Thank you, Yashashri. Warm welcome to our Q3 Financial Year '25 Earnings Call.

We will begin the call with "Business Highlights and Overview" by Srinivas Pallia – our Chief Executive Officer and Managing Director, followed by "Updates on Financial Overview" by our CFO – Aparna Iyer. We also have our CHRO – Saurabh Govil on this call. Afterwards, the Operator will open the bridge for Q&A with our Management Team.

Before Srini 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 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 available on our website.

With that, I would like to hand over the call to Srini.

Srini Pallia: Thank you, Dipak. Hello, everyone. Thank you for joining us today. Our best wishes for the new year.

2024 was marked by macroeconomic challenges. 2025 looks more hopeful and resilient. Our clients are cautiously optimistic, and discretionary spending is slowly coming back. While cost optimization remains key, we expect significant growth in AI spending. We are committed to driving innovation for our clients by leveraging the transformative power of AI.

Let me now turn to the financial highlights of the quarter. All the growth numbers I share will be in constant currency:

Our IT services revenue for Quarter 3 was $2.63 billion reflecting a sequential growth of 0.1% and degrowth of 0.7% on a year-on-year basis. This takes us slightly above the upper end of our guidance.

We ended the quarter with a TCV of $3.5 billion in bookings. Our operating margins came in at 17.5%, an expansion of 0.7% quarter-on-quarter and 1.5% year-on-year. This is a 12-quarter high. And I want to take this opportunity to thank our delivery teams for driving execution rigor.

Our Capco business continues to see improved demand. Order book grew by 9% year-on-year and revenue grew 11% year-on-year.

In our strategic market unit performance, we saw steady growth in demand across Americas, while Europe and APMEA remained soft for us. Americas 1 grew 3.9% sequentially and 3.7% on a year-on-year basis. Growth was primarily led by health and technology and communication sectors. Americas 2 degrew 0.6% sequentially and grew 1.2% on a year-on-year basis led by BFSI sector. Europe degrew 2.7% sequentially and 4.6% on a year-on-year basis. APMEA degrew 2.1% sequentially and 8% on a year-on-year basis.

Moving on, three of our five industry sectors recorded year-on-year growth, reflecting the progress across key areas. Health maintained its momentum growing 6.7% sequentially and 4.5% year-on-year. While BFSI degrew by 1.9% quarter-on-quarter, the sector grew 3.4% year-on-year. Consumer degrew by 0.9% quarter-on-quarter and grew 0.4% year-on-year. Energy, Manufacturing and Resources grew 0.4% quarter-on-quarter and declined 8.7% year-on-year. Technology and Communications degrew 0.6% quarter-on-quarter and 5.3% year-on-year.

I would now like to share some updates on our strategic priorities that we had called out:

In Quarter 3, we closed 17 large deals with a total value of $1 billion across markets and sectors.

I would like to give you two examples in this context. We won a vendor consolidation deal with a leading American retail and distribution company. As a strategic partner, we will transform their merchandising, sales and supply chain functions. In fact, our AI-led approach across engineering, digital, infrastructure and application services was crucial in helping us win this deal.

My second example is a leading airline in the Middle East that has partnered with us for end-to-end technology modernization. As part of a long-term contract, we will design and implement a customized cloud-based solution to improve operational agility and resource utilization. Again, using AI-powered industry solutions, we will enhance employee productivity and customer experience for them.

We continue to focus on our large accounts in our core markets and priority sectors. In Quarter 3, we achieved a sequential growth of 7.3% in our top account. The Top 5 and Top 10 accounts grew 3.7% and 1.8% respectively. We remain committed to investing and scaling our large accounts demonstrating client centricity by driving greater value, increasing wallet share and expanding into new lines of business.

I would like to give an example of this. A global technology company has selected us to create and scale a cutting-edge silicon platform for its mixed reality products. We will work with the client to develop a silicon chip to deliver high performance at low power consumption. We will integrate advanced features like AI, sensor fusion and stunning graphics to enhance end-user experience. This is one of Wipro's largest core silicon engineering wins.

We have made good progress in our consulting-led, AI-powered, industry and cross-industry solutions. This quarter, we had several successes across our industry solutions, including Care in a Box, WealthAI and Software-Defined Vehicle. Additionally, we also secured multiple cross-industry wins with our Next-Gen Managed Services and Cyber Shield offering.

At Wipro, we continue to invest in AI Education. 50,000 of our employees now hold advanced AI Certification. Beyond skilling, we are also investing in AI tools and platforms across the software development cycle and our own internal processes.

At Wipro, we are early adopters of Agentic AI which will be delivering impactful for our clients. This technology goes beyond traditional productivity assistance. While many of these applications are still experimental, we see used cases emerging in areas like customer service and supply chain management. Building talented skill is a key strategic priority for us. We remain focused in building a globally diverse team with high performance culture. While we are promoting strong internal talent, we are also bringing in top external talent. We are investing significantly in leadership development. In FY25 Wipro Leadership Institute would have trained over 600 leaders through a combination of in-house leadership and programs curated with leading global institutes.

Finally, I want to recognize the dedication of our employees during the holiday season in delivering business critical programs successfully for our clients.

Now, a note on guidance before I wrap up:

For the next quarter, we are guiding for a sequential growth of (-1%) to (+1%) in constant currency terms.

With that, let me turn it over to Aparna now for a detailed overview of our "Financials". Thank you, Apana over to you.

Aparna Iyer: Thank you. Good evening everybody and wish you all a terrific New Year.

Let me cover the "Financial Highlights" for this quarter in a few key points:

1. As a result of the strong quarter execution, we delivered above the top-end of our revenue guidance range growing 0.1% quarter-on-quarter in constant currency terms.
2. Our operating margins are at a 12-quarter high or 17.5%. This marks an expansion of 0.7% quarter-on-quarter and 1.5% year-on-year. Let me also add that this was achieved after absorbing two months of incremental wage revision. With this, the wage revision impact that we did as of September '24 is fully behind us. As we move into Q4, we are confident of staying in the narrow band.
3. Our EPS or net income grew 24% year-on-year and 5% sequentially. This was led on the back of the margin expansion and therefore the EBIT growth, better treasury returns and a stable ETR of 24%. So, I am pleased to share with you that the Board of Directors approved. Increasing the payout percentage to 70% or above of the net income cumulatively on a block of three-year period. This is effective FY26. Along with this the board has also declared an interim dividend of Rs. 6 per share. You would note that this is substantially higher in terms of the quantum of dividend payout compared to what we have done in the previous years.
4. Finally, in terms of guidance, I want to reiterate the guidance stated by Srini. Our guidance for Q4 is (-1%) to (+1%) and therefore the dollar terms will be $2.602 billion to $2.655 billion. This is in constant currency terms.

With that we can open it up for Q&A.

Moderator: Thank you very. We will now begin the question-and-answer session. We will take our first question from the line of Vibor Singhal from Nuvama Equities. Please go ahead.

Vibhor Singhal: Thanks for taking my question and Congrats on a solid performance, especially in the margins front. Srini my question was on the deal wins. The deal win were definitely up on a Y-on-Y basis close to a billion dollars in terms of that large deal wins and TCV has consistently stayed above the $3.5 billion mark. How do you see this trajectory helping us achieve higher YoY growth rate. On the execution in the past few quarters has been super solid, but at the end of the day what is the number that you believe is what can take us closer to a mid-single digit kind of a YoY growth rate or maybe higher than that. And do you see the pipeline for us to be able to achieve that in coming quarters and how soon or how early can we reach this?

Srini Pallia: Let me reflect on your question. Our current large deal pipeline is robust, and we are seeing good traction across geographies. Now if you have to put an industry lens to this, our strongest traction in large deals remains in BFSI and EMR segment. BFSI is strong in Americas, Europe and India, whereas if you look at EMR, Manufacturing is strong in Europe compared to US and our E&U is robust in Americas, including US and Canada followed by our ANZ and Europe. In terms of Healthcare, Consumer and Tech & Comms, we are seeing more traction in the medium-to-large size around $50 million to $100 million. Now if you look at our Quarter 3, our large deal TCV has been at $1 billion, which is still up 6% year-on-year by value and up by three deals by count. So, I wouldn't read too much into it. Large deals, as you know, are lumpy and there is also seasonal element to them. If you recollect we had a record Quarter 2 ‘25 and we now have a good funnel for closure so we don't see it as a cause for concern.

Vibhor Singhal: In terms of discretionary spend, outside of Capco also are we seeing tailwinds in terms of clients willing to put the spend back on the anvil or do you believe there is still some time to be able to reach that stage?

Srini Pallia: If you look at the from a discretionary lens perspective alone, we did talk about Capco where both the bookings and revenue, we had a good year-on-year growth in Quarter 3. Having said that the discretionary spending in Americas is definitely we see a positive sign in BFSI segment which is a good news for us. We also see some level of up-ticking coming up in certain sectors, but it's not secular at this point in time. Also, this is a month where many of our customers are in the process of budgeting, and we are working with them to understand where the spend is going to be. But if I were to actually extend your question to the overall demand environment, we see Americas very strong, and the demand continues to pick up. While if you look at our bookings into 1 million to 4 million and 5 million to 10 million range has been very strong. However, in Europe while the economies are challenged, whether we all know what is happening in Germany, UK or France, actually this has put some pressure on some of our clients and some of the companies out there to trim their costs and become more efficient. And we see this as an opportunity going forward. And just to conclude, overall pipeline is healthy and has remained at the same level over the last year.

Vibhor Singhal: Just one question for Aparna. So, Aparna I think margins in this quarter were rock solid. We were able to expand margins despite two months wage hike. So, could you basically press upon or reflect upon some of the levers which we managed to use this because our gross margins have also expanded in this quarter on a quarter-on-quarter basis despite the wage hike. And related question, what would now be our target band of margins given that we are already in the 17.5% range, in the near-to-medium term, where do we expect these margins to be in the next three to four quarters?

Aparna Iyer: Yes, the margin expansion has come if you look at what were the factors in Q3. We started the quarter with two incremental months of salary wage hike to absorb. We also had a seasonally weak quarter in terms of the furloughs, right. A lot of the improvements have been in action consistently over the last three to four quarters. Some of that played out. A lot of the improvement that he did to offset the increase and also expand the margins came on the back of improved execution rigor, both in our core and in the Consulting business, if you look at rise in Capco and the core business, all of that has done very well. Now we had a set of levers which are traditional in terms of the utilization, offshoring and the fixed price productivity that played out. We also did a very conscious reduction in terms of our overheads, including G&A. So, despite the wage hike and everything, you will see those numbers coming down and these are conscious reductions that we drove and there are also yielded into the margin improvement. Where do I look at, is there a revised aspirational band? Nothing that we would like to share at the moment. We have got to 17.5% that we had shared and it it's a 12-quarter high. So, in some sense we are very conscious that we should sustain it. And therefore, for Q4, we are saying that we are confident of holding it in a narrow band and we will take it from there.

Vibhor Singhal: So, (+/-17.5%) could be that aspirational band now.

Aparna Iyer: Yes, at least for now.

Moderator: We will take our next question from the line of Abhishek Kumar from JM Financial. Please go ahead.

Abhishek Kumar: Congratulations on a very good performance. My first question is on growth and related to that is on guidance. Last two quarters, we have now been coming closer to the top end of our guidance, which is not happening in quarters prior to that. We just wanted to understand what has changed. Are the mid-quarter negative surprises kind of abating, and that is helping us hit the top end, or the demand environment has been improving. So, that is on the performance and related to that on guidance. Next quarter, despite the fact that furloughs will be absent etc., at the midpoint, we are still looking at a flattish growth, similar to 3Q. So, some of the puts and takes for our 4Q guidance. Thank you.

Aparna Iyer: So, Abhishek, if you look at our guidance, when we guide, there's no change to the philosophy of guidance. We guide based on the visibility we have closer to the midpoint and then we guide in a range. The fact that in the last two quarters, we are able to come above the midpoint is because of both a stronger execution in Quarter 2 also, the demand environment is improving, right, it does show that the stability, right, that we are able to draw at the start of the Quarter 2 when we finish is better. So, it is a reflection of that. It's reflected in the fact that some of our consulting businesses are doing well. Capco, like we highlighted, has grown 11% year-on-year. Bookings are up 9% year-on-year. So, that's a good sign and it's also a reflection of that. But otherwise, there's no change. As we look at Q4, it is better guidance if you have to compare it to the guidance we gave for quarter three. And that's what we have the present visibility for Abhishek.

Abhishek Kumar: Sure. Maybe one question on margin. Aparna, there was a sharp decline in depreciation this quarter. So, is that now a more normalized level as well as depreciation is concerned, or was there any one-off there that we should be aware of? Thank you.

Aparna Iyer: I don't think there are any one-offs. It's likely to sustain. You can model it at the same level.

Moderator: Thank you. We'll take our next question from the line of Abhishek Bhandari from Nomura. Please go ahead.

Abhishek Bhandari: I had a question on growth and the guidance again. So, Srini, if I look at your growth for this quarter, it was broadly led by Healthcare, partly by Manufacturing. But in Banking, we had a negative number. Is it because of the furlough? And if you could talk about your outlook specifically for Banking and Healthcare businesses, given that some of your peers are talking about increasing caution amongst Healthcare clients given uncertainty around policy device, and optimism in Banking given that there could be dereg and other stuff happening which could increase the business.

Srini Pallia: Hi Abhishek, let me give you some color to this. If you look at BFSI, it was impacted by furloughs in quarter three. However, the sector has grown 3.4% year-on-year. This is clearly a combination of discretionary spread led by Capco, which Aparna just talked about it, which is a consulting work, and also non-discretionary piece in some of the larger mid-sized deals, which are more on the themes of vendor consolidation, cost takeout. If you look at the BFSI budgets going forward, we feel there will be an uptick on the budgets, whereas Healthcare budgets will continue to grow, albeit maybe slower than what it was in the past. So, that's my take on both Healthcare and BFSI.

Abhishek Bhandari: Got it. And Srini, secondly, last question is again on guidance part given that we had a great execution this quarter, we executed more than the top end. We are talking about some return of discretionary demand; furlough would be absent as Abhishek also asked. And there may be some tailwind coming from the execution of projects and in the near past. So, I am still curious in why have a negative number from a guidance perspective when most of the things are actually positive points.

Srini Pallia: So, like Aparna said, we are given the Quarter 4 guidance based on the current visibility we have. Having said that, we are seeing a gradual recovery happening and the sectors that I talked to you about just now, BFSI and Healthcare, clearly are doing well. And some of the sectors for us, both EMR, which is Energy Manufacturing Resources and consumer, still need to recover. However, if you look at it on the geo side, we see momentum building up in America, while Europe and APMEA remain soft for us.

Abhishek Bhandari: Got it. Last question, now that we have a return of capital to shareholders to around 70%, how should we take the mode of return? You mentioned blocks of three years. Could it again be lumpy if you decide to use the buyback route or do you want to make it more like an annual setup? Thank you.

Aparna Iyer: In terms of mode of return, we continue to prefer both dividends and buyback and or even special dividend as appropriate, the board will make a decision. We want this to be more consistent, but we have continued given that we, one cannot rule out a buyback. We have said that you should continue to measure this over a block of three years. We will assess and if at some point in time, we want to make this annual, we will, but for now, we will continue to measure this as a block of three years. And we prefer both buyback and dividend.

Moderator: Thank you. Next question is from the line of Rishi Jhunjhunwala from IIFL Institutional Equities. Please go ahead.

Rishi Jhunjhunwala: Just one question around mining the non-top 10 clients better or basically even looking for hunting opportunities. If you look at, we have done reasonably well when it comes to growth in top 10 clients. It's up 15% year-on-year whereas, ex of that, our revenues are still declining at a 5% rate. So, I just wanted to understand outside of the top 10 client mining, given that if the overall environment were to become better, how are we preparing ourselves to ensure that when some of those opportunities come, we are able to hunt better as the decline in non-top 10 seems to be a lot higher than what we generally see in industry peers.

Aparna Iyer: Rishi, there's no change to the philosophy we would like to continue to hunt and mine, right? We do look at mining our top 10 clients or top 25 or top 50 as a show of strength, and that's something that we have focused on. The reduction that you're seeing in our active client portfolio, we report that number on a trailing 12 month. So, if there is a weaker revenue environment, that also shows up in the number of active clients. There are also the furloughs and the cross-currency impact that's also playing out a little bit this quarter. But there is certainly in terms of the strategy priorities that Srini spoken about, hunting remains a very, very key lever for us. And we are very, very focused on winning the must-have accounts. So, there's absolutely no deep prioritization on that account, Rishi.

Moderator: Thank you. Next question is from the line of Ravi Menon from Macquarie, please go ahead.

Ravi Menon: I was like, the margins have been pretty good. So, surprised that you're talking about keeping it a narrow range. Are there any headwinds in the coming quarter that you're thinking about? Because it looks like at least the rupee seems to be depreciating. So, how should we think about margins for, what the headwinds and tailwinds make for?

Aparna Iyer: Yes, the rupee has been depreciating. We'll have to keep a watch on it. It has remained volatile in the last few weeks. A lot has to play in. There are also certain hedge books. There's also a certain amount of hedges that we carry. So, it'll be a function of that. I don't think there are any particular headwinds that we start Q4 in a lot like the salary increase and everything is behind us. It is going to be a lot of business as usual. And so there are not particularly headwinds that I would like to call out.

Ravi Menon: Thank you. And Srini, Healthcare, seasonally this is actually normally a good quarter for health plan services. So, is that what helped you, or are there any other segments within Healthcare that you're seeing good traction in?

Srini Pallia: If you look at Healthcare for us, it's a combination of payers, providers, pharma and medical devices companies. So, the growth that we see has been across these four sub industries, Ravi.

Ravi Menon: Right, so extremely broad based, can say. Thanks so much and best of luck.

Moderator: Thank you. We'll take our next question from the line of Gaurav Rateria from Morgan Stanley. Please go ahead.

Gaurav Rateria: My first question is on the large deals. Have you seen any change in the average and tenure of these deals and hence the conversion of these deals into revenues?

Aparna Iyer: In some sense, Gaurav, our large deal bookings are down sequentially, but our TCV bookings are not as down, right? So, the quantum of small and medium-sized deals has picked up this quarter, which also means our ACV growth was particularly good after several quarters. But it's still one quarter. We'll wait and watch to see if this is a deterministic trend that plays out. But as far as the overall texture of deals, when we see in the pipeline, I think there are quite a few large deals as well, both in terms of cost takeout, vendor consolidation, efficiency led. So, in some sense, the large deal pipeline continues to remain robust. If I look at the pipeline, it seems to be very similar to what it has been in the last few quarters, but bookings in Q3 are definitively the deal tenure has come down.

Gaurav Rateria: The second question is, what are the portfolio interventions you have done in some of the areas where growth has not been so great like EMR vertical, APMEA geography and where are we in terms of these interventions, are we likely to see any changes in the outcomes?

Srini Pallia: Sure, Gaurav. Let me just going to talk about both of them, APMEA and Europe where we have been very soft. As far as APMEA is concerned, we have the new CEO there and he's building a next level of leadership and we continue to invest in this market across the broad geography that APMEA covers. We looked at our go-to-market approach with very defined both account teams as well as teams that can go after new logos. In fact, in APMEA, specifically, each of the countries we have identified set of accounts and we are also differentiating ourselves with consulting rate at AI, which is definitely a different value prop to this market. The pipeline is being rebuilt, and we see the pipeline growing and I think we should continue to execute, we should see momentum coming back in APMEA. In Europe, again, very similar, we have created a new leadership at SMU level, we are also making sure we continue to focus on certain sectors and double down on them. While Europe has shown a degrowth in Q3, I can definitely tell you pipeline is strong. All we need to do is focus on deal conversion and I think with consulting teams and the local delivery capabilities that we have…. we have all the ingredients in place, now, it's all about execution, Gaurav.

Moderator: We have a next question from the line of Sudheer Guntupalli from Kotak Mahindra AMC. Please go ahead.

Sudheer Guntupalli: So, couple of questions. Firstly, your top account continues to see very good traction. So, any specific reason behind this? I think for the last few quarters we had seen that this is steadily increasing in terms of its revenue share.

Aparna C. Iyer: I will just give you one fact and then maybe Srini can speak about it. In terms of just the top five, top ten, they've been doing, right, even if you had to take in top 25, the growth is pretty good. What's driving this growth? Seven out of our 10 accounts are growing on a year-on-year in constant currency terms. That's something that quite broad-based. Certainly, sectors that are doing well, are adding to it in terms of BFSI, Health, so they are adding those clients, the top ten are doing really well and Srini, if you would like to add -.

Srini Pallia: Yes, sure. So, Sudheer, the context of the deals that I talked about when Gaurav asked the question, similarly, both in Europe and APMEA, like we said, we have reinforced our teams both on account management as well as delivery and that should actually help us mind these accounts more especially in this patch of the market that we are in. And as far as the top ten accounts that have grown, that Aparna has talked about, can be the role models for the rest of the account teams as well in terms of part or possible, in fact, it's the top 25 accounts I would say. Also, some of these accounts are a little bit sector-specific too for us. If you look at like we talked about demand environment strengthening in BFSI and Health, whereas in certain sectors, especially. Energy and Manufacturing for us have been weak, but I see a turnaround, at least in based on Q3, we have seen that uptick in manufacturing, that will actually result into the accounts that we are focusing on.

Sudheer Guntupalli: Second question is in terms of headcount. So, in the last 10 quarters, if I look at it, I think net addition is negative in seven of them including the current quarter. Now that we are talking about an improvement in demand and our guidance also sort of reflects some amount of growth in the coming quarter. Adjusted for furloughs, we are operating at 86% to 88% kind of utilization. So, when should we think that the hiring engines should start picking again?

Srini Pallia: Hiring engine has actually kicked off, it's not that it's not there. We have called out that for the next fiscal, we will be going every quarter on campus and hiring about 10,000 to 12,000 people, over and above that, we'll have lateral hiring happening. And we also see an attrition coming down in the coming quarters because our net new resignations have been coming down. So, we will look at our supply chain in terms of utilization demand, attrition, and look at hiring, but I see that we will be robust in hiring as we move forward.

Moderator: Next in line is Mr. Sandeep Shah from Equirus Securities. Please go ahead.

Sandeep Shah: The first question I think, Srini, you mentioned that the portfolio specific issue in the energy manufacturing resources, and consumer is not behind. So, when do you expect that to get behind? Because we have also heard in the earlier calls, it may be more Wipro-specific rather than industry-specific. And why I am asking this is this contributes almost 36%, 38% of the top line and that may provide a hurdle in terms of consistently growing quarter-after-quarter.

Srini Pallia: Thanks. Sandeep. If you look at the way, we have the four strategic markets in it, clearly, Sandeep, Americas and Americas 2 we talked about our performance in the last few quarters. Having said that, we did call out that APMEA and Europe has been soft for us. Now, if you embed the industries into those four markets, clearly, the sectors that we see growth and opportunities in the last three quarters we are talking about have been banking, financial services and healthcare. Having said that, this quarter we saw three of our sectors that grow year-on-year, and I think that's another positive area. In terms of specifically, energy manufacturing and resources, it has been soft for us, but within that manufacturing, is taking an uptick for us and you see the numbers that we have talked about. In terms of technology and consumer, it has been a good Q3, and we have a very strong and robust pipeline around that. I see that we have to just execute into that segment. And finally, if you look at the pipeline is very broad based across these sectors and across these four SMUs. I think the focus will now be, Sandeep, bringing some of them home.

Sandeep Shah: Aparna, just if I am not wrong, what you said on the capital allocation, we are more tilted on dividend versus buyback as a matter of choice or am I wrong in understanding this?

Aparna C. Iyer: We prefer both dividends and buyback. That said, you have seen that the dividend that we have declared is substantially higher compared to what we have done in the previous year. The capital allocation that we have committed is 70% and above the net income over a block of three years, this is effective FY'26, you should look at the block starting FY'26 for us to meet that number. Like I said, almost including dividend, buyback, and special dividend, everything will be explored.

Moderator: Next question is from the line of Ashwin Mehta from Ambit Capital. Please go ahead.

Ashwin Mehta: Aparna, wanted to get a sense in terms of that despite the wage hikes our employee cost number in absolute terms does not seem to have changed materially over the last two quarters. So, what have been the offsets for that? And the second question is in terms of depreciation, we have seen almost 120-odd bps benefit on depreciation from a YoY perspective. So, what is driving this substantial reduction in terms of depreciation?

Aparna C. Iyer: Actually, Ashwin, on depreciation, in Q3 of the last fiscal we actually had one-off. So, that's not the right number to take, even if you have to look at it over the last two to three quarters of depreciation. Broadly, there is some optimization, but that's a result of the natural phase of intangible amortization that we do, right? So, like I said, what you're seeing in Q3 is actually the word of any noise and you can model that as going forward. Now, to the point on what's playing out in the employee cost, there are quite a few things; one we have spoken about improved levels of utilization, the number print you are seeing is a reduction that's how we just define, a), because of furloughs, the utilization looks lower, but if you look at the core utilization even outside of this is very, very strong; two, if you look at the SPP productivity that we have been driving consistently improving and what you're seeing as a flow through into Q3 is also a lot of the productivity initiatives that we'd already initiated through Q2, right? Also, we have actually improved our quality of revenue. If you look at our third-party services cost, it's also something that we have reduced. So, our improved quality of revenues also playing out into the margin expansion. So, those are some of the levers.

Moderator: Ladies and gentlemen, that was the last question for today. I would now like to hand the conference back to Mr. Dipak Bohra for closing comments. Over to you, sir.

Dipak Bohra: Thank you, all for joining the call. In case we could not take any questions due to time constraints, you can reach out investor relations directly. Have a nice day.

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