



“Wipro Limited Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to Wipro Limited 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 'star' then 'zero' on your touch tone 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, ma'am.

Aparna Iyer: Thank you, Aman. Good morning and good evening, everyone. A Very Warm Welcome to the Wipro Conference Call. And thank you all for joining at short notice. We will begin the call with "Opening Remarks by our Chairman, Rishad Premji", followed by an "Overview of the Acquisition by Thierry Delaporte -- our CEO and Managing Director", and "Lance Levy, the CEO of Capco will Share his Perspective", post that the operator will open the bridge for "Q&A with our Management Team."

Before we commence, let me draw your attention to the fact that during the event, 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. This may cause the actual results to differ materially from those expected. The uncertainties and risk factors are explained in our detail filings with SEC. Wipro does not undertake any obligation to update the forward-looking statements to reflect the events and circumstances after the date of filing.

I'll now call upon Rishad Premji, Chairman of Wipro Limited for his Opening Remarks. Over to you, sir.

Rishad Premji: Thanks, Aparna, and good morning and good evening to all of you. As always, it's a pleasure to speak with all of you and I hope you guys have been keeping well and staying safe. And for those of you who can't access the vaccine, hopefully, you have a chance to access it soon.

There's been a lot of exciting and positive changes Wipro over these past few months and many of you have heard about this from our analyst day back in November, you heard more about this during our Q3 results call in January. We've really moved into execution mode on several significant changes happening in the company.

We are executing on our "New Five Point Strategy" that Thierry had clearly outlined. We have transitioned to a new and simplified organization structure which is market-led and market-first. And we've also had several new leaders joining our leadership team over the last few months.

Today, we are thrilled to share another important announcement of a "Transformational Acquisition", the largest in our history as Wipro. We will be acquiring "Capco", which is a leading consulting, digital and technology transformation partner in the banking and financial services space for a value of \$1.45 billion. Capco will bring to us over \$700 million in revenue, and over 5,000 consulting and domain specialists based across the globe.



With this acquisition, we believe, we will join a select league of service providers that bring an integrated and end-to-end consultative, digital, cloud and IT transformation solution at scale to our customers.

The banking and financial services industry is our largest sector globally, and a high priority and growth segment for us. Capco will bring Wipro significant scale in our BFSI business, a highly complementary set of service offerings creating a unique combination of consulting and domain-led expertise with scaled digital technology and operations depth. This we believe will drive accelerated growth. It will also expand our presence into a set of large strategic customers that are uniquely complementary to our existing customer base. In addition to the complementary capabilities and customers, it will give us a platform to leverage the deep and enduring relationships that Capco has built over the years with CXOs and business leaders of several large customers.

While this is important, what we view and believe most critically, is that Capco is the right fit for Wipro from a culture and values perspective. I have been very encouraged with the commitment shown by Lance Levy, CEO of Capco and his leadership team to make this partnership a success.

The last time I spoke to you all which was in November at our analyst day, I shared with you that you will see a bolder Wipro, more ambitious Wipro, one that will be more risk taking, one that will not be afraid to shake up the appcart to make tough calls to invest deep and to think big. This acquisition fits well into that strategy and will pave the path of building a bold tomorrow for Wipro. This has been a remarkable team effort in a short amount of time, and we are collectively, incredibly excited about this new chapter and to welcome our Capco colleagues to Wipro. With this, I want to hand over to Thierry to share more details around the strategic rationale and our thinking behind this acquisition and to also take your questions down the road. Thierry, over to you.

Thierry Delaporte:

Rishad, thank you. Good evening, ladies and gentlemen. Thank you for joining this call invitation on short notice. We have indeed great news to share and we wanted to be able to share it with you in person. We are delighted to share with you the largest ever acquisition made by Wipro to-date. Earlier today, as you know, we signed an agreement to acquire Capco, which is a focused management and technology consultancy, offering digital transformation solutions to global financial institutions in the US, in Europe, in Asia Pacific. This is an all-cash deal for \$1.45 billion. Transaction will be financed through internal cash and debt. The acquisition is subject to regulatory approvals of course and is expected to close in the quarter ending June 30, '21.

Now, let me tell you a little bit about Capco. Was founded in 1998. They have a global presence. Headquartered in London. Capco has a good strength and very strong market positioning around high value business transformation services. I've known them for years. They have long standing and trusting relationships with their clients and strong suite relationships. In the calendar year



2020, Capco's turnover was over \$700 million, and 30-accounts accounts contributed 79% of their revenues. As part of the acquisition, we will be onboarding over 5,000 colleagues, including consultants with deep domain expertise and passion for consulting and obviously financial services. We are extremely excited to welcome them to Wipro and really look forward to making their Wipro experience meaningful.

Now, if we reflect on the rationale for the deal, there are five key reasons why we believe this is a strategic acquisition. One, acquiring Capco helps us grow our global financial services business, which is our largest segment from 2.5 billion to 3.2 billion, with a strong consulting footprint. Scale matters and it reinforces our market relevance, the depth of our business solutions, and also the talent available to us at the leadership level. Think of the reason why this is such a compelling proposition is growth acceleration. There is a huge potential for synergy because of the highly complementary customer profile between Capco and Wipro's BFSI business. Given that BFSI is such a major sector, we know that it's tough to break into a new account. In that context, through this acquisition, we will be adding certain primary financial services clients which will significantly enhance access to industry spend.

“Third Reason.” We believe the acquisition of Capco will highly complement Wipro service offerings in the banking and financial services domain. It's absolutely aligned with our strategy to be a trusted partner. If you remember what we've shared with you back in November, be a trusted partner to our clients in their digital transformation journey. The unique combination of Capco consulting-led financial services domain expertise, and Wipro's digital technology and operations capabilities really positions us well for large scale transformation deals. It definitely helps Wipro become a true end-to-end integrated consulting, digital, technology services and operations provider to the BFSI industry.

On this rebound, let me give you a couple of examples of what this will mean for our customers. One, Capco provides consulting as an advisory services in the risk and regulatory compliance area to chief compliance officers and chief risk officers which leads to a significant technology architecture, design and we therefore to be able to support the changing needs within the CIO organization. Wipro's capabilities in the technology domain, architecture, design, build and operate, Wipro-Capco combination can definitely offer end-to-end cloud native solutions to our clients, right, from advisory and design, to build and operate.

Let me give one example. Capco was extensive in the business operation space providing advisory and consulting services for targets operating budget, strategic cost translations. This allows significant business operations and finally, artificial intelligence, automation opportunities. With Wipro's strong capabilities in operations and AI, automation, Wipro-Capco combination will be able to offer softness end-to-end solutions to our clients.

In both the above example, by the way, it will benefit our clients from three perspectives -- Global Delivery Model: Scale, End-to-End Capabilities and the Approach from Shaping to Execution.



Now, going back to the five reasons, I was giving you about why this is a strategic acquisition for us. Let's go with the first. We believe that we will be able to leverage the deep and enduring relationships that Capco has with key decision makers at the board level, CEOs, COOs, Directors space, which naturally provides a tremendous boost to our market position.

Finally, none of this would be possible without the exceptional talent we get to go through this acquisition. We've met a lot of the leaders on the team. I am very excited to really welcome a team of highly diverse leadership team to Wipro. Besides, there's a very significant millennial and Gen Z workforce as well that we will bring onboard and we really look forward to this unique culture of collaboration and proactive account management.

Now, I'm sure you will ask about the integration. We see the transaction as a merger. This is the mindset we have in the transaction as a merger between Wipro and Capco. The merger brings scale, complementary capabilities, clients, talent, leadership to the combining entity. Capco will continue to operate as a separating under Lance leadership together with the global leadership team by the way and partners. As I said, highly experienced professionals in their own rights. However, to ensure that we will have rationalization in the top, we expect even the capabilities, we will have an integrated strategy and execution approach for common clients. While we were in the model, we will learn together and certainly evolve an integrated synergistic operating budget over the next few quarters, that enables us to cross-leverage our capabilities seamlessly in order to bring the best of people and Capco to our clients and prospects.

From a margin standpoint, Capco's operations are comparable to what we find no other consulting firms. This acquisition will definitely affect Wipro's IT services margins by 2% in FY'22, a large component of which is a non-cash charge by the way, return EPS-accretive in a string of the acquisition and you will see Wipro focus on improving margins in our existing business while driving cost synergies in all our acquisitions.

So, in summary, we are extremely confident that the acquisitions will create one of the world's prominent integrated consulting technology operations player to banks and financial institutions. This will accelerate growth led by huge potential of synergy. We will increase our presence in some of the major global financial services customers, accelerate our time-to-market or sought after capability, and also increase our relevance to our customers in the segment.

With that, I will hand it over to Lance Levy, the CEO of Capco, with whom I've had the real pleasure to develop very strong connections and trust over the last months, and who will be a great leader in the new construct. Lance will share his views on the acquisition now. Lance, over to you.

Lance Levy:

Thank you, Thierry, and Good evening, everyone. Let me start by saying how incredibly excited I am to be here today with you, and specifically with Rishad and Thierry to Share our Strategic Vision and Rationale for our Two Companies coming together.



Before I go further, I would like to add that our entire leadership team is incredibly excited about this deal. And committed, our partners, our leaders in the business, really see the benefit of this union. And we're incredibly committed for the next part of the journey of Capco within Wipro family.

Let me echo some of the strategic comments made by Rishad and Thierry. Capco has been in the fortunate position over the last seven years of being able to build itself and position itself as a real challenger, and an alternative to the large established consulting brands in the market. And we've become a preeminent choice as a management in technology, transformational consulting services provider, quite frankly, the best financial services clients around the world. It's become clear, however, over the past years, that our clients are increasingly asking us to not only advise on strategies, to not only architect strategies and processes, but to take them through the full spectrum of a transformational journey, and journeys. And that involves technology at scale, which we've not been able to provide. As the market has moved and consolidated in this way, the opportunity for Wipro and Capco to create a new market leader for financial services, offering a full spectrum of transformational change to our clients is hugely compelling. For me, for my team, for our partners, this transaction is huge. It offers a real opportunity for both companies to drive and accelerate significant change and significant growth. And by so doing offer an even more special company and offering to the market.

To put it in very, very brief terms, as my partners in Capco have described to me, we want to now take on the larger competitors on their own turf. We believe that through the combination of consulting, and consulting transformational skills, and Wipro's deep technology expertise and scale, we have a very, very attractive proposition to take to market for the first time. And we feel extremely good about that.

Let me talk a little bit about culture and our people. And one thing to know is that our people know Wipro people. We work together on various engagements. And I can say that our cultures are a natural fit for many reasons. Thierry and I have known each other for many years. And I'd like to say I have an extremely good relationship. And immediately in regards to the discussions around this deal, saw the strategic opportunity and the cultural opportunity and bringing both organizations together. I believe strongly that not only do we share the same vision for growth, the same ambition for growth, but also the same value and the same integrity in respect of how we go to market.

By way of summary, in respect to my comments, I will emphasize again the commitment of our team, our leadership to the next part of this journey. Our partners all have very long tenure at Capco. We're very much a family as is Wipro. And my commitment, my partner's commitment is absolute in regard to the next part of this journey.

We believe our cultures are connected and powerfully aligned. And most of all, we believe that by bringing these two companies together, by bringing these two value propositions together, in an end-to-end offering for our clients, we become something unique in the market. And we



become something that can face off against the big brands in a meaningful way. At Capco, we'd like to win in an appropriate way. And I can say that both I and my partners can't wait to get started on the execution phase of this transaction. So thank you, Thierre. Thank you, Rishad. And it feels really good to join the Wipro family.

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 Sandip Agarwal from Edelweiss. Please go ahead.

Sandip Agarwal: So, I have only one question which I would like Thierre probably answer, why you are right now going for such a big acquisition when the demand environment is so good? Do you really think that adding this consulting piece will add a substantial delta to us, in the sense that we will be able to target making more clients and because the environment is very good, it will be probably a right timing of the acquisition. Is that the thought process behind it or are you saying that there are some gaps strategically, BFSI, which we are trying to fill through this acquisition, so what is the real intent, whether we want to be prepared for the next four or five years in terms of the cycle which has turned around or it is more to do with filling up the gap which we have seen in our offerings?

Thierry Delaporte: Sandip, thanks for the question. You're right, that the market is easy, but there's a rather good environment and financial institution in particular are investing more in technology than they've ever done in the past. And we know that, it's discussed several times, it's not only limited to the IT sphere, they are investing technology to connect with their clients to better efficiency and employee experience to create new stream of revenue and obviously improve their profitability, their productivity, and address their compliance challenges. There is a very clear also direction that is being taken by those banks that are growing one of the views for more fundamental transformation programs, because their industries that have been disrupted by technology and technology players over the last years. And so, if you remember, when we talk about our strategy for the next year at Wipro, we really insist on the condition that to be relevant for our clients and our partners, in this industry, we really need to be able to help them drive their transformation agenda, not only be a technology provider but truly be at the CXO level discussing with them priorities and business issues. And from there, start to think design, elaborate, build, and drive transformational programs for them. So that is, in fact, if you reflect on that, the acquisition of Capco is absolutely right at the heart of our strategy, the way we had it articulated. Today to be more relevant in our industry, you have to play at these different levels. On the pink side, which is really discussing strategic transformation topics, we CXOs and multiple different stakeholders from financial institutions all the way down to developing and executing complex transformation programs, we aim for them. And so the nature of this acquisition is extremely strategic. There is absolutely no question. The timing is right, because I think this is now discussions at CXO level are happening now. And we felt that it was just the right time for our two companies to get closer. Lance, do you want to add something on your side?

Lance Levy: Sure. I could agree with that, Thierre. We work with our clients to advise on critical projects and strategic initiatives. And I'd make two points; one is that demand is strong in the market, partly



due to what we have been and are going through in respect of COVID, financial institutions have realized they need to put certain digital infrastructure in place faster. And strategic decisions have been made at our institutional clients, which have really a long tenure ahead of them. So we expect and we're seeing that demand will continue for some time. And more and more our clients are asking us, and we see that they're asking other providers for a single provider. As *Thierre* said, not only to strategize, conceptualize design an architect solutions, but then to implement them and run those solutions. And now with this deal, with these two companies coming together, we feel strongly, partners feel strongly, *Thierre* and I've talked about this a lot that we can confront the big players, who have end-to-end transformation is given to develop and to take up the demand, that is coming quite strongly from the institutions, the financial services institutions, in respect of transformational outcomes, especially aligned to digital, which is so important to them. So, this in my view will make growth exponential. We see the growth, but we don't have the technology downstream skills to really capitalize on it. We get ahead of that growth by strategizing with our clients at times writing those RFPs with our clients. So this is still in my view makes absolute strategic sense and will accelerate growth.

Moderator: Thank you. The next question is from the line of *Moshe Katri* from *Wedbush Securities*. Please go ahead.

Moshe Katri: I have a couple of questions here: First, maybe you can talk a bit about how has *Capco* evolved since its separation back in 2017? And then on the integration front, what is the company doing to retain top executives and talent at *Capco*? And then the follow up here is maybe some color on *Capco's* growth rates and profitability during the past few years including throughout the pandemic?

Lance Levy: With respect to I would say the last four years, under *FIS* ownership and then under *CMOs* ownership, we have moved *Capco* from a consultancy which I would describe as predominantly capital markets with some banking and a consultancy which I would describe as responsive to the market into a role spectrum of management and technology consultancy which operates in a highly efficient and structured way with a much larger banking and payments practice and a much larger wealth and asset management practice. And now we have launched an assurance practice. We have made some tuck-in acquisitions along the way. We have restructured our go-to-market model and our leadership team in many respects. And we have increased and improved all of the traditional management consulting metrics that you would expect. A lot of that work was done, completed prior to COVID. And as a result of that completion, the completion of that work, as a result of all of the effort we put into building a highly structured, highly disciplined market focused company. We were able to grow during the COVID period by some 6%, which was at the lower end of our expectations for the prior COVID.

One of the reasons we were able to do that, some of the reasons we were able to do that, go back to the original heritage of what makes *Capco* special, which is deep domain expertise. We walk, talk, eat, sleep and breathe financial services. Our people are highly motivated in this regard. And we connect with the C level as a result. The second reason is to connect with C level and business



leaders. We speak with business leaders; we walk the halls to connect with CXOs. Yes, we sell to CIOs, but that's predominantly not our business. So, our intimacy with our clients, our intimacy with their strategic initiatives, our conversations with our clients in helping them develop future demand, future initiatives helps us to grow during COVID.

In respect of talent, we have all been together for a long time. That's the first point to make with somewhat of a family at the leadership level. We have an extremely low voluntary attrition rate amongst the partnership and the leadership. We commit to each other and we have made the commitment to each other to Thierry, to Wipro, to take this next step forward, and move this journey forward. And equally, there are various long-term incentive plans that will remain in place and have carryover which provide their own retention in the deal. I feel very strongly about my commitment going forward about wanting to certainly spend the next years and years building a new offering, a new proposition in this partnership. And I know that my partners feel the same way. It's difficult to explain the level of excitement drive down in Capco, but it is all based in business and clients and the ability to drive growth, which is fundamentally the vein of the rationale the run through our company and our growth.

Moshe Katri: Just to confirm, the expectation is that was the EPS accretion in year three post transaction?

Jatin Dalal: Yes, that is right. The deal will be EPS accretive from year three.

Moderator: Thank you. The next question is from the line of Ankur Rudra from JPMorgan. Please go ahead.

Ankur Rudra: Congratulations on the interesting deals out here. Maybe a few questions for Thierry to start with. Thierry, could you maybe elaborate on where do you see the immediate and medium-term synergies from this deal? Is it primarily scaling Capco's top 30 clients? Or is it more cross-selling to the broader Wipro client base?

And the second related question is about your longer-term vision you outlaid, where you see yourself as a big player. As I understand, financial services is relatively consolidated, despite being a big market. So what are the key challenges to achieve your vision here? Is there really an appetite for another scale player there? Thank you.

Thierry Delaporte: Okay, Ankur, two really good questions. So, the first one is really regarding the integration. And you are right, I mean, where the synergies, where are the first synergies? I think it's very clear for us that we will leverage our relationships on both sides, okay, so we will drive streams, day one, on our existing accounts, whether they are Capco accounts, some we have one bigger than the other one, or complementing each other, or Wipro account. And we will absolutely align our products. The first thing we will do is, before we do anything around integration or whatsoever is going to review the governance for us in the accounts where we have common position, not common position but we both operate. And also, we find some specific strategies of growth in our respective accounts.



It is clear that on one side Lance will be very keen to connect with our BFSI leaders in America, Europe, and Asia Pac, to really understand and see, and we are starting to do that already, to be honest. We have started to explore, not to work on these but to explore opportunities to really look at where we can leverage the relationship Wipro has developed over the years and really start to position Capco as an addition, as a new opportunity to speak with different stakeholders in the banks, financial institutions. And obviously, it will be the responsibility of the leaders, BFSI leaders of Wipro in America, Europe and Asia, to really reflect on how we can develop our technology services and our expertise and our capabilities and our solutions in the accounts where Capco has developed over the years' a strong footprint.

It is clear in my mind, I think we shall review that, in the BFSI sector scale matters. And so, combining our forces will make us stronger. And I think it's connecting with your second point which is, how we are competing with the large BFSI companies in this industry. Scale matters, ability to address multiple stakeholders is critical. And certainly, the combination of annuity business, volume business and value services, at the same time strategy; and importantly, size is absolutely critical. So will reinforce our position not only in the accounts where we are or where Capco is, but also in some cases into accounts where we have no operations, but we have suddenly the forces that are joined of the two entities will put us in the position to be very incredible partner for this entity.

So, frankly, we are a different player in the BFSI space with this acquisition, and we will play fully this. One thing to be clear also, Ankur, within the outlook just want to be clear, this is a strategic outlook, it means we will be obsessed about driving accelerated growth. We will be obsessed about driving top-line opportunities. Sure, there will be synergies of cost as well, but the main driver is developing new streams and new opportunities inside our combined account and priority. Okay?

Ankur Rudra:

Thanks for the color. If I could a question or two for Lance. Lance, you have been at a big services firm before, at Accenture, probably for a large part of your leadership team at Capco. Doesn't have the Wipro transaction take you back to that size and culture again? What will keep you and your leadership team motivated as part of Wipro? And a quick follow-up question is, it looks like the high watermark for Capco's revenues was in CY 2018 versus 2019 and 2020. Was there a divesture that explains the difference? Thank you.

Lance Levy:

I didn't quite catch the second part, but let me deal with the first question, if I may first, and then you could perhaps repeat the second part. Yes, we have been part of large organizations, many of our management team, our leadership team have been part of large organizations in the past. I worked for Accenture for a long time, I was also a part of the FIS business when it owned Capco. I will say emphatically that my partnership team, my leadership team can work in either environments, in a private equity independently owned, smaller scale environment, but also in a in a larger, larger scale, more corporate environment. We proved that, at FIS, which was a success, although the different services that were offered by both companies were not quite strategically aligned, so I see a real pull and push from my partners to be part of a final home, as it were for Capcom. And this has been the discussion amongst us for the last two years. Where do we find a



home where the cultures match, where we have worked together before, where the ambition and the vision are shared for an end-to-end service provision to the market. So, I flipped that question on its head a little bit, in that I don't see it as a negative at all. Our people all have experience of large corporate and have enjoyed it. As a fact that they are at Capco is because we are now a sizable company. And becoming part of Wipro, I feel, I mean, no transition is easy, but it would be a relatively seamless transition. And all the discussions I have had with my partners and so on so far indicates that to be the case.

Could I ask you to repeat the second part of your question?

Ankur Rudra:

Sure. Thanks for the call on the first one. The second one was, when I look at the revenues that's been disclosed, it seems like CY 2018 revenues in U.S. dollar terms were higher than both 2019 and 2020. I was wondering if that was because of a divestiture?

Lance Levy:

No, that wasn't because of a divestiture. In 2019, as you know, because of the capital markets at the end of 2018, in quarter one some of the institutions pulled back on spending. So our results were affected by a handful of clients, and I would say that no more than four. We built the business back to growth in H2. And then in 2020, clearly we were hit by COVID. We tracked the revenue lost because of COVID in a very detailed way. We grew by just over 6% last year, had COVID not come along we would have achieved close to 12%.

Moderator:

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

Kawaljeet Saluja:

My question is for, Thierry. Sir, if you look at the IT services, if you look at the offshore pathways, all of them have attempted to build a consulting practice over the last 20 years. But the results have been fairly mixed or rather disappointing. As an industry leader, what is your view on why consulting has struggled in offshore pathway, including Wipro? And what are the steps you are taking to ensure that the results, especially on the integration are different this time around?

Thierry Delaporte:

Yes. Kawal, you are absolutely right, from my past as well that I have experienced, I would say, both aspects of the integration, the pain and the successful aspect of integration. The world has completely changed, Kawal, for one reason. If you look at consulting, say, five years ago and more, it was too far away from technology. There was very little technology in the consulting space. A lot of consultants were not even comfortable with technology, right? Conditions have completely changed, digital has completely changed, the world of technology has forced a lot of consulting firms to shifting to digital and digital transformation. Now, so that's one aspect and that's my comment on a challenge. I am not saying the challenge goes away, I am saying it is absolutely not comparable with the situation you would have seen, say, years ago, seven, eight years, 10 years ago when a technology company would be requiring or merging with a consulting company.

Second, if you look at Capco, Capco is definitely far away from this traditional consulting company you would think of years ago. It's 50% consulting, it's 40% digital, it is 15% technology, and 14% technology. So, you have this continuum already within Capco. And then the final point



I would make is, don't forget Kawal, that we today, inside Wipro, we have a consulting practice that would present about 7% of our revenue when we have it, and it already represents a different channel inside our organization. So I think it is not comparable to the situation of some of the other companies in our industries might have been facing many years ago, things have changed.

Kawaljeet Saluja:

Thanks, that's not really helpful, Thierry. Just a couple of quick follow-up. If you look at the consultant approach, the entire industry has relied on consulting as tip of the spear, and then hoping for big downstream revenues, which actually has been a fairly limiting factor in integration or vis-à-vis the truth in areas of consulting business. What is going to be Wipro's approach in this particular acquisition?

And then the second question, you mentioned that at Wipro you would be focused on profitable growth. Just wanted to be clear that when you said profitable, it's going to be gap or is it non-gap profitable? Yes, those couple of questions. Thank you.

Thierry Delaporte:

I am trying, Kawal, to reflect on your first question again and try to see how I can respond differently than when I covered it the first time in my mind. The problem that a technology company might have in front of the bank when you talk about a large transformation program is, if he is coming ahead of the curve, in discussions with the client, he is much more able to really influence the evolution and the development of the transformation plan. And that drives more large deals. It is difficult to imagine having an impact to really design this transformation program, if you are coming later downstream, if you like. And that is the logic of having a Capco and Wipro going into a client and say, we understand your infrastructure environment, we understand your applications and environment, we have been working with you on your cloud journey and so on. At the same time, we are working with you on some strategic program in terms of defining your go-to-market or your ability to drive more profitability or more growth, which are business challenges. And you really realize that you can really connect all the downstream programs that we can drive on the IP side, on the business side with the main business drivers that are discussed at the CXO level. And so for me, my conviction is very clear that we are much more impacted, much more able. And frankly, it's not my opinion only, Kawal, you know I have met, and I continue to meet four, five clients every single day, and connecting with them. And I knew what to say, and they really want to have a partner who can reflect not only on the technology standpoint but from a strategic standpoint as well. And that's what we will be able to do now.

Moderator:

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

Pankaj Kapoor:

I had two quick questions. One, if you can just elaborate more on the integration plan. Will there be a transfer of your consulting resources to Capco or any other changes? And related to that, who will Lance be reporting to formerly, will it be to you, Thierry, or to someone else? And a second question is on the retention plan for the Capco employees, are you planning for any retention bonus for them? That's all, thank you.



Thierry Delaporte:

Okay. And so, on the first one is integration. So, one, we don't want to talk about integration, we are going to work on how we are creating business together in the market. So really the starting point for us is the clarification of the governance were required, and also aligning of our strategy on the market, okay, so from a client standpoint. We will see down the line how we can optimize, and maybe get people going in the same offices when it makes sense, or maybe if we have some small potential duplication of services, making sure that they are all in the same place, those will be addressed, but the down the line, that's not the priority. Capco will operate as an organization in its own integrity, right? But obviously connecting with our go-to-market everywhere, across the world. Lance will lead that; it is very clear. As I said, I know Lance for years, I have seen his impact. I have led myself be a BFSI business in my past, and I also had the opportunity to connect with customers, this is a market I know well, so I have entire trust in Lance, but also on his leadership team. So he has a very strong team who is going to lead that.

And reporting line, Lance will report to me, he will report to me directly. This is a big enough project, if you like, for us. It's a big enough adventure that I will drive it myself, of course, with Wipro leadership team and lance and his team. Did I miss one question?

Pankaj Kapoor:

My second question was on the retention bonus; do we have any plans?

Thierry Delaporte:

Retention, correct, that was your third question, in fact, okay. Retention, yes, of course, we have a nice retention program that we have put in place. We have worked together; Saurabh and Lance have worked on that in detail to really make sure that we are doing the right thing. Saurabh, you want to say a few things about it.

Saurabh Govil:

Thanks, Thierry. Three points here quickly, one is, a very comprehensive plan which covers the leadership and the critical resources across Capco. The second is, it is a three tier, one is at a Capco performance; second, it is linked to Capco plus overall BFSI performance; and third is Wipro performance. So it's a three tiered kind of a program that is both retention and performance linked, which covers a significant critical resources. But I think the key is what Lance said in the beginning that there is a high level of commitment, and we have spent a lot of time with the entire leadership team, and they are really excited about this opportunity, and to take it forward. Over to you, Thierry.

Moderator:

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

Diviya Nagarajan:

Congrats on the big bold acquisition, if I may put it that way. My first question to Thierry is, you have outlined a lot of the rationale and the synergies and plans for the acquisition, if you were to kind of highlight a couple of the key execution risks that you would be looking out for in the next two to three years in your journey to get to that targeting that you have outlined, what would those be? That's question number one.

Thierry Delaporte:

Diviya, I hope I heard right your question. So key performance indicator or what I want to see over the next years.



Diviya Nagarajan: Sorry to interrupt, I wanted to understand the key execution risks that you will keep an eye out for so that the revenue synergies are going as per plan.

Thierry Delaporte: Execution risk, okay. The number one execution risk, Diviya, and I take that from my experience in integrating companies. So the first execution risk for me is losing the focus on the markets, it has always been the same. By the way, it's not specific to this deal, it is always the same. So, staying away from the market, so the focus on the deals, focus on the client is priority number one. Priority number two is, similarly, it's really looking at complex integration models and so on, this is the last thing I want to do. I want us to be in the market, and really make sure that we are delivering the ambition in terms of creating the opportunity, going after large deals in terms of developing new solutions, new offerings, and reinforce our impact in our client. That is, for me, the real risk. But I know it's not going to happen, because I know how we are, and how we will be focusing on the market every day.

Diviya Nagarajan: Got it. Clearly, the telecom company didn't like my question, but just a follow-up with that. You spoke about the significant non-cash charge, could you kind of, maybe Justin can take this, explain what that is? And should we assume that the operating margins of Capco ex this charge should be positive? And could you give us a range of what that number would look like?

Jatin Dalal: Sure. Diviya, so I will answer that. The non-cash charges are related with typically the acquisition accounting where you create intangibles and based on the type of intangible asset that is created, you will have a higher charge earlier and more steady and stable charge later years. So, we do expect that it will be a large component in first year of integration compared to second and third year. So, we will see improvement from that perspective. But from first year of 2% dilution, a large component is made up of this. Yes, to your second question, Capco has healthy margins, they are positive, they are, I would say comparable to running on-site business that we have. And therefore, we are confident that over a period of time we should be able to catch up. Because this is this is very similar to adding a large chunk of revenues on site at a particular margin and then then slowly as the synergy starts kicking in on revenue side, and we also look at what we can do on the call side, we should be able to see margins, sort of coming back to a better number.

Moderator: Thank you. Ladies and gentlemen, that would be the last question for today. I now hand the conference over to Ms. Aparna Iyer for closing comments. Thank you and over to you, ma'am.

Aparna Iyer: Thank you all for joining the call. In case we couldn't take any of your questions, please feel free to reach out to the investor relations team. All of you have a nice day and stay safe. Thank you.

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