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Moderator: Ladies and Gentlemen, Good Day, and Welcome to the Wipro Limited Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing ‘*’ then ‘0’ on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Aravind Viswanathan. Thank you, and over to you, sir.

Aravind Viswanathan: Thank you, Shyma. Good Evening and Good Morning to all of you. A Warm Welcome to our Quarterly Earnings Call. We will begin the call with Business Highlights and Overview by T.K. Kurien – Member of the Board and CEO, followed by the Financial Overview by our CFO – Jatin Dalal. Post that the operator will open the bridge for question and answers with our management team. The Senior Management Team of Wipro is present here to answer your questions.

Before Mr. Kurien starts, let me draw your attention to the fact that during this call we may make certain forward-looking statements within the meaning of Private Securities Litigation Reform Act 1995. These statements are based on management’s current expectations and are associated with uncertainties and risks which may cause the actual results to differ materially from those expected. The uncertainties and risk factors are being explained in our detailed filings with the SEC. Wipro does not undertake any obligations to update forward-looking statements to reflect events and circumstances after the date of filing thereof. The conference call will be archived and the transcript will be available on our website, www.wipro.com.

Ladies and Gentlemen, let me now hand it over to Mr. Kurien.

T.K. Kurien: Good Morning and Good Evening to everyone in this call. Let me give you some perspective on our all-round performance during the year of demand environment and the areas of investments. On a full year basis, our IT Services revenue grew 8.7% in constant currency terms; Healthcare, Life Sciences and Services business delivered 19.6% growth for the year at constant currency; Manufacturing and Hi-Tech grew 10.3% at constant currency. We have also seen a tremendous pick up in India & Middle East business with 21% year-on-year growth at constant currency. We continue to see robust momentum in Infrastructure Services with a growth of 19% during the year. More importantly, customer satisfaction scores have improved by 680 basis points over the last year.

On an overall basis, the demand environment remains stable. However, we see uncertainty in two industry sectors. From a portfolio mix perspective, we have led the Energy sector and a sharp cut back in Capex in that particular sector impacted us this year close to about $100 million of revenue compared to fiscal year ‘14. But despite the structural impact, we have scored significant wins in large oil majors.
Our Utilities business has been the bright spot and has grown rapidly to narrow the gap in the overall Energy and Utilities business unit.

On BFSI, we saw some slowness in spending as we exited the previous calendar year. We have not seen that pick up yet. We see strong growth in three of our six business units – Healthcare, Manufacturing, and RCTG – and we expect to see our Global Media & Telecom business largely stable. Amongst service lines, we see momentum pick up in Infrastructure Services and Product Engineering. During the year we have added one customer to the $100 million category.

Going back to investments, we view these through the lens of Run and Change. We have invested in a 350 member team for about two years Hyper automation and AI engine. We have deployed the automation platform across 45 accounts, leading to significant improvements in productivity. We have also been able to drive non-linear growth in certain areas of delivery and we intend to drive further productivity increase across the business.

On the Change side, we plan to make significant investments in Wipro Digital that will bring together Mobility, Analytics, UX, and Cloud technologies, with an ambition to be ranked among the top three service providers in the next three years. We have delivered six engagements over the last year in customer journey engineering. We have radically transformed customer processes and delivered unique end-user experience. In the world of future, building intellectual property is critical to remain relevant. We are very focused in driving innovation and aim to double our rate of patent filing to about 500 in the current year. We also continue to make investments in the talent that is required for the changing business landscape. We are working internally on process simplification and enhancing employee engagement across all levels. Last quarter, our annualized attrition dropped from 16.4% to 15.6%.

Let me request Jatin to walk through the revenue numbers. Thank you.

**Jatin Dalal:**

Thank you, T.K. Good Day, Ladies and Gentlemen. It is a pleasure to speak to you. Before I speak on the financial performance for the quarter and the year, kindly note that for the convenience of our readers, our IFRS financial statements released today have been translated into dollars at noon buying rates in New York City on March 31st 2015 for cable transfer in Indian rupees as certified by Federal Reserve Board of New York. This was $1 equal to Rs.62.31. Accordingly, our Q4 revenues of our IT Services segment that was $1774.5 million or in rupee terms or Rs.112.4 billion appears in our earnings release at $1804 million based on this convenience translation.

Now, let me talk about the performance: For Wipro Limited, our total revenues for the year were Rs.469.5 billion, an increase of 8% year-on-year. Total net income for the year was
Rs.86.5 billion, an increase of 11% year-on-year. Revenues for the quarter were Rs.121.4 billion, an increase of 4% year-on-year and net income for the quarter was Rs.22.7 billion, an increase of 2% year-on-year. In IT Services segment, our revenue in US dollar terms for the year was $7081.6 million, a year-on-year growth of 7% on a reported basis and 8.7% in a constant currency terms. IT Services revenue for the quarter was $1774.5 million, a sequential decline of 1.2% on a reported basis. The dollar revenue was impacted by depreciation of major global currencies against the dollar and therefore in constant currency, the IT Services revenue for the quarter grew 1.2%. For the quarter, IT Services margin was 22%, an expansion of 23 basis points on a sequential basis. The impact of negative cross currency on margins was offset by operational improvement.

Let me talk about IT Products segment now: Our IT Products segment delivered a revenue of Rs.9.5 billion or $152 million for the quarter ended March 31st 2015.

On forex front, our realized rate for Q4 was Rs.63.35 Vs the rate of Rs.63.19 realized for Q3 fiscal ’15. As of the period end, we had about $2.7 billion of forex derivative contracts as hedges. The effective tax rate for Q4 was 21.5% and effective tax rate for fiscal ’14-15 was 22%. For the quarter, we generated operating cash flow of Rs.25.5 billion, which was 112% of net income and a free cash flow of Rs.21 billion which was 92% of our net income. For the full year, we generated an operating cash flow of Rs.78.6 billion, which was 90% of our net income and free cash flow of Rs.67 billion which was 77% of our net income.

The board has recommended a final dividend of Rs.7 per share. The final dividend along with the interim dividend of Rs.5 will take the total dividend for the year to Rs.12, an increase of Rs.4 over fiscal 2013-14. This translates into dividend payout ratio of 41%, including the dividend distribution tax.

We will be happy to take questions from here. Operator, you may open the line now.

**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 Moshe Katri from Cowen & Co. Please go ahead.

**Moshe Katri:** T.K., in your presentation to the media, you indicated that the Oil and Gas vertical impacted revenues last year by about $100 million. Can you tell us how much in your view will that impact growth for fiscal year 2016?

**T.K. Kurien:** It is very difficult to say that because it is a pretty dynamic market right now. What is happening is that, at least in our experience with the last quarter, whenever you think you have hit the bottom, you suddenly discover the new bottom. So, it is very difficult for me to make a judgment as to where it would finally end up. But I think the positive is that there are consolidation deals out there in the market and we have won two of them incl. the Oil majors.
There are many more of them out there and we just think that given our strength in that particular vertical, we are positioned to win more than our proportionate share.

Moshe Katri:

Guidance for the next quarter seems somewhat muted. Is that a function of the continued weakness in Oil & Gas and some of the weakness that you have seen in Insurance or there is something else that is impacting guidance?

T.K. Kurien:

Yes. The biggest thing that is impacting guidance today is Oil & Gas and the reason behind that is pretty simple. Last quarter, after we gave guidance, we were a little surprised by what we saw specific to Oil & Gas. We want to make sure that we do not have those kind of surprises coming in this quarter. Similarly, what we also found was that in one of our banking customers, we are seeing some softness which we think we will recover, but that is just going to play in Quarter two also. Hopefully, it is a quarter phenomena, and it will get washed away as we go into the following quarters.

Moderator:

Thank you. The next question is from the line of Edward Caso from Wells Fargo. Please go ahead.

Edward Caso:

I was wondering if you can differentiate between the pace of work and the type of work you are seeing in the United States versus what you are seeing in Continental Europe, in terms of new technology versus old technology spend?

T.K. Kurien:

Just to give you specific example of what has happened by industry, I am going to ask Sangita to kind of give a little bit of color between old technology spend and new technology spend. I think broadly, on the Infrastructure side, we are seeing clearly significant level of transformation happening. In many cases, what we saw in the past was there were set of large players out there who were really competing to keep their real estate. Now, what we are finding is the same set of existing vendors, and these are the global vendors, are coming back pretty aggressively with the new set of services which they are primarily variabilizing cost for Infrastructure. The good news is that we have been winning in that segment too. So that is a positive. But, we have seen a resurgence from some of the existing players in terms of making sure they keep share in their Infrastructure business. Broadly, across industry, what we are finding is that, the kind of work that we are getting in from the US, the ‘Run’ business is clearly under pressure, because of consolidation, pricing is under pressure. In the ‘Change’ side of the business, we are finding significant opportunities coming up especially around Digital and newer technologies like Open Source, where we have been really winning share compared to some of our other peers out of India. I will hand it over to Sangita to give you a little more color from an industry perspective.

Sangita Singh:

From a Healthcare and Life Sciences perspective, I would concur with what you heard from T.K., there is one big mega trend around Digital adoption and that cuts across the Payer,
Provider, Life Sciences and Medical Devices. We are seeing that as a significant big mega
trend in terms of adoption of Digital to drive through the whole journey of the life cycle. We
supported a top tier pharma company to enhance drug adherence during clinical trials and we
continue to see significant momentum in this space. This trend, I would say, is the same in the
US, Europe as well as in the rest of the world. The second big trend that we are seeing is really
speed to value. Customers are looking to transform while they transition and we see that in the
form of integrated infrastructure and application deals. While clients are looking to drive
efficiency, at the same time they want to improve their customer or end user experience. The
other two trends with respect to Healthcare and Life Sciences is really the whole shift towards
patient and patient empowerment. Payers in the US are seeing a rapid growth, largely led by
enrollments in the Medicaid/Medicare as well as duals. We are supporting this through our
SaaS-based Medicare/Medicaid platforms and we are continuing to win reasonably significant
deals that are outcome-based. The second big trend with respect to Healthcare and Life
Sciences is really the pace of performance revolution that we are seeing. That is because the
reimbursement contracts for a lot of the providers are coming down to the tune of about 20%
to 40% all of that largely leading to building capabilities in our core EHR space. We have
recently won an engagement to support a core epic-based application for a top US provider.
So, I would say those would be the notable trends that we are seeing in Healthcare and Life
Sciences.

Edward Caso: T.K., can you speak about the reskilling needs of your workforce? Can you find them in the
market? Is it upon Wipro to retrain the workforce in the new areas? If so, at what pace is that
happening, and is it having implications for employee attrition?

T.K. Kurien: A couple of things that we are doing. First is that just from a workforce perspective, if you
looked at the past, we used to train people on Junior lines, which meant that if there was a
specific technology, we went into depth as far as that is concerned. For example, if you take
Java, we used train people on Java and all is variations. Now, what we are finding is more and
more we need people who can work in one particular technology area in depth but also have
the ability to integrate across different technology components. So, in many ways, what you
typically see as Digital Unicorn we need to see a smaller version of that coming into the
workforce. That is a huge retraining exercise that we have to do just to make sure that we are
digital-ready. On the other hand, our existing Run business continues to give us opportunity.
To that extent, I think the challenge that we have is how do we manage the old with the new.
So, what we are really doing is that we have created a growth path for people who are really
good at cross technology integration to move out of their current responsibility and move into
the newer areas like Digital for them to gain experience and also train for a particular job. That
is what we are doing.
Moderator: Thank you. The next question is from the line of Sandeep Shah from CIMB India. Please go ahead.

Sandeep Shah: In the last analyst meet in March, you said that traction in the Banking and Financial Services has been improving with some client-specific issues now getting behind. So, what has changed in the last one month for your expectation to change now?

T.K. Kurien: Sandeep, it is pretty simple. If you look at last quarter, on a constant currency basis, our growth has been strong in BFSI. So, it is not something that has affected us. But, in this quarter, we see one particular client-specific issue taking a toll but it is not something that is going to be there forever. We expect to see that coming back which could affect Q1 for us. But again, by way of commentary, I just wanted to give you guys a quick sense of what is happening in the market for Q1 guidance. But the reality is that the biggest cut for us in Q1 has been our oil & gas portfolio. Like I mentioned earlier, the positive is the that given the fact that we have the largest stake, as we consolidate oil & gas out, we will be in a fabulous position to gain market share.

Sandeep Shah: In terms of the TCV signings, TCV signed from hunting clients in FY15 is almost 10 or 12x of FY12. There were also many deal announcements which you have made in last 3-5 quarters. But, at the same time, we are starting next year on a slow pitch which may result into a tepid low single-digit or a mid-single digit kind of growth. Why are these TCV signings not getting reflected in terms of the growth rates? What has gone wrong? Is mining still an issue or is it more in terms of leakage of the existing revenues where we are not able to retain those revenues?

Jatin Dalal: Fundamentally, in the world that we are in, I think both are co-existing, some of the hunting wins that we have had, they have been revenue generative for us and extremely good market reference for us. But, at the same time, we have another variable which we did not have before, which is the challenge that we have on the Oil & Gas sector and therefore, the numbers that you are seeing is the number that we have for Q1. But I do want to point out that even with the challenge that we have on Energy sector our Q1 guidance translates into YoY growth of 7.8% to 9.4%, on currency adjusted basis. If you compare that with the growth that we had last year, despite the headwinds of Energy sector, you are not seeing any deceleration. If we see some of the momentum back in Energy sector whereby the customers after the initial uncertainty related with the change in oil price come back and give us more work to do which is the natural follow-through behavior we have seen every time when industry has gone into crisis. That is the nature of follow-through behavior that we have seen from customers. It could potentially be a good outcome in 3-6 months’ time.
Sandeep Shah: Jatin, it looks like the upstream revenue contribution for us is not that big. So let me ask you in a different fashion; Could you give any color in terms of how the guidance will look like if we exclude Energy for the first quarter?

Jatin Dalal: Sandeep, you know the answer to that. If we exclude something, the other thing will look better, but reality is that you judge us on the whole number and the whole number is what we share with you. But, I do want to point out that after the acquisition that we did in 2011 of the Oil & Gas business of SAIC, our positioning and presence on upstream would be among the top, if not the top most, IT Services providers in that space. Therefore our consequent exposure also, as we enter this uncertain period, is relatively higher and that has sort of played out.

Sandeep Shah: The realized cross currency rates versus the Euro and the GBP is 1.07 and 1.49, which I am reading from the constant currency growth guidance for the first quarter. It seems much lower than the peers. Just wanted to ask, whether the guidance is still based on a constant currency or we have changed the method?

Jatin Dalal: There is no change in the methodology, Sandeep. Guidance is based on the constant currency.

Sandeep Shah: The rates look really lower versus the other peers who have actually reported the numbers?

Jatin Dalal: I do now know how others take it, but this is the rate that we have realized in Q4.

Moderator: Thank you. The next question is from the line of Sandeep Muthangi from IIFL. Please go ahead.

Sandeep Muthangi: So, we have seen a pretty sharp decline in ADM business and this has been a trend that has been going on. I understand there has been some issue with the backfill revenues in the past. I just wanted to get some more insights and a quick update on what is happening with the ADM business and how do you see this panning out in the future?

Jatin Dalal: I have sort of two points to make on that. Number one is if you see our ADM, it is split between two service lines –Business Application Services and the classic Application Development and Maintenance. So, if you see Business Application Services, this year has grown 9.7%. So you are seeing a traction on a much larger base which is Business Application Services. ADM has seen for the full year 13% reduction and there is a sharper reduction in sequential basis. So, the two points – number one is if you combine with that, the impact would be different, and numbers would be different, but even on standalone, this is nothing but the reflection of the challenges on the Energy and Oil & Gas sector which has flown through ADM largely.
Sandeep Muthangi: For nearly three years we have seen top ten clients and their contribution being flat either because of client specific issues or some issues with mining. What are your thoughts on that and what are your key initiatives to accelerate growth in this very important segment?

T.K. Kurien: If you take out the Oil & Gas impact that we have had last year, you will see that the top ten accounts improved very differently. Also it is very important is that admittedly in some of our accounts; our mining engine has not really performed the way it should have been. The reason primarily is one of cross-selling of services. So one of the big things that we have done this year is the organizational change. We have got all the service lines now working under Abid. We believe that along with a new service integration-layer that sits on top, is going to clearly help us gross up far better than what we have done in the past. If you ask me, mining is a very important part of our entire equation. While we have done a fabulous job in hunting. I think mining is where we have got work to do and we are aware of the fact that we have to fix the problem. I am pretty confident that this year that issue will get sorted out.

Moderator: Thank you. The next question is from the line of Srivatsan Ramachandran from Spark Capital. Please go ahead.

Srivatsan Ramachandran: Just wanted to get your comments on the 1Q guidance. You did mention that there are some weakness in Oil & Gas specifically. But outside that, how do you see the quarter? India has been good. In previous years, 1Q used to be weak, thanks to India, but we have seen India shape up. Just wanted to understand how do you see things shaping up maybe post 1Q. Just wanted your thoughts on broader FY16, do you think FY16 directionally can be better than FY15?

T.K. Kurien: If I just look at the overall numbers that we have, I think we have spotted out three business units which I think are going to do well this year. When I say, ‘well’, it is going to be significant growth from those three — Healthcare & Life Sciences is going to lead it. We are going to have Manufacturing and Retail and Consumer Goods also kicking in. So, these three verticals that are going to do well. If you go back and look at our other business, Telecom, we think will pretty much perform at the same level at which they have performed this year. Our Telecom business is going to get hit pretty much by cross currency because most of our revenue comes out of Europe. We are pretty underweight when it comes to the US. So to that extent, there is going to be a level of currency playing out in that particular segment. But otherwise, from a volume perspective, we believe it is going to be as good as it is now. If you go back and look at the last two segments that we have – Banking and Financial Services – I think on the Insurance area, we have to find a solution for it. Last quarter growth has been good. But I think going forward, in this quarter we see one client specific issue in Banking, but otherwise, structurally for us to get growth in that particular segment; we have to fix our Insurance problem. Insurance is a large spender and today we almost do not participate in that segment and that is really what we are changing. Oil & Gas frankly is joker in the pack. There
is a huge consolidation opportunity in Oil & Gas. We are a leader in that space. We have been winning in the last two quarters. The issue we have is that our revenue that is coming in is not enough to offset the revenue that is going out. That is what is really impacting us badly in Q1. I personally believe that you may see a little bit of that carrying on to Q2, but at the end of the day there is a bottom that it can hit, it can’t go on like this for ever. But, by Q2 or Q3, we should see some of the consolidation opportunities coming in and after that we can hopefully see Oil & Gas business start improving.

Srivatsan Ramachandran: On the Oil & Gas piece, it feels slightly counterintuitive that you have seen India and Middle East doing very well, since at some level the entire Middle East market is dependent on Oil rate. So just wanted to understand what is driving the demand in Middle East specifically and in India?

T.K. Kurien: It is very simple. In India and Middle East geography, we have won two deals from oil companies and in those two deals we have consolidated out our competition. That is providing the fillip, if you may, to our revenue and it is a pretty significant churn. So, while there is a decline globally, we are seeing signs of consolidation coming out of this particular area. We expect to see that spreading to the existing players.

Moderator: Thank you. The next question is from the line of Mitali Ghosh from Bank of America. Please go ahead.

Mitali Ghosh: I wanted to understand the situation in Europe because I think it has really been a very weak for Wipro both this quarter as well as for the full year which is otherwise a geography that is seeing increased outsourcing. Could you discuss what steps you are taking to remedy the situation and maybe what we should expect going ahead?

T.K. Kurien: Mitali, if you really look at our segment revenue for Europe, that has been affected very badly by Oil & Gas. Some of the largest customers that we have are in Oil & Gas and that has really affected us this particular quarter. So, pretty much all the revenues that we have lost in Oil & Gas have come from Europe. So that is one. Second is that we have been winning deals especially in Europe. In fact, some of the deals that we have won in Europe especially in Q4, has still not generated revenue, we do not expect to generate revenue in Q1, but we expect revenue to kick in from Q2 onwards.

Mitali Ghosh: Secondly, on the pipeline if you could perhaps discuss what is it looking like versus similar time last year, excluding perhaps the Energy vertical, what you feel about the coming year in terms of the demand outlook?

T.K. Kurien: Here is what we see in terms of pipeline. A good question. Keeping the Oil & Gas sector out of it. I think the demand pipeline is fairly steady. What we have found is that there are plenty of
opportunities in the Healthcare in terms of consolidation on the Run side of the business. Again, the same goes for Manufacturing, and Retail. In Retail, surprisingly, we saw weakness in the beginning of Q1 of calendar year which is Q4 and now we are seeing that kind of dying down a little bit. We are clearly seeing demand coming back in Retail. So overall in these three verticals, I clearly see opportunities. I think Telecom would show the same level of growth as last year. I think the issue for Telecom is that it is going to get hit pretty badly by cross currency movement, at least for us. But I do not see a demand issue there; I see clearly that in terms of volume growth we will have same volume as last year. In Banking and Financial Services, Banking continues to grow pretty well. I think the weak point for us is that the incremental growth we are not getting at the same level as we should compared to competition. Capital markets continues to be strong. Utilities business for us we has come off the back of a fairly strong year. This year what we see is we see growth moderating a little bit in that segment primarily because we are coming off a huge growth trajectory, but yet, whatever we have in Utility in terms of incremental revenue, we are going to find it very difficult to make it up in terms of losses we are going to have in Oil & Gas.

Moderator: We will proceed with the next question, that is from the line of Robert Simmons from Janney Capital Markets. Please go ahead.

Robert Simmons: I am calling up for Joe Foresi. Can you talk a little bit where you see your operating margin both in the near term and long term? What drivers do you think you still have to drive your margins higher?

Jatin Dalal: So, Robert, as you can see in Q4, we have expanded margins by 23 basis points vis-à-vis Q3 despite the headwinds on the cross currency and related impact on the margins. For full year fiscal ‘14-15, we have remained in a very narrow range of fiscal ‘13-14. So, we have had stability on margins. Now I will talk about what is our priority going forward. Our priority, as we always say, is growth and that is a single thing that we sort of focus on as we think about the future, and therefore, we are not chasing margin at the expense of growth. From that standpoint, we will continue to remain invested, make investments where it is necessary, but, of course, manage the margins in a reasonable band. Particularly for Q1, we will have headwinds in form of the investments that we will make for the salary increases of our employees starting 1st June and the rest would be the normal quarterly volatility that you will see.

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

Nitin Padmanabhan Just want to check, How does the pipeline look today compared to the same time last year? Is this pipeline more likely to fructify towards the second half of the calendar, because that was the comment that we got from a peer?
Jatin Dalal: We do not specifically talk about the quantum of the pipeline but directionally we see it improving. Certainly, our win rations are much better than what they were a year back. Overall we see that as Oil and Gas sector stabilizes and some of the demand starts coming back in form of consolidation of the spend for customers, we should certainly see better momentum as we progress through the year.

Nitin Padmanabhan: What is the quantum of wage increases that we are giving this time now?

Saurabh Govil: Nitin, wage increase is planned in effective 1st June along with our promotion cycle. It will be in line with what is happening in the industry. We have not decided on the exact number, so closer the date, we will let you know.

Nitin Padmanabhan: One last thing from an ATCO perspective. Post the acquisition of ATCO, the idea was that there will be more access to Canada and Australia, as markets both on the Utilities space. How has that sort of progressed and what kind of opportunities do you see there in terms of cross selling apart from ATCO?

T.K. Kurien: I will just give you a 2-minute perspective on what is happening in that particular segment in which ATCO is, and segments that the ATCO Group was playing in. I think we have made significant progress in terms of hunting deals across Australia and Canada. Canada has been a little slower because one of the big segments that we want to go after is government, and we have not yet done that, but that is a segment for which we will be creating a separate organization to address that particular market. But as far as Australia is concerned, I think there is opportunity there, we are right now chasing a couple of large deals, and we think that is clearly something which in the near-term should give us some level of comfort in terms of making sure that the acquisition is worth its while.

Nitin Padmanabhan: Were the two Oil and Gas consolidation deals that you were talking about in the India, &Middle East?

T.K. Kurien: Absolutely, India & Middle East, you are right.

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

Mukul Garg: First question is for TK. Have you seen any impact coming from Hyper-Automation? Your margins are stable in spite of the big impact from FX. Is there an impact because of Hyper Automation on revenue growth also, for example, are you seeing any lower revenues but better profitability in business because of successful implementation of Hyper Automation?
T.K. Kurien: The funny thing about Hyper Automation is this that we have done 45 projects right now, on which we had specifically applied the Hyper Automation principle to make sure that we take cost out. Now, ultimately what is happening is, that will affect the way we price deals in the future. I think those are the two things that we are going to see. So clearly what we are going to see is that the pricing that we give in fixed price projects, across the board, for commodity kind of services is under pressure. But the good news is that we have been able to get some of that back primarily by reducing effort. So in effect, what has happened is, realization by itself has not changed substantially, and that is the positive.

Mukul Garg: I just wanted to understand, how did we arrive at realized quarterly exchange rate of 63.35 and Euro-USD average for the quarter was 1.27?

Aravind Viswanathan: Our realized rate includes the gains on exchange rate on our hedges, because we do designated cash flow hedges and that is why you get a realized rate which is a little higher than the spot rate you saw during the quarter.

Mukul Garg: The same case is there for Euro, USD also?

Aravind Viswanathan: The crosses is more a function of when you book your revenues. You saw a lot of volatility in the crosses, and this is really the realized rate that we got for our crosses for computing our dollar revenues.

Mukul Garg: So we should expect this to continue in the next quarter also. I just wanted to get an understanding of whether the cash flow hedges will flow through to the next quarter also given that you are giving constant currency guidance?

Jatin Dalal: The designated hedges are for using the USD/rupee leg, and that has been factored in for our internal estimate. What we give you guidance for is the dollar revenue for Q1 which is impacted, if at all, by GBP, Euro, AUD and other currencies, which is stated on an average realization that we had in Q4, and not what we expected to be in Q1.

Moderator: Thank you. The next question is from the line of Ravi Menon from Elara Securities. Please go ahead.

Ravi Menon: Gentlemen, do you expect to make significant investments in Europe to accelerate growth there? You said that Energy has been a drag there, but outside of that, do you think you have got sufficient investments in place to kind of bring that up to at least same growth that you would see in the US or faster, or do you expect to step that up?

T.K. Kurien: I think clearly from our perspective, Europe is priority region and we started with Eastern Europe. These are significantly large deals and I do not see an issue given either investment or
growth. The concern as far as Europe is concerned is that at the end of the day you are translating with US dollars, what you would finally realize, I think that is the question, but that is something that we cannot control, so what we have is what we live in. But overall we are not cutting back investments in Europe just because the Euro is weak.

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

Yogesh Agarwal: Just a couple of questions on BFSI business. We got impacted by the fall in crude prices in the Energy business. You guys have very high exposure to the capital markets and there the business environment has been pretty good if you look at the recent results as well. So, in your conversation with our capital markets clients, is there a possibility of a positive surprise of spending from capital markets clients?

Shaji Farooq: We have certain trends in the capital markets industry, specifically related to increase trading volumes also connected with the volatility that the market has seen. The translation of that directly into increased spend on IT is, I would be a little doubtful about that, we do not see a clear linkage between those two things. Having said that, however, if I look at the overall capital markets area, the mood is a lot more bullish and more focused on driving revenues, which generally bodes well. The second area that has continued to remain strong is the area of regulatory compliance and risk, which has again been very sharply in focus for obvious reasons, and we expect to continue to see strength in that area as well. The flip side is, as you see increased spending in the regulatory compliance side, that has to get financed through some other means, so there is a lot of focus on driving efficiencies, particularly in areas such as Infrastructure, more of the spend that is not directly related to business outcome. So that is really the trend that we are seeing. Overall, I would remain positive on that sector, I think things have really bottomed out in many ways, and barring some very unusual events, which would be hard to predict in any case, I expect the sector to continue to show improvement.

Yogesh Agarwal: Just a clarification on compliance, you said the spending is increasing year-on-year or it has just been very high over the past few years?

Shaji Farooq: No, actually it has been high, but it is also increasing, because there are always additional demands from the regulatory side. It is hard to say whether that trend will continue again this year, but last year, we thought it was already at a very high level, but we actually saw a pick up even through last year. It is generally financed through efficiencies in other areas. So it becomes somewhat of double-edged sword, because on one hand you have an opportunity, and on the other hand you have to find means of saving your clients cost to essentially finance this increased level of activity. But, I expect that to stay at this level, if not, maybe even peak a little further, but still it is already at a very high level in any case.
Moderator: Thank you. The next question is from the line of Manik Taneja from Emkay Global. Please go ahead.

Manik Taneja: Could you give us some sense in terms of how are you seeing your business in US across some of the segments? In the first half of the last year, we saw some pick up in North America and over the recent quarters once again we are seeing soft performance?

T.K. Kurien: I think as far as US is concerned, secular demand continues to be strong, so we really do not see an issue as far as demand is concerned out of US. If you look at the recent ISG commentary too, you will see that reflected in the US spending. I think from the overall deals that are coming out in the market from an ISG perspective, you saw a certain level of weakness coming out of Europe, and more significant level of weakness coming out of Asia Pacific. However, the plus for us has been India. I have Soumitro Ghosh here who runs India, who can give you a little bit of color as to what happened in India.

Soumitro Ghosh: The last quarter has been extremely good for us and it is in line with actually the previous four quarters where every quarter we have actually posted in excess of 5% sequential growth. If I look at the different segments, out of the seven business units which we run, four of them have been really strong — so one is BFSI, second is Telecom, the third is Energy and Utilities, and the fourth is now the Government. And what we are seeing in each one of these is really new initiatives which are taking place. For example, in BFSI, we had two Greenfield opportunities—one, the new banking license which got issued, which was IDFC, the other is very recently all the four public sector general insurance companies have created a new company called HITPA which is a shared services for the TPA business. Similarly, most of the banks are taking a lead in terms of digitization of most of their offerings. The third is in the banking world, we are seeing the last wave of core banking implementation. There were a couple of banks who had really not moved to a contemporary platform, so now they are doing that, plus the refresh of the earlier deals are really coming through. So that is one. In Telecom, most of the big telecom players actually refreshing their architecture, whether it is the OSS/BSS platform, the data warehousing architecture, the analytics piece, etc. So that is one. Second is the investment which all these guys are doing in their Enterprise business. So that is really driving growth. The third is in terms of Energy and Utilities, TK talked about earlier, two of the customers — one in Middle East and one in India — proactively they have started looking at a cost reduction, and what they have done is, two deals where they have really consolidated their vendors, besides application rationalization, infrastructure rationalization, etc. In the engineering construction side, we see a lot of activity in the Middle East, where we are working with a whole lot of EPC companies. A lot of money is being spent in modernization of the airports, metros, the roads, etc. The last of course is government, where you are seeing a lot of action happening. Currently, there is more initial work which is happening in Digital India, Make in India, or Smart Cities. However, the previous governments, a lot of the
programs, which were called MMP program, the Mission Mode Projects they are still underway, and there the growth is currently coming from that. One is hopeful that from the new initiatives like Digital India, and Smart Cities specifically, there will be new business coming up. One of the big initiatives all of you must be aware is the GST initiatives, which has to be implemented on April 1st of next year. So there is a lot of traction due to that, but government can be a really big opportunity in the next 12 to 24 months. Overall, from a geography perspective, we have had some very strong growth both from India and Middle East. The heartening piece was India which almost posted this quarter double-digit sequential growth.

**Manik Taneja:** If I can prod you further in terms of performance from Europe, while you did highlight that our client mix from Europe essentially is responsible for the tepid growth. Could you give us some sense in terms of how would be our vertical mix from Europe and how are you placed versus competition especially in verticals like Financial Services and Manufacturing specific to Europe?

**Jatin Dalal:** Manik, as you know, we do not break down these numbers, but qualitatively speaking, we have a large presence in three or four segments — one is Banking, Financial Services, second obviously is Energy, third is Manufacturing, and fourth is Telecom, I think in all these sectors, we are as well placed as any local or international competition.

**Moderator:** Participants, that was the last question. I now hand the floor back to Mr. Aravind Viswanathan for any closing comments. Thank you and over to you sir.

**Aravind Viswanathan:** Thank you all for joining the call. In case we could not take any questions due to time constraints, please feel free to reach out to us. Have a good day.

**Moderator:** Ladies and Gentlemen, on behalf of Wipro Limited that concludes this conference call. Thank you for joining us. You may now disconnect your lines.