



“Wipro Limited Q4 FY20 Investor Conference Call”

April 15, 2020



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Moderator: Ladies and gentlemen, good day and welcome to the Wipro Limited Q4 FY20 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, Stanford. A warm welcome to our Q4 FY20 Earnings Call. We will begin the call with the “Business Highlights and Overview by Abid, 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 Abid starts, let me draw your attention to the fact that during this call, we may make certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act 1995. These statements are based on management’s current expectations and are associated with uncertainties and risks, which may cause the actual results materially differ from those expected. The uncertainties and risk factors are explained in our detail filings with SEC. Wipro does not undertake any obligation to update the forward-looking statements to reflect the events and circumstances after the date of filing.

The conference call will be archived, and a transcript will be made available on our website. Over to you, Abid.

Abidali Z. Neemuchwala: Thank you, Aparna and Good evening and Good morning, ladies and gentlemen. I am joined by my entire Executive Committee, that is the Wipro Senior Leadership Team, virtually today as we practice social distancing and have adopted ourselves to the new normal of working as a leadership team.

We will share with you the results for the Fourth Quarter and Full Year Performance for the Fiscal Year 2020, but before I do that, I want to thank the leadership team, all of the 180,000 plus Wiproites globally, our customers and our partners for their untiring efforts and perseverance as we transformed ourselves into this new normal and enabling us for delivering on our commitments to all our stakeholders. These, as all of us know, are unprecedented times. And I am extremely proud of how the entire team has come together in the face of this crisis and work 24x7 to ensure the safety and well-being of each other while continuing to serve our clients. The fact that we have been able to stick to the earnings release schedule that was published several months back is a testament to these efforts.

On our Q4 and full year performance, as you might have seen, our Q4 revenues grew by 0.4% in constant currency terms within our guidance range and for the full year we grew at 3.9% in constant currency. The first two months of the quarter were strong for order book, closure of large deals, and ramp up across all of our projects. But in March, as the COVID health crisis



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rapidly deteriorated in key markets, like US, Europe, UK and the lockdown in India, we clearly saw an accelerated impact to our business.

Let me talk a little bit about our response to the COVID crisis. As we realized earlier in China and then in Philippines we quickly activated our COVID-19 Global Crisis Management Task Force, headed by Bhanu, our Chief Operating Officer and consisting of various cross-functional teams of business continuity planning, our Chief Information Officer, our Chief Information Security Officer, our HR team, our Facilities Management Group, Corporate Affairs team, and our top most priority was and remains the "Safety and Well-being of our People." With a lot of cooperation across not only internal but even external stakeholders, including the administration in various jurisdictions, we were able to move, by early March, most of our people in global offices be enabled to work from home.

On March 15th, we changed the working arrangement for our support employees based in India to work from home and started enabling the 165,000 billable client-facing employees to work from home. The initial effort obviously was about getting approval from our customers to be able to do that. Then, just before the lockdown, to enable work from home, we moved massive number of desktops, acquired additional laptops and data cards and transported them to our people's homes. We also created additional capacity in our Cloud, VDI, and VPN, using our own offerings around these areas to be able to enable a large number of our employees to work from home. In parallel, we reached out to our customers, briefed them on the measures we were adopting and sought their approvals.

All of these hectic efforts ensured that today 93% of our employees are approved to work from home by our customers and 90% of our employees are actually engaged in delivering projects globally and services to our customers in a work from home mode. In the past few days, our teams have settled into the new ways of working; managers were conducting daily standup calls to track people and their welfare, their well-being and the customer service delivery is being managed through this.

I am pleased to report that our SLA performance has been stable, and we are collaborating well with our customers on delivering our commitments to them. Most of our customers have appreciated our business continuity planning and our ability to help them. While there are many examples, I would like to share a couple of examples with you.

The first one is of a large bank in the US, which wanted to launch a full-fledged digital solution to support thousands of small businesses and their employees under the fiscal stimulus program initiated by the US Treasury to get financial relief under the US CARES Program, which is popularly known as PPP. A team of committed employees from Wipro took this up as a challenge, work closely with our cloud enterprise platform partners, and started working on 3rd April and built a solution in about 72-hours... which happened also to be a weekend. We have ensured that the application went live on 6th of April after incorporating a few regulatory changes by the US government on existing systems and providing a new front end to be able to



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originate loans. On the first day of going live, 22,000 PPP loan applications were processed, resulting in loan disbursement to the tune of \$5.5 billion. This has made significant positive impact not only to our customers business, but to the society at large. After that, we have had three similar engagements with different banks in providing similar services.

Another example that I want to provide of one of the largest and busiest airports that we service in North America. We had to manage an orderly shutdown of international traffic besides being prepared to handle cargo planes delivering essential supplies like food and medicine from across the globe. This meant enabling and equipping most of the airport staff to work from home and ensure that they could continue to access all business critical applications without any issues. We happen to provide infrastructure services to this particular airport. And as you know, airport employees are not attuned or accustomed to working from home. And this was a big change for them. We enabled change management across the employee staff and over 800 people were enabled to work from home in about 48-hours. These are employees of the airport, beyond the Wipro teams, which service these employees and the customers. And we guided their employees over phone, we manned walk-in support kiosks in virtual mode, help them do various monitoring across locations, train them on NS team which was deployed for collaboration and enabled the softphone features, among many other things. Totally across our customers, we have enabled over half a million client employees to be able to work in this new normal.

There are many other examples across our various service offerings, where we are seeing an opportunity to help our customers tide over this crisis.

Talking a little bit about the demand environment, while we are very satisfied with our actions in ensuring safety of our employees and ramping up capability to service our customers from home, we are still very much in the middle of the crisis and the economic turbulence that it has caused. Based on various estimates, the global GDP growth rates are expected to decline by at least 2%. This assumes that the virus peaks in the April-May-June quarter. But if the peak goes into the July-August-September quarter, then the decline could be even more dramatic. This is likely obviously to have a significant impact on our customers business and earnings, and hence a cascading effect on their IT spends. We already see instances of budget reductions, cuts in discretionary spend, request for temporary discounts and pricing pressure, and restructuring of existing spends. Sectors like retail, hospitality, airlines, energy, especially oil and gas, and auto segment in the manufacturing business are experiencing a more immediate and deeper impact.

Given the uncertainty in the environment, and inability to predict the course of the health crisis, we have decided to temporarily suspend our practice of providing quarterly guidance. And we will resume when we see increased certainty of both the demand and the supply side constraints that this crisis has created.

During the crisis, our priority will be to remain a trusted partner of our customers by staying close to them and enabling them in here and now and focus on proactively positioning our offerings especially focused on efficiency like modernization, cloud, automation, cyber security,



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analytics, etc., to gain market share and strategic accounts, as well as make the most of consolidation opportunities that this could provide. As we expect the revenues to decline during the quarter, it will put significant pressure on our margins. We will have tradeoffs to make on hiring, on salary increases that become due in this quarter in terms of the annual salary increase, discretionary spend that we have within Wipro, variable costs such as subcontracting, facilities, etc., and defending revenues and gaining market share will continue to remain a priority as we look at opportunities to get more efficient. We do anticipate that our working capital requirements will increase in the near-term. But our gross cash in our balance sheet does provide us the confidence that we will emerge stronger and better.

In the end, I would like to reiterate that the environment is tough, and as we all know, “When the going gets tough, the tough get going” and we believe that we are coming into this crisis in a position of strength. We will remain steadfast in our goal of employee safety and well-being, business continuity, staying close to the customers and treating ourselves to the new normal. I wish you all the very best. Please stay safe and stay strong. And I will hand over to Jatin to give the highlights of our financial performance.

Jatin Dalal:

Thank you, Abid. So, as you know, we came within the guidance that we had given for Q4, I will talk most of the numbers relating this being the last quarter of the year to the overall financial performance of the year. Our rupee revenues were 4.2% growth for this fiscal. We expanded our operating margin in IT Services segment by about 0.2% to 18.1% for the full year, that helped us grow our operating profit to 5.8%. We further got help from other income which grew this year as some of you know, we had larger cash in earlier part of the year, which was pending, the buyback that got completed in September. Our other income grew 8% year-on-year. Given some of the tax announcement that we saw during the year, our effective tax rate was lower by about 1.7% during this year, and therefore overall, we were able to grow our net income YoY at 8%. Because of the reduction in number of outstanding shares as a result of buyback, our earning per share growth for FY'19-20 was 11.2%. As at the end of the year, we have about \$3.4 billion of net cash and \$4.4 billion of gross cash. Overall, we have FOREX hedges of \$2.7 billion in a very narrow range of what we have been maintaining. Our realized rate for this quarter was 73.95 compared to 72.09 of the previous quarter, so, we did have benefit coming to the P&L because of better realization.

Overall, we have a strong cash position to continue to look at opportunities that such an environment may present in form of consolidation. We also had a good year on operating cash flow and free cash flow. We delivered operating cash flow as a percentage of EBITDA around 81% and free cash flow percentage of net income on a very similar number about 80%, 81%. We had a slightly lower operating cash flow and free cash flow in Q4 as some of you may have noticed and that was because we had four salary payments which happens once in a few years in India, and that impacted most our numbers by approximately 30%. So, the numbers that you see as a conversion of operating cash flow-to-EBITDA or operating cash flow-to-net income the 30% number I am giving with reference to both operating cash flow percentage of EBITDA and



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free cash flow as a percentage of net income would have increased by about 30% if we were to make adjustment on account of that. We did have a slightly higher DSO in Q4 because we did see some disruption on regular payment cycles that some of our customers undertake. As in last two weeks, a lot of the organizations were going through the teething issues on BCP, but we have had good first two weeks of Q1, which gives us confidence that we will catch up on some of those inefficiencies of Q4. This is all I had. We will be very happy to take questions from you.

Moderator: Thank you very much, sir. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Nitin Padmanabhan from Investec. Please go ahead.

Nitin Padmamabhan: First, I just wanted your thoughts on the price cuts, the cut in discretionary and extended payment terms. If you could just give some clarity there in terms of one, what proportion of clients do you think will end up asking for such concessions? And do you think these concessions are even on a price cut basis, is it very temporary? Two, is there any vertical specific cuts where you think it is more sort of prevalent? And finally, do you think something like an IMS also will bear those price cuts if it were to occur?

Abidali Z. Neemuchwala: So Nitin, there are certain organizations in those verticals who have fundamental question mark on their business model. And there we are seeing a relatively more permanent impact I believe, but a lot of requests we are getting is near-term postponement or deferment of discretionary spend. And on the run side of the business, obviously, we see both requests coming in for higher efficiency which does result into a lower revenue but also there are opportunities that we see along with that of certain level of consolidation that we would look forward to. Infrastructure business, or IMS that you refer to, a large amount of cloud the work that we do and we are seeing an accelerated movement to the cloud because it enables not only efficiency, but it also enables better working from home and virtual working in this new normal. And that is why while we will see some pressure on the run side of the infrastructure business, we see equivalent amount of opportunity both on the back end modernization, automation, cloud, etc., as well as on the front end of enabling... we have our own IP called Virtual Desk and a very strong offering around VDI and enabling the virtual desktops and we are already seeing good traction as customers adjust to this new normal by investing in tools and collaborative working across from the IMS will benefit.

Nitin Padmanabhan: But would you be able to characterize what proportion of the clients are actually asking for the cut -- is it a large proportion of clients at this point in time, more than half or something or how should we think about it?

Abidali Z. Neemuchwala: So the way I would think about it is there are ongoing conversations with a lot of clients. In some cases, we are also being proactive, we are very close to our customers, we see opportunities that have always existed and there is an element of acceleration of those opportunities that we can bring, which would obviously reduce cost for the customer, but at the same time could be revenue opportunities for us. It would be very difficult to quantify what percentage of clients are



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asking for this, but there is a small percentage which have come upfront from verticals that have been very severely impacted that I talked about retail, travel and hospitality, oil and gas, the auto segment within manufacturing and others, but we see opportunities that we are going proactively with the offerings that we have which are very specific to this COVID crisis and from our experience from past recessions that could be leveraged in an environment like this.

Nitin Padmanabhan: So if you look at GFC and look at things now, how would you characterize the difference in terms of what clients are seeing in terms of impact -- do you think that it is what you are seeing now is a little worse than GFC because everyone is impacted versus the specific sectors then, how would you characterize it?

Abidali Z. Neemuchwala: It is as bad, if not worse than GFC but we are still very early. So the focus in the last three weeks or so if you take mid-March as when really across the two main geographies, Europe and US from the demand side and India from a supply side got impacted. Right now the focus of our customers and our own focus has been primarily to get up and running and business continuity. Some of these conversations are just getting started as the second phase of managing the crisis. So, I would say it is a little early to say how it was going to be compared to the global financial crisis

Moderator: Thank you. The next question is from the line of line of Mukul Garg from Haitong Securities. Please go ahead.

Mukul Garg: Abid, just wanted to follow up from the previous question on discounts. We have heard from industry participants that clients in specific cases are asking for discounts up to 50% of an existing rate cut. Can you give us a sense of what type of discounts are you seeing from a monetary point of view? Are they at least as of now primarily focused on Q1 or is that something which will spill over to Q2, Q3 as well?

Jatin Dalal: Yes, there is certainly a significant pressure on price. I think what has changed from GFC times is that a large portion of our business has now become fixed price. So while immediately we will certainly have to take certain reduction in terms of both top line as well as profitability, but when you are able to lock in a business on a fixed price basis for let us say, three-year, four-year timeframe, you have higher confidence of working through your automation plans, pyramid, your onsite/offshore mix to be able to get some of those productivity benefit back into margin at a later point in time. I would not comment specifically on the quantum of margins. I think there is also one big realization if I may put it in the market about the quality players, for which a customer would be willing to sort of stay with and not just go on price. And I think Wipro has done well vis-à-vis responding very swiftly to our client requirements. We were I think first of the block vis-à-vis how we responded to some of the work from home requirement. And that I think is also a source of us to be able to stay in a portfolio on the strength of that execution.

Mukul Garg: Jitin, in terms of duration, current conversation are mostly a Q1 constraint or people have started looking at a slightly longer term as well in discount decision?



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Jatin Dalal:

I would answer it in two parts; #1 is, whenever a crisis like this happens, the reaction of the customer is here and now and this year. But I also believe that right now even customers are thinking through their strategies for rest of the year or next year. So some of this conversation are just beginning and they will evolve over a course of this quarter and probably early part of next quarter and we will have to stay with those, remain resilient, and make sure that whatever we are doing is in the interest of the relationship that we have with customer over a period of time and what we can further build on that over future period. So it is not 15, 20, 30-day phenomena where everybody is coming to you and then you decide and then you are back to back to normal work as usual. This is s going to unfold. I think as we see various parts of the world coming back to their business and various parts of the industry reflecting upon their own economic prospects for 2020 and 2021.

Mukul Garg:

Abid, while, we all understand that the visibility on businesses is quite low and hence the guidance is difficult, but can you give us a sense of the impact on individual sectors especially on the energy and BFSI side, what sort of hits you are seeing especially as you mentioned during prepared remarks that you are expecting a decline this quarter?

Abidali Z. Neemuchwala:

As I mentioned in my remarks, definitely the aviation sector, both airlines and airports, the overall travel and hospitality sector, oil and gas due to the oil price... a lot of retailers except food and grocery have almost shut down their stores and they are having a huge impact. The auto sector especially in manufacturing, where not only the demand side, but also the supply chain, I would call them high impact verticals. On the other hand, some of the other verticals like communications where the surge in the use of bandwidth, the surge in entertainment and media segments in terms of consumption of their services, utilities for example, we are not seeing a major change, in banking, we are seeing both tightening of the belts and primarily driven as all of you are in that same industry by interest rates and volatility that is seen. On the other hand because of the quick response of various governments on the fiscal stimulus, there is also a positive impact on the banking industry where they will see more activity around refinancing, originations of loans and grants enabled by the PPP equivalent programs across jurisdictions and so and so forth, we have a few logistics customers when there is a new paradigm of supply chain management and logistics, where we are seeing some traction. So more important than just the sectors alone we are staying very close to each customer organization enterprise and customizing our interactions and offerings and strategy to the strategies that these individual organizations are adopting in their context to be able to make the most out of it. Obviously, the ability to quantify at this point in time is very difficult, otherwise we would have guided, because a lot of things are in flux right now but hope the color I gave you helps you with the sector wise feel that we are getting. Obviously, the healthcare, medical devices life sciences where we have a lot of strength has both kinds of impacts because we are enabling a lot of hospitals, we are enabling a lot of our customers in the ecosystem to be able to provide COVID related services, we ourselves invested a lot directly, for example, design of a new ventilator, which is more of a prototype design, but a lot of the expertise could be leveraged, analytic-based solutions around predicting and developing models and so on and so forth. But also, on the other hand, a lot of the hospitals



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as they prepare to take care of the COVID impact, a lot of the elective surgeries and elective procedures have been put on hold. So, if you compare from a normal occupancy of a hospital versus what they are occupied today, actually they are less occupied in most, if I take U.S. for example, except for New York or a hotspot, in most other places the hospitals are running at lower occupancy. And that has a cascading effect on their financials and IT spend and how we service them. So, at this point in time, I would say there are a lot of moving parts. And quantification of that would be quite difficult.

Moderator: Thank you. The next question is from the line of Moshe Khatri from Redbush Securities. Please go ahead.

Moshe Khatri: My question is more kind of maybe broad based. What is the management planning to do in terms of balancing, on one hand protecting the revenues versus protecting your margin base? What sort of trade-off are you willing to take? And then in that context, obviously, if demand does slow down, what happens to your bench? What sort of utilization rates are you willing to kind of sacrifice to kind of preserve your bench at this point? Thank you very much.

Abidali Z. Neemuchwala: Moshe, a great question. And I will take the help of a few of my colleagues in answering this. But from Wipro perspective, as you would expect any reputed organization to do, very quickly we formed three teams within the organization, led by my three CXOs. So the first team that was formed was on managing the crisis itself and providing business continuity. And that was led by Bhanu supported by a tonne of people in the organization. The second team we formed under Jatin, which has all of our Presidents of our Business Units, which is looking at the opportunities that come out, both here and as well as in the future. And how do we, from a customer perspective, address those opportunities. And I will ask Jatin to give a little more color to the activities that that team has been undergoing. And the third team has been formed under Saurabh, which looks at cost overall, but also employ policies that are more empathetic in this crisis for our employees globally, as well as opportunities that we need to look at for driving efficiency and the entire talent engineering areas, as well as the corporate social responsibility as a responsible corporate citizen that we would do in times like these are all headed by Saurabh. So I will ask both Jatin and Saurabh to give a little more color to you and a little more specifics of what we are trying to do to answer your question, Moshe.

Jatin Dalal: So, Moshe, I think one of the positive aspect about a crisis like this is that it resets the table in terms of what you can do for your customer. And one of the key focus areas for Wipro through this is really how do we emerge out stronger. And I will tell you, some of the fulcrum on which these changes are taking place, number one is, for example, some of the constraints in our business which meant that you must have in most places you must get a person to a work or get work to a person and this was fixed places either in your ODCs in India or work locations of customers overseas, that paradigm is completely shifted. So, assuming you have 100% agility you should be able to theoretically capture every possible demand that is out there to be captured.



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Number two is that the models of engagement from customer is changing and in a distributed environment like this where customer wants an optimal outcome, your ability to provide reliable robust response and reliable robust outcomes to the customer matter a lot more than working in a silo within an organization of our customer for some specific skill that we could provide. So, the character of an organization comes in as a big differentiation in this case. So, we are looking at fundamentally what we could do in times like these from market offering standpoint and from our ability to respond very swiftly to customers' requirement. For example, we have spoken for some time about our additional investments and emphasis on what we call as big bets. And two of those big bets were really cloud and cyber security, and I don't think there has ever been a better time to be a market leader in these two areas than today. So we are working through horizontal offerings, some of which Abid spoke about in his opening address where we swiftly responded to customer requirements. As well as domain specific, be it banking or energy and utilities, which we could very quickly take to our customers. And one very, I would say, one very emphasized aspect of our response to this crisis is how do we emerge stronger. I will request Saurabh to talk about some of the core sections.

Saurabh Govil:

Thanks, Jatin. And Moshe, to your question is how our premise will be, is rather, we manage the cost implications in the short term, but are equipped to move agility as and when the demand picks up. And that's the way we are looking at our entire supply chain in terms of how do we look at hiring? How do we look at bench? How do we manage people? Including how do we look at subcontracting? How can we make sure we deploy our people, given the vagaries of bench happening? So, all these moving different parts of the supply chain will be the levers for us to ensure that in the short term given the impacts we should manage the cost. But as and when things stabilize we are quickly in a position to come back. And that's been the intent in terms of going deep on this one.

Moderator:

Thank you. The next question is from the line of Ankur Rudra from JP Morgan. Please go ahead.

Ankur Rudra:

Okay. Thanks for taking my question. So Abid, if you were look back at the previous crisis that you faced, including GST and the other ones, what are the main learnings you can take away from that and play differently this time in terms of balances between revenue optimization versus cost optimization?

Abidali Z. Neemuchwala:

So, Ankur, when we compare ourselves having navigated the crisis, the two most important things are, number one, in a crisis there is a race towards quality partners or providers that the customer trusts. And today if you look at our customer satisfaction, it is at an all-time high. We just completed our annual customer survey and our customer scores are over 90% on customer rating, and over 66% on NPS. Second is, everything that we did in the first two or three weeks of crisis management, we have received a lot of appreciation from our customers of not only enabling Wipro services to work from home, but in some cases even helping the customers' own employees as well as their vendors who were struggling to enable business continuity for the customer. And



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all of that gives us the right of being close to the customer and having the customers' trust. So that is one aspect.

As I said, there are two aspects. The second aspect of that is having relevant offerings. And I think Jatin alluded to this earlier in his response to Moshe. The investments that we have made over the last few years around digital, around cloud, around cyber security, even consulting, is very relevant because it requires a lot of organization, change management, consultative, proactive propositions to be taken to the customers. All the investments we have made in client mining and our mega-gamma accounts in terms of client teams, so that we are contextualized, we are relevant, we are aligned to the customers' strategy as we take these offerings that are market leading. We have got leadership position in over 100 of the 160 analyst report that we participate which talks to the strength of our offerings. That combined with the investment that we have made in client names to be able to make them contextualized and relevant to our customers, including the investment in intellectual property, especially around homes and some of the automation, artificial intelligence, cyber security platforms, data analytics platform that we have invested in are all very valuable. TopCoder, which is a crowdsourcing platform, which is very amenable to the new ways of working. So we have the strength of our offerings, we have the strength of client relationships, which are both important to be able to do that. And one of the things that we are very fortunate about and we have been working on it as well, is the quality of our balance sheet to be able to help customers in this time of crisis. So as you know, we have got significant cash available on our balance sheet, we have worked on the quality of our revenues, whether it is unbuilt revenues, whether it is our DPDs, etc., which can give us a lot of confidence on our own internal strength to be able to structure deals with customers that are beneficial to them for the long-term and provide us a competitive advantage as we work on those names. So all of this kind of put together, I would say, whether you call it learnings or best practices of coming out as winners based on the experience of the past crises that we have all seen.

Ankur Rudra: Thank you. Very helpful. Any particular insights on the workforce side, which may be different from last time?

Abidali Z. Neemuchwala: Saurabh?

Saurabh Govil: Workforce management, basically the impact from our workforce insight which we have on GFC is that, I think the only point that I called out earlier is that how we are in a position to take actions but fast and required here and now, however, enables us to be agile to come back quickly. I think that's the biggest learning from a workforce. That's what we have seen. You want to add something, Abid?

Abidali Z. Neemuchwala: No, I was looking just to give an example, Saurabh, talk about the enablement of work from home in terms of the managers and in terms of reskilling acceleration that we are doing. I think the question was more around Ankur wanting some examples.



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Saurabh Govil:

Yes. So, as Abid alluded to, this pandemic has also pushed the boundary which we have never expected. So 93% of the workforce enabled to work from home, all managers are able to do daily calls, we are connected stay connected, things which we have not done, example very clearly is, doing a book closing or getting results which were planned and going out with them. All these very clearly are pushing the boundaries for us which have not happened. So that is one. The second is I think reskilling, so that will be another part in terms of how people were coming off to the bench as different volumes are happening and different ramp-downs and ramp-ups are happening, how do we equip them to move for the newer ways. So I think that's another one and having a top coder platform and a top gear platform for us is another opportunity for us to train people and make them ready. So the nimbleness for us to make our workforce ready as and when the demand comes will become the key. And all our actions and activities will be focused towards that during this period. That's the focus as we move forward.

Moderator:

Thank you. The next question is from the line of Parag Gupta from Morgan Stanley. Please go ahead.

Parag Gupta:

So Abid, the question that I had for you is, you did mention that some of the clients who have, especially in the three to four verticals that you talked about are seeing significant challenges, because obviously there the first order of impact is much higher. Now, I just wanted you to understand, how much of the impact of these customers in your view is temporary? And how much of it could be permanent? So I am just basically thinking of, are you seeing any of your customers who are running the risk of potential bankruptcies, which in this case may not be just a temporary impact on your business, but actually could be permanent loss of revenues. So if I could just get some sense on that from you. And then I will ask my second question after that.

Abidali Z. Neemuchwala:

So Parag, we have Srini Pallia who is the president of our consumer business unit, which has seen the earliest brunt of this. So I will ask him to give you some color on it, and then it could be followed by Angan who heads our banking and financial services business to give you a little more color in terms of what you see in those two verticals, what both of them are seen in those two verticals.

Srinivas Pallia:

Like I think Abid mentioned, retail, travel and hospitality industries have a significant impact over the industries that are part of the consumer business today. Now, if you look at the perspective segments within that, which are hardest hit includes apparel and fashion retailers, the home improvement retailer, specialty retailers and, of course, airlines, restaurants and QSR chains. Now, if you look at analyst reports, they say that some of these retailers and departmental stores may shut shops for the six months or so. So what we saw initially post-COVID is that there was a hyper demand for groceries, which we expect to normalize in a month's time. And again, across the board there is a significant pent up demand for online commerce and also automation that Abid talked about. So, to us at this point in time the way we see it, retailers are looking at especially I guess around last mile delivery, inventory and omni channel stack. So at this point of time, the visibility that we have within some of our customers, they have stalled many transmission programs that put a hold



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on discretionary projects and thereby there is a reduction in developmental work, especially on projects. So if we were to look at a crystal ball and look at what would happen likely to happen.

Abidali Z. Neemuchwala: Angan, you want to go ahead in the meantime?

Angan Guha: Yes, Abid. Thank you. So, Parag, from a financial services standpoint, and I think Abid as well as Jatin mentioned this earlier, the interest rates are currently almost getting to zero and also could be a negative. So that obviously has an impact apart from the COVID situation. So in the medium term, I am seeing a lot of distribution spend getting stalled at this point in time. So there is, obviously, an impact in the medium-term. But equally, just like Abid said, I think there is a big opportunity in terms of vendor consolidation, in terms of working on the wrong side, there can be enormous opportunity. So from our perspective, while the future is very uncertain and it's difficult to predict, we are staying close to our clients, we are working with our clients very, very closely. We are making sure that we deliver to all these SMAs that we have signed up for, we have been fairly successful. And we will continue to do that. So we will keep the long-term client and our employee interests in mind in whatever we do.

Abidali Z. Neemuchwala: Great, thank you. I am just assuming that Srini is not back on, so I will just go ahead with my...

Srini Pallia: I am back. Sorry. I don't know where you last heard me.

Parag Gupta: You basically talked about omni-channel and last mile is where retailers are asking for help and they are holding discretionary spend, so that's where we lost you after that.

Srini Pallia: Okay. So at this point in time, we are still working with our customers in some of the new ways which was typically driven by COVID-19, essentially around curbside pickup that I was talking about, which helps shoppers to collect the merchandise from store associates. There are some engagements where we are helping our customers, but on store traffic and social distancing, through video analytics, a lot of customers, obviously, they want to liquidate the inventory reports COVID, adaptive pricing and dynamic pricing becomes very important from a competitor benchmarking perspective. And also home delivery for those retailers who have been not full-fledged on an e-commerce or omni-channel. So these are the areas that we are focusing on, so we think that while the overall IT spend will come down, but there will be key niche areas that the retailers will help and will need help. And that's where we continue to invest our time and effort, if you will.

Parag Gupta: Great, thank you very much. And Abid, my second question was for you, And I guess for Wipro, we were basically now looking at two potential headwinds. One is the headwind of COVID and how that flows through, and the second is, obviously, the fact that you have decided to move on, it does create some amount of vacuum at the top level. Is there any change in views? Or to put it differently, is there anything that we should be keeping in mind as to how people can manage these turbulent times, especially with you also potentially moving on at some point in time? Thank you.



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Abidali Z. Neemuchwala: Parag, I will let Saurabh give a little bit of an update on the CEO succession, as he has been doing it very closely with the board. But I wouldn't classify that as a headwind, the company that I leave, I feel very confident. I talked about our investor satisfaction, which is at the highest level, our offerings where we have strong leadership position and recognized by these stakeholders, intellectual property, our strong balance sheet, a very strong leadership team and energized sales force and the customers. So I feel quite good in terms of a strong foundation which I am leaving behind. And a testimony of that is that we announced my stepping down on January 31. And while COVID was somewhere a small speck in the background, it was obviously not what it is today. And we spent from middle of February to middle of March, as I articulated, preparing for it as we started first seeing it in China, and then we started preparing for it and executed quite well in March. As I had promised on the request of our Chairman and the Board, that I would continue till my successor is announced and on board and continue business as usual. And I think the whole crisis management has proven that. The credit goes more to the team, which made it happen because we have a deep leadership bench, we have a great team leading this organization. So I would definitely not classify it as a headwind, if anything, it is an opportunity for bringing in fresh ideas and thinking afresh in a new normal that we are going to land ourselves in a few weeks from now. Saurabh, you wanted to give on update on succession process?

Saurabh Govil: Yep. Parag, so as Abid said, 31st January we have announced and Board along with the Nominations Committee is working. We are well on track on the process, it's moving extremely well in the entire process. It has not got impacted by the pandemic in any way, and we should be in a position to announce our new CEO in this quarter. So it's very much on track there. But as Abid said, he is very much there till the new CEO comes. So it's all business as usual for us.

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

Divya Nagarajan: I think quite a few of my questions have already been discussed here. But just one follow-up on what we have talked about as what you are doing for customers right now, in terms of enabling work from home. Could you kind of run us through what kind of project sizes and opportunities that really is? So we talked about, for instance, enabling Microsoft Teams as one of your customers. What are the kind of project sizes and durations you are looking at here? And what kind of potential opportunity could this be, as more customers try and implement these in the next several months?

Bhanumurthy B. M.: This is Bhanu here, I will try to take this question. So, we are looking at two, three different kinds of opportunities as we enable our customers through this process right now. The first, like you mentioned is to get the customers enabled for their organization to work from home and operate in the new methods. If I look at, for example, within our own organization, for example, our chat messages between our employees has increased by about 47%. Our collaboration minutes have gone up by 26%. Our usage of collaboration tools with respect to users has gone up by about 21%. So we see organizations trending significantly towards this virtual collaboration tools. So one of the things that we are doing for a lot of our customers is to quickly enable them to utilize these



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collaboration tools and make the work from home very effective for them. So that's the first kind of thing. And associated with that is all the cyber security capabilities that need to go with it. So that's the first set of activities.

The second set of activity is to help them with respect the new opportunities that are coming in the short-term, because of the COVID crisis. Abid alluded to some examples of how organizations are trying to introduce products to take care of, to take advantage of the fiscal stimulus that is being done in some of the countries. Similarly, there are organizations, for example, which are supplying to, let's say, nursing homes. And with all the lockdowns that are there in play right now, you need help in terms of optimizing algorithms in terms of finding the right routes and so on so forth. So, there are multiple short-term opportunities that are coming, there are organizations which are looking at faster planning of their supply chains and so on. So, a last short term opportunities of that type.

Then there are third set of opportunities are coming in terms of organizations looking post COVID how would they look like. For example, a lot of conversation is about how the supply chain visibility and predictability should be there? What are the supply chain dependencies that the organization has? And how would they want to go forward and address the supply chain dependencies? There are there are questions about how much of process automation should be done? How much of the current work that is being done through digital operations and platforms organization? How much more automation can be done in those areas? There are a lot of questions around what kind of new digital migrations can happen? Obviously, all organizations have understood right now that migrating to cloud is one of the best thing that has happened for those organizations to move to cloud, they have been able to respond to this very well. And to some organizations about, "Hey, how can I go long term into what will my architectures look like?" So we are looking at all the three sets of opportunities right now. Obviously, opportunity sizes do vary depending upon the depth of the organization and how widespread or how geographically spread that organization is.

Divya Nagarajan:

Just a follow-up on that. Would it be fair to characterize the first two opportunity sets as being typically smaller sized projects? Because you did talk about being more short-term. And the third set of projects being much more longer term?

Bhanumurthy B. M.:

So timeline wise that is correct, but the first opportunity itself, for example, making organizations to be enable to do work from home, there could be some larger opportunities as well in that, depending upon the size of the organization and how ready they are right now.

Divya Nagarajan:

Fair enough. And I think, one follow-up if I may. NASSCOM seems to have started lobbying for the government to allow furloughs in the IT services industry. Is that something that you would consider, if it comes to I think you have talked about tremendous need to control cost, but would that be on the cards as one of the cost control opportunities?



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- Saurabh Govil:** Absolutely. I think we are right now all options in the cards, and furloughs is very much on the cards. It is a flexible option and it helps us to come back quickly. So very much we will explore across all the country if possible.
- Moderator:** Thank you. The next question is from the line of Pankaj Kapoor from JM Financial. Please go ahead.
- Pankaj Kapoor:** So, my first question is on the guidance suspension, was just wondering is it more because of, relatively speaking, uncertainty on the volume side or you are unable to look at the kind of a pricing pressure that can come in which is leading to this decision?
- Jatin Dalal:** No, I think we articulated, the key reason behind guidance is the fluidity of the situation. I wouldn't characterize it any other way. If we could size any angle of it and we still would be able to provide then we would have provided.
- Pankaj Kapoor:** I understand, Jatin. I am just trying to figure out whether there is lack of visibility in terms of customer demand for pricing only. So, I am just trying to understand that whether the volume can continue. It is just that the clients are coming to ask for pricing cuts, and which we are unable to predict? Or is it that these people are more uncertain about the work itself so that there is a possibility of volume also contracting?
- Jatin Dalal:** It is both, factually, where people are reprioritizing where they want to spend, whether they want to spend and when they want to spend. And then, of course, the pricing also comes into play. So uncertainty is on both axes.
- Abidali Z. Neemuchwala:** And there is one more right now which we think is temporary, but that temporary could extend till the lockdowns and shelter at home extends, is the ability to do certain types of work from home, which is about right now in our case about 7% of the work.
- Pankaj Kapoor:** Got it. And Jatin, the second question is on your ability to manage the cost in this time. So you highlighted some of the pressures that you are facing, and you also highlighted some of the levers that you may want to use. As a net, net impact of all that, any sense which you can give in terms of whether we will be able to manage margins in a narrow band or you think that margin in the near-term could come under significant pressure?
- Jatin Dalal:** Yes. So we will, based on the visibility that we have, as less as it is, we are going to definitely go all out on the costs. But since the revenue side of equation is fluid, one is not sure how well those two will marry. I think we should go back and see global financial crisis and see some of the margin behaviors, that's how we are looking at it to learn from past. But our endeavor, of course, is to drop as late as possible. But these are uncertain times, so this is not normal where I can feel comfortable about a range or narrowness of that range, kind of a position.



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

Aparna Iyer: Thank you all for joining the call. In case we could not take questions due to time constraints, please feel free to reach out to the Investor Relations team. Have a nice day. All of you stay safe and stay strong. Thank you.

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