



“Wipro Limited’s Q2 FY’21 Quarterly Investor Conference Call”

October 13, 2020



MANAGEMENT: **MR. THIERRY DELAPORTE – CHIEF EXECUTIVE OFFICER &
MANAGING DIRECTOR, WIPRO LIMITED**
**MR. JATIN DALAL – CHIEF FINANCIAL OFFICER, WIPRO
LIMITED**
**MR. BHANUMURTHY B M- PRESIDENT AND CHIEF OPERATING
OFFICER**
**MR. SAURABH GOVIL – PRESIDENT & CHRO (HUMAN
RESOURCES), WIPRO LIMITED**
**MS. APARNA IYER – VICE PRESIDENT & CORPORATE
TREASURER, WIPRO LIMITED**



Wipro Limited
October 13, 2020

Moderator: Ladies and gentlemen, good day and welcome to Wipro Limited Q2 FY'21 Quarterly Investor 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 Ms. Aparna Iyer – Vice President and Corporate Treasurer. Thank you and over to you.

Aparna Iyer: Thank you, Aman. A Very Warm Welcome to Our Q2 Earnings Call. We will begin the call with "Business Highlights and Overview by Thierry Delaporte – our Chief Executive Officer and Managing Director, followed by a "Financial Overview by our CFO – Jatin Dalal", afterwards, the operator will open the bridge for "Questions-and-Answers" with our management team.

Before Thierry start, 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 made available on our website. Over to you Thierry.

Thierry Delaporte: Yes, Thank you, Aparna. Okay, so good morning, good afternoon, good evening, ladies and gentlemen. It is a true pleasure to really speak with all of you today. Since our last interaction we had in July, it was a few days after I joined Wipro, there has not been a single day without meeting a customer. Over the last three months, I have met over 100 customers and more than 20 partners. Our customers are very clear. They appreciate our passion for innovation they like and respect our values, our work ethic, our culture. They really perceive us as a partner who brings deep technology expertise, but also industry focus, and collaborates with them to build business solutions. When I was reflecting on all these meetings that I have had with them, I felt quite good about the quality really of the relationship built with our clients over the years, strong based on solid common values on trust and our trust in our ability to deliver on the conviction that we know them well, that they see us as a true partner, working with them, helping them transforming their organizations. So, the context is good.

Now, let us reflect on what has happened over the last months. There is no doubt that the context of our customers has changed enormously through the pandemic. What are we observing is that while the traditional IT services will continue to be important, the next big wave of opportunity will clearly be driven by next-generation services of cloud, digital transformation, IoT 5G. Enterprises in the post crisis world are transforming their technology stack, so that it really enables them to operate with flexibility, with agility. A large portion of our customers feel the need to accelerate digital transformation to stay relevant. In fact, I have not had one single



*Wipro Limited
October 13, 2020*

meeting with a CXO where we did not discuss about the need to accelerate this transformation. Digital transformation of both the front end to gain better access to markets to add an additional sales channel and on the back end also to improve efficiency and drive cost optimization. Modernization including cloud, automation AI is top tech priority. There is also I feel a clear flight to safety and trust has become more critical than ever in cyber security, in data, but also in partnerships. Fewer, stronger partnership is what everyone is looking for.

A few examples of how we helped a customer accelerate digital transformation. So, we have a business personal online banking customer in UAE, intending to transform not only existing products and services but also disrupt and lead the market with new disruptive possibilities. Wipro helped the bank to transform into digital experience by deploying Digital 2.0 mobile app for retail customers.

Another example, a leading multinational oil and gas company in the UK, who partnered with Wipro on operating model transformation for cloud migration journey. Exit of America data centers helped the customer in Cloud-First strategy and is the foundational core in modernization journey of going digital.

So, when it comes to engagement, our customers are clear about how they want to work. They want us to be global, but they also need us to be local. While they are becoming increasingly comfortable with the virtual, the remote and distributed work model versus physical, they also want proximity with their client partners, who can then provide them the business solutions with local context and an industry expertise. We want that we brought to be a trusted partner to our clients in their transformation journey. And we want to enable them in achieving leadership position in their respective industries which brings us to the charter or set of priority that we have drawn for ourselves, and I will focus on five:

First, absolute gross focus. We will continue to invest in our existing accounts, shape large transformation deals to best-in-class sales excellence and leverage our partnerships with large technologies.

Second is about focus and scale. We will prioritize the markets and sectors that are relevant for us and ensure we are in leadership position in our chosen markets.

Third, in terms of offerings, we will continue to expand our presence beyond IT office, structure of ethical solutions, leveraging our ecosystem of partners both the large technology players and the startups.

Fourth point is about talent. We will invest in specific capabilities such as domain expertise, digital transformation architects, large program managers, technology experts, invest in talent to reinforce innovation, business understanding, technology skills will reinforce a high performance culture to build the champions league of talent.



Wipro Limited
October 13, 2020

And finally, six point is about simplification of our operating model. We need to be agile and empowered at the edge which means a leaner organization, completely centered around our clients.

I know you will have plenty of questions. We plan to do an analyst and investor day sometimes next month. And I will share more details then.

Let me now give you all a quick update on Q2'21 performance. We had an excellent quarter with gross on revenue, expansion on margin, lower employee turnover, and solid gross of operating cash flow. Looking at the revenue, the revenue gross of 3.7% in reported terms and 2% on constant currency terms was broad-based. It was led by robust pick up in volumes. The fresh volume we added has been highest over the last many quarters. We also hired over 13,000 people during the quarter. Our stated guidance for Q3'21 despite the seasonality of furloughs reflect this business momentum from a sector view. Consumer sector will grow faster on the back of solid deliveries. We remain also optimistic on financial services though it will be impacted by silos. Energy and utilities and technology sectors will return to growth in Q3. And finally, communications, manufacturing, healthcare and life science will continue to grow moderately.

If we look at the demand environment, it has improved from Q1, no doubt, the intensity of sales activity continues to rise, and the pipeline is robust. The overall pace of decision-making has improved, though, I find it still a bit slower on the larger to get onto deals.

Now, looking at the margin, we expanded our operating margins during the quarter by about 20 basis points to 19.2%. This was led by operational improvement of about 80 basis points, offset by 60 basis points of impact of appreciating rupee, higher offshore mix, improved utilization, lower employee attrition and the benefits of lower subcontracting aided the operational improvements.

Besides, we continue to emphasize on employee safety, as most of our employees continue to work from home probably. I want to by the way thank them all for the incredible hard work and tenacity which has helped us deliver these results.

I am quite excited frankly about the opportunities that lay ahead of us and very encouraged by the acceleration in business momentum, we have seen this quarter.

With that I hand it over to Jatin for his comments on the financial performance for Q2'21. Jatin, over to you.

Jatin Dalal:

Thank you very much, Thierry. So, good evening, good morning to all the participants who are joining us on the call. It has been a very good quarter of execution. If I can take you back to the beginning of the quarter, we had mentioned that we are looking at a stable quarter in Q2 and we have delivered a 2% sequential growth in constant currency. As we look at Q3, we have guided



Wipro Limited
October 13, 2020

for 1.5% to 3.5% in constant currency, that is reflective of some of the momentum in volumes that Thierry spoke about.

From margin standpoint, we had mentioned that we will keep our margins in a narrow band excluding the impact of currency, but we have been able to offset the adverse 60 basis points on account of appreciating rupee and still delivered 20 basis points expansion of margin at 19.2%.

If you see our cash flows, the cash flow there have been quite robust. We delivered 127% of operating cash flow as percentage of EBITDA and our free cash flow was 164% of net income. As a result, at the end of Q2, we had a net cash of \$4.6 billion. If I talk about FOREX performance, the rupee appreciation did impact our realization, we delivered Rs.75.12 rupees for every dollar in Q2.

I want to also talk about two more things. First is about the buyback. We have announced that the board has approved subject to the shareholder approval as well as the regulatory approvals that may be appropriate, a buyback of Rs.9,500 crores excluding the tax impact. If you add back the tax impact, that number is around Rs.11,600 crores which is higher than the number that we had considered for buyback in our last round. Overall, we feel that this is a great return of the cash to our shareholders. 1.3 billion of buyback to the shareholders and another roughly \$300 million of tax costs, if I include then \$4.6 million, would be roughly \$3 billion, and I think that is something that we should keep as part of our strategic flexibility.

I also want to talk about an exciting acquisition that we have announced today. Eximius Design is one of the leading players in VLSI and system design space and we would be very happy to welcome them as part of overall Wipro engineering group during Q3.

Overall, we had good quarter and we are looking forward to continuing to execute in Q3 as well.

We will be happy to take your questions from here. Thank you.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Ankur Rudra from JP Morgan. Please go ahead.

Ankur Rudra: Thierry, could you perhaps elaborate on what your early thoughts are on which sectors or market where you see potential to take leadership and any thoughts in the period over which you can see this happen? Also, incrementally on your fifth point, where do you see scope for simplification of the operating model to drive external focus and perhaps the related increase in large deal participation?

Thierry Delaporte: Yes, absolutely, thank you for the question, Ankur. So, if I look at the first one, which is really around your point was on the simplification of the model and then on the market of focus, area of focus. So, if I look at the market, yes, the point here is clearly to say we are a global player, but we cannot equally focus on all markets in all sectors, which I would say the same level of



*Wipro Limited
October 13, 2020*

intensity because then happens is that you are spreading the investment across a huge market and you are having a smaller impact, then if you are really focusing on the ones where because of their size or because of your relative strengths, you can really have an impact. And so, let me give you a few examples. So, for example, my view is Wipro have a strong position in the banking and insurance sector. We are a strong player. We will continue to increase focus in this sector. Second, if I look at markets, there is no question that the US market is the number one market and we will continue to invest in this market. If I look at the European market, there is a German market where we have a reasonably strong position but where we can really go hot stronger if we really focus our thoughts. So, this is more looking at the places where we feel we can have a true leadership position. I will give more details when we meet, I think at the market day. But frankly, you should consider that typically sectors like banking and insurance, consumer, retail, energy, utilities, healthcare, all sectors incredibly important for us. And then we will define for these sectors the markets that matter the most where we feel we can build a leadership position. So that is for the first question, for the evolution of the model. One, I would tell you that there is no organization in our industry who is not exposed to the level of complexity that is driven by the size of our teams. Thousands of thousands of employees is driving complexity. I usually find beauty in simplicity. And so, to give you a feel for the direction we are taking, it is better to be simpler than being perfect. Okay. In terms of model, what is critical is that you have a model that is centered around the client. That ratios internal values reduce the number of P&Ls because P&Ls are driving individual focus. And what you need as an organization is to be able to mobilize all forces of an organization for the benefit of one client. So fewer P&Ls, fewer teams, fewer metrics, we do not need hundreds of KPIs to follow our operations. Right? So that is for the organization. Then we need to work on the processes, simplify the processes, simplify the different steps of controls, how can we have less controls, how can we have less people focusing internally and freeing up time for the market. And finally, obviously, it is about systems. So how can we have a program launched a few years ago called Quantum, who's really aiming at driving efficiency in our systems and that is also going to drive a lot of simplification of the model itself. When you combine a refined model, simplified set of processes and more efficient system, it is inevitably driving simplification across innovation, a greater sense of accountability and more time for the market, less time for the internal.

Ankur Rudra:

Thank you for elaboration. That makes a lot of sense. If I could just add get in one more question, just a thought from a quarter itself, it appears that a lot of growth was there in the operations part of the business. So, I just want to get a sense how much of this was supply resumption versus truly demand improvement.

Jatin Dalal:

Ankur, I would say this is the real growth. this is driven by the ramp up in some of our new and existing customers. So, it is not just resumption of supply, in fact, I would say a very small component of this 8%-odd growth that you are seeing is resumption of supply. It is market-led healthy growth that we are confident of sustaining and growing further.



Moderator: Thank you. The next question is from the line of Sandip Agarwal from Edelweiss. Please go ahead.

Sandip Agarwal: Thierry, I have only two small questions. One is that if I see our business mix, we are almost having more than 50% business which is in the high growth phase and it has been further probably triggered by the pandemic like digital operations, cloud and data analytics. Now, if I see this with the number of clients we are adding, and this has been a very aggressive number in the last reported quarter which you have reported today, my sense is that is the business somehow moving towards more democratization or disintermediation of the intermediaries? What I am trying to ask here is that I understand that we are in B2B business, but if the number of client additions increase so significantly, because of the nature of the business or because of the nature of deals becoming smaller, will it mean that going forward in a long-term, our volatility in the business or lumpiness in the business will start going down because we are basically directly enabling our customers which are businesses to service their customers? So, in a way, there is more democratization of the decision-making process. So that is number one. And second question is on the application services if you can give some outlook for next two years, what is your sense on that, I am not asking for a number, I am asking for qualitative input?

Thierry Delaporte: So, the first question I will try to respond. Second one, if moderator you can ... because I am not sure to have fully understood, there was a lot of breakups, so, if you can clarify that would help me. I will respond to the first one to start with. So there is no question that there is an evolution of the business mix and it will continue to occur over the next quarters, because as I said, the pandemic is if anything is increasing the speed and the need for speed in driving transformation for our customers. I have spoken to all these clients and all of them, I have not had one single client meeting without having a discussion on the need to transform the business and really accelerate the plans they had built in the previous months or quarters to transform their business front and back end. So, there is no doubt that they will continue to accelerate. Cloud agenda will become even more strategic. I was not having a cloud discussion with a lot of CEOs of large companies some years ago, because it was more infrastructure-led discussion with the CIO. Today, every CXO understands the impact of the need to accelerate the cloud journey. And we are responding to that, we are shifting, we are rotating our portfolio in every of our service line, if we look at our fields, we have an acceleration and we are really focusing the rotation to what I would call the new space to really match the expectation of the client. You were then making a link with the increase of number of clients. In here I like to tell you that includes now the acquisition of two companies 4C and IVIA, who are dealing with smaller clients in size. And so that has got some new clients as well. I do not think you should read anything from that in terms of the more clients and smaller volume. That is not the reality I do not see. We continue to have the right volume of deals with our top clients. And the pipeline is actually very healthy there. So, I do not see a shift here. Moderator, can you help me with the second question?



Wipro Limited
October 13, 2020

Sandip Agarwal: Yes, so my second question, what is your view on the application services, how will it pan out, I am not asking for any quantitative guidance, but I am just asking your view, how the application services will pan out over the next two years, do you see growth or do you think that it will stabilize here, what is your sense on that?

Thierry Delaporte: No, this is going to be gross application world, it is going to be gross, there is so much to do around data, there is so much to do to shift a lot of the applications migrate them into the cloud to really develop a Cloud Native application. If you look at typical S/4HANA projects, we are not even touching yet on the acceleration that will happen over the next few years. So, I am bullish on the fact that the applications world is going to grow well over the next years as well.

Moderator: Thank you. The next question is from the line of Kawaljeet Saluja from Kotak. Please go ahead.

Kawaljeet Saluja: My first couple of questions for Thierry. The first question, the set of priorities that you have announced, requires changes on multiple dimensions whether an org structure, people, possibly even go to market approach. Now, can you please share your high-level thoughts on potential changes that one can look at? And the second question is that you mentioned that lesser number of P&Ls is one of the goals to bring in simplification which actually runs contrary to the conventional wisdom in which as you gain size, you break the organization down into smaller units to retain agility of course with clearly defined KRAs. So, I couldn't completely get your perspective when you say that you have a reference of P&L, I mean, how does that bring in agility. So just your thoughts on these.

Thierry Delaporte: Okay. Perfect. Two good points. Thanks, Kawaljeet. So, looking at the first one, which is about the priorities, your point is, those priorities require change. And yes, they do. Yes. And I think it's the reality in our industry, we must be in a state of constant change, we are constantly challenging the way we are addressing the market, the way we are working, the way we can be more agile. I always take the example of the number of layers and the span of control in an organization like ours. And I am not speaking for Wipro, whatever the organization I am in, this is something if you are not keeping an eye on it, it will constantly drive, it will increase. You will have more layers of leadership with people controlling controllers, and you will have lower span of controls or people managing very small teams and so on. And so, you need to constantly challenge your engine. Me joining the organization, I think it's very healthy to obviously look at the organization and the way we are working with a fresh pair of eyes. And I find the organization extremely receptive, and really, really positive about keeping what makes us so strong and so having a strong relationship with our clients, but also having an incredible strong identity internally, which makes the people of Wipro loving the organization. But also identifying what can be refined, where we can drive improvements.

If you look at the six priorities or the five priorities, sorry, there's only five priorities, they do drive some change, but I don't think it's breaking any of the way we are working today, it's actually going to improve, solidify, free up time from internal for more time for the clients, and



*Wipro Limited
October 13, 2020*

keeping the focus for the clients. If you look at the five points, it's all about the client, the way we are leveraging and investing into our existing account, the way we are developing strategy and a team that can go after large deals, bringing expertise and commercials in negotiation, in managing complex programs, in following different cycles, because this is a very long process, you need to drive large deals, all of that will come to in addition to what we have. And clearly, will certainly allow us to have better results. Same thing for the partners, it's about connecting with the partners, but connecting in an aligned fashion with a strategy roadmap, if you like, in terms of directions but also in terms of ambition. And I see it's all about connecting day to day and working with partners on the other important piece. It's not the corporate at the design level.

If you look at the focus and scale, which is looking at the sectors in the market, where we want to have an impact, it's the same thing. It's about saying, which one matters to us today and where we feel we can really, really increase our chances of winning and transferring more growth, and put more stake into it, more align our efforts as opposed to spread them around. I think it's the same focus for the market. I can go shoot the last three, I mentioned the simplified operating model, which is about spending less time internally, I will come back to your second question. But if you look at talent, it's also important and I see when you have a talent agenda, it's about constantly thinking about, okay, do we have the best team? How can I improve the quality of some of my team? How can I unleash the potential of our teams? How can we give them more power, more responsibility, more accountability so they can have bigger impact? But also, how do we invest in them, how do we grow them? But also, how do we bring talent from the outside? All of that is obviously driving change, there's no question on that.

On your second point on the less P&Ls, and your point around smaller units. Agility comes, the necessity in our industry is to get the people who is the closest to the client, having the power to make decisions, whether it's about adjusting the offering of the solution to meet the expectation of the client, or whether it is to deliver quality for the customer. And the rest of the organization need to align and support this client team to make sure that we are not only able to produce good offerings or good solutions, good proposals, but obviously win them and deliver with great quality. P&Ls do not matter to our clients, P&Ls are operational needs to control the operations and drive our processes and alignment from an internal standpoint. Okay. So that's where I see the difference to me. P&Ls are obviously needed to really manage our parenting model, to manage the performance, to control the cost. But the client doesn't need to see that, he does not rely on P&Ls.

And then my second point on P&L, 25 years in this industry I have been wrestling with this question multiple times, as you can imagine. Every time you have one P&L more, you create one more in your organization. So if you want to have a small unit and a P&L for each unit, you are going to have many, many goals, and everyone will have his own agenda and go after his own clients with his own offering. And that's not Wipro, we want to have one Wipro in front of our client, selling everything we have and giving access to the client to every assets we have,



Wipro Limited
October 13, 2020

leveraging all the best talents we have. And that is the philosophy we are going after, and that is absolutely in line with the objectives of a GDP.

Kawaljeet Saluja: That makes a lot of sense. Appreciate your insight. I mean, I will just squeeze in one more question, that is for Jatin. Jatin, given that the buyback is nothing but the tender map is nothing but an alternative form of dividend distribution, in which the price really does not matter that much, I was just curious why you are so stingy with the premium at the current market price on the buyback as such?

Jatin Dalal: I thought, Kawaljeet, you would say that we have been very spontaneous about it, but you are not mentioning that. But I will respond to that in a way, we looked at both 60 days weighted average movement, volume weighted average stock price movement. And since the share price has done well, that has been one consideration. And the second one is, compared to the previous close, which was yesterday's, what should be the price? And that's how we determine. The third factor which also plays is, is the accretion at EPS level, and which is quite a moderator, a small number, even at this price, and that we wanted to keep it. So, these are the three factors which have played out, Kawaljeet, in our decision of the share price determination.

Kawaljeet Saluja: Okay. Our objective was not to be critical; I was just curious more than anything else. Nonetheless, great job. Thanks, Jatin. Thank, everyone.

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

Pankaj Kapoor: Congratulations on a good quarter. Thierry, of course we will look forward to a more detailed overview on your business plan next month, but just a couple of points before that. First, the changes that you are planning to initiate, if these were just incremental in nature then you think just tinkering may not really help Wipro with the kind of differential in growth that it has versus companies, versus the peer growth?

And conversely, if you are indeed planning more structural sweeping kind of changes, then shifting the focus to internal issues in the current environment may again not be the most sensible thing to do. So, I am just curious how you are planning to balance the approach in between these two extremes? That's the first question.

Thierry Delaporte: Pankaj, thanks for the question. I mean, that's what I have tried to articulate in a couple of questions, there is no doubt. A couple of things, one is, changes is okay and we are going to make some changes, and I have never hid it, and I said it after a few days, we are going to make some changes. And that's okay, changes are fine, in our industry we must be able to constantly challenge ourselves and make changes and adapt to the evolution of the market to the evolution of the industry. And we are in an industry that is changing rapidly. But you are right, we don't want to have people spending their time internally, it is not the right thing to do. That's why for me, when I look at actions, it's all about the market, it's all about clients, you do not see in the five points, me telling you, we are going to cut cost here and there, I am not saying we are going



*Wipro Limited
October 13, 2020*

to spend hours and weeks and months mobilizing the teams to reflect on who we are and where we are going and so on, this is not at all it. It's all about execution, it's all about execution in the field, it's all about connecting with the client, okay. What we are doing through these five actions is basically enablers, it's actually weapons, it's arming our teams, our client teams, whether they are sales or whether they are delivery, with things that they did not necessarily have with the same level of efficiency in the past, and they will have it and they will be stronger. And that's how I see it.

So, at the end of the day, there is more intensity than in the field than it has ever been. And that's nobody's not me saying that, this is my colleagues telling me that, this is the feedback I am getting from speaking to the teams. Over the last three months I have connected internally not only with clients, I have connected with a lot of our employees. I have had multiple, obviously, townhalls, I mean, virtual townhalls, as you can imagine, multiple calls with the Vice Presidents, the level below, the management teams, the different groups, senior and more junior, constantly connecting with people, including groups of very, very junior people that I am speaking to every week for one hour, and really getting their feedback. The focus on the market is greater than ever, there is intensity, we measure that, we track that, we really expect from everyone to hit the market every day. I have a simple philosophy, I never do one day without a client, whatever it is, even a day like today, at least one client in the day. And I expect the same from my leaders, I expect the same from all the people that are market facing, connecting with the client every day, listening to them, understanding from them what are the priorities, and obviously, are acting and be proactive.

If you look at the five points that I have elaborated, and I will tell more obviously about them when we are together. But clearly, it's about equipping the greater sense of focus doesn't keep you away from the market, right. Having a big deal team doesn't keep you away from the market. Continue to invest in talent doesn't take you away from the market. So, all of that and simplifying the organization will certainly not make the people more internally focused. What makes them internally focused is having endless rounds of controls, of reviews, of internal meetings, of events. And the second thing is, if the model is leaner and simpler, you actually have a simpler accountability, you have more responsibilities, you are not wondering always if you have the power to make a decision or not, you just go do it, and you move forward. And I think it's driving agility, that is the ability.

Pankaj Kapoor:

Got it. So just a second part, Thierry. Are you also envisaging some investments to be made as part of the restructuring? And if so, any quantification of investment that we would like to make?

Thierry Delaporte:

Investments to be made and restructuring. I don't expect, again, it's not a cost cutting exercise, we are organizing, we are gearing up our growth engine. So, this is clearly the focus. And more speaking about choosing the places where we want to invest and focus investment there, as opposed to spreading the investment, that's more how I see the things. I am not saying you should not expect a deep in the bottom-line while we are working on that, that's not the point. The



*Wipro Limited
October 13, 2020*

organization is more about really choosing where to place your investments and place twice more where it matters, rather than one a little bit everywhere.

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

Sandeep Shah: Congratulations on good execution and the guidance. Thierry, just first question is in terms of the simplification of the process. Do you believe that process may require a higher lease time, or it could be contrary where you can achieve a faster achievement of the goals which you desire as a whole?

And second, in five of your priorities, there is, I think, no mention about the profitability focus. So, will this assume that there could be simplification may lead to more flexibility on the commercial aspect of the growth and hence in the near-term to actually gain the lost wallet share we can compromise a bit of a margin just in the near-term? While on the medium to longer term we watch, when we lost wallet share, we can come back on the profitability?

Thierry Delaporte: No. So, I am not sure I fully understood because your tone was going a little bit down on the first part of your question. So, if you can explain or remind me, but I will cover the second one. No, I am not a believer of, we focus on growth today and productivity or profitability will come tomorrow. I always communicate on profitable growth, I believe that profitability is a discipline, it's like cash management and so you should never lose sight of your margins. Could it be that when you go and get a very large deal you have a slightly lower profitability level? It's a possibility, but that's not at all as a strategy, it's not at all we are saying, okay, we are going to focus on growth now and profitability later, no. We do focus on both and we have said it, Jatin has said it, we are communicating on the growth, 1.5% to 3.5%, obviously, but we also don't expect the margin to drop from where we are. And can you remind me your question number one?

Sandeep Shah: Yes. Just in terms of implementation of your strategy, which is more on simplification, do you believe you require a lead time or you believe simplification actually can be implemented fast and there will be a faster achievement on the results?

Thierry Delaporte: It depends. We have different streams and we have some fix that can be done rapidly, some takes a little more time. Usually, my philosophy is, processes can be fixed rather rapidly, system takes a little more time, people take a little more time again, even more time. So it's more attention to change management, it is obviously working in that on-systems, and it's identifying the processes where we can simplify, sometimes leverage technology, of course, but also review the different steps and see how we can make it more agile and more efficient for everyone. So, at the end of the day, some can be fixed rapidly, some will take any more time. This is the roadmap we are going to work on.



Wipro Limited
October 13, 2020

Sandeep Shah: Okay. And just last question, overall, in terms of cloud and infrastructure, which contributes as big as 25% of the resource revenue, most of the peers are saying that the demand recovery, rebound, acceleration has been largely driven through migration to the cloud. Despite Wipro being a sizable player, we have not seen that Wipro is benefiting out of the same. So, what is your strategy behind that?

Thierry Delaporte: Yes. I think I think what we have seen is two things, we have had an acceleration of our cloud business, but we have seen also a reduction of our legacy infrastructure business. So, I think you really have two trends that are different, and you should see a better growth on the cloud side in the quarters to come. Because I agree there is increasing demand, there's no doubt.

Moderator: Thank you. The next question is from the line of Divya Natarajan from UBS. Please go ahead.

Divya Natarajan: Congrats on the good execution during the quarter. Thierry, my question to you is, you have outlined your strategic priorities as well as your outlook on balancing profitability with growth. But what kind of a timeline are you looking at for this to play out? In the sense that what is the time period looking at for the organization to come back on a sustainable accelerated revenue growth rate?

Thierry Delaporte: Yes, that's a good question, Divya. This is a good question, there's no doubt. So, you will remember, last quarter was my first time with you in this role. I could only comment on an expectation of standardizations of Q2 and didn't want to project ourselves and guide for Q3. So Q2 has turned to be a rather good quarter. And we are now able to project for Q3, I am not projecting and gaining beyond, so that is clear. But it doesn't mean that we are not working on a trajectory that goes beyond the quarter, the objectives might be clear, the objective is to resume, to get back to the level of growth of the best of our competitors. And we would get there. How many quarters will it take, future with detail, frankly. I am not able to tell you it's going to take x or y quarters. But we will gear up driving those five pillars, we will see how we are getting there. But I am very confident that we will be there at some point in time, quarter after quarter we will reduce the gap.

Divya Natarajan: Fair enough. I will probably try a different angle when we will be doing a strategic discussion. Just a couple of bookkeeping questions, maybe Jatin can take this. What is the inorganic component embedded in the Q3 guidance? And secondly, what's the thought on wage hikes, either system wide or selected that you are planning?

Thierry Delaporte: Sure. Jatin, you want to take this one or Saurabh?

Jatin Dalal: So, Divya, two things, one is that acquisition which are already done there in the run rate, that has been factored in the guidance there. As you know they are very strategic, but they are not like large acquisition, so we are not calling that number out. And similarly, acquisitions that we announced is going to get closed in quarter three, so whatever it comes we have factored in the



Wipro Limited
October 13, 2020

guidance. Again, we are not calling out that these are not large acquisitions which swing the numbers meaningful.

Saurabh Govil: And Divya, to your answer on wage hikes, the number of employee interventions planned in Q3, one is that we will read promotions for eligible population, what is 80% of eligible population. And the increments which we will give them would be what we gave last year pre-covered, 8% to 10% offshore and 4% to 5% on site. So that's what we will do. Second is, we will also take care of for the freshers who we have hired and their increments for them. So, these are the actions which we would be taking, and refencing critical employers. So, all our high performers, good talent people, we will make sure they are taken care of.

Divya Natarajan: Sorry, and this is effective 1st October, I presume, is that correct?

Saurabh Govil: 1st December.

Moderator: Thank you. The next question is from the line of Sudhir Guntupalli from Motilal Oswal Financial Services. Please go ahead.

Sudhir Guntupalli: First, congrats and all the best for your new innings. For quite sometimes now, Wipro has been targeting to reach the industry matching organic growth rates. Now that you have finished your deep dive into the underlying potential of the company and articulated your strategy, changes, etc., how confident are you on driving Wipro towards that goalpost over the next, let's say, two to three years? And what are the challenges you anticipate in your journey?

Thierry Delaporte: Sudhir, I am confident, I am confident because I know well this industry and I know that there is nothing that is like this industry, but when you apply a certain level of discipline around the key drivers of growth, you get growth. Wipro is a very strong organization, it has all the assets it needs, we have wonderful people, the values of Wipro are unique, and our clients know it. We are working with a unique sense of purpose that has been transmitted by the founders. And frankly, we have a very strong asset. I am confident that working on these different axes, we will continue to accelerate. And I think that is what is required, I don't think there is, nothing in these five priorities are going to go up against each other, there is a complementarity and alignment. When I speak to the teams, I feel that there is a very, very positive mood, and people are excited to engage on those fronts. And so, at the end of the day, I am confident, absolutely.

Sudhir Guntupalli: Sure, Thierry. While I do understand and agree with your response to the previous question on our how P&Ls do not matter much to the clients. As we reduce the number of P&Ls, and as I understand that it may lead to some sort of reversal of the current level of delegation in the organization. In that case or in that picture of a centralized one Wipro, don't you foresee the risk of, let's say, internal bureaucracy increasing? And some of the erstwhile moments of P&L becoming disgruntled? I am asking this question because one of our close competitors, who had been very successful often fight their highly delegated organization structure as one of the key reasons behind their success.



Wipro Limited
October 13, 2020

And last part of the previous question, which are the challenges that you foresee?

Thierry Delaporte:

No, I am a believer of power in the field, I am a believer of decentralized power. Alignment, centrally; power, decentralized, this is how you're driving entrepreneurship culture, and where you are empowering people to make decisions, people are good, they are moving forward, as opposed to having organization that are frozen, because people are waiting for someone at the center to make a decision. So, there is no doubt, in my mind, that the decision must be the closest to the client, the closest to the field the decision must be. It doesn't mean that this is a big democracy where everybody is doing what he wants, that's the power of alignment. That's why creating a one Wipro where there's a common strategy, there is a common objective set, there is a clear understanding from every one of the directions to allow people to really understand each other's targets. But the people who are in front of the client must be able to make decision to react and to move ahead. So, I hope you follow me, for me there is no question that the power, the decentralization of the decision process is critical to drive a culture of entrepreneurs and accelerate the speed of decision.

Sudhir Guntupalli:

Sure, Thierry. Any challenges and risks that you see for your changes or for your strategy? That's it from my side. Thanks, and all the best.

Moderator:

Thank you. Ladies and gentlemen, that was the last question for today. I now like to hand the conference over to miss Aparna Iyer for closing comments. Thank you and over to you.

Aparna Iyer:

Thank you all for joining the call. In case we couldn't take your questions, please feel free to reach out to the Investor Relations team. All of you have a nice day. Stay safe. Thank you.

Moderator:

Thank you very much. Ladies and gentlemen, on behalf of Wipro, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.