



“Wipro Limited Q3 FY 2018 Earnings Conference  
Call”

**January 19, 2018**



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**Moderator:** Good Day, Ladies and Gentlemen. And welcome to the 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 the 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. Arvind Viswanathan. Thank you and over to you.

**Aravind Viswanathan:** Thank you, Margret. A warm welcome to our Q3 FY18 Earnings Call. We will begin the call with business highlights with Abid – our Chief Executive Officer & Member of the Board; 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 to differ materially from those expected. The uncertainties and risk factors are explained in our detailed filings with the SEC. Wipro does not undertake any obligation to update the forward-looking statements to reflect events and circumstances after the date of filing. The conference call will be archived, and a transcript will be available on our website.

Let me now invite Abid to begin his address.

**Abidali Z. Neemuchwala:** Thank you, Aravind. And Ladies and Gentlemen, I wish you a very Happy New Year. Let me talk about Q3 first and then our view of the demand scenario, and then my usual update on our Strategic Themes.

In Q3 we grew 0.9% sequentially in constant currency in line with our guidance, and we continued to show the improving trajectory. On the demand environment we continued to differentiate with our strong Digital capabilities and have gained further strengths in our BFSI business which has grown over the last four quarters at 4.2% CQGR. Our Healthcare business, as we had said, is bottoming out and we have delivered good performance in Q3. Performance in our ENU business has been impacted by some customer specific issues in spite of rebound in the Energy part of our ENU business.

Our investments in Latin America continue to deliver results and over the last four quarters the LATAM business has grown by about 10% CQGR. We continue to see strong growth in our Digital business and it has grown by 5.1% compounded quarterly growth rate over the last four



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quarters, and now constitutes over one-fourth of Wipro's revenues. We continue to invest and rapidly expand our consulting portfolio as reflected by our four quarter CQGR of 7%.

As you would have noticed, our Top ten clients have grown 2.9% CQGR over the last four quarters. So, overall, we have been seeing an improving trajectory of growth and our Q4 guidance further reflects that. While there are some customer specific uncertainties, calendar year 2018 commentary from our clients looks positive and we believe that we are on the right track for FY19.

Let me now give you an update on the progress on our Strategic Themes:

We are seeing ticket sizes in standalone Digital deals increasing as customers are moving to next level of Digital adoption. As an example, working for a retail bank we are modernizing their entire retail banking program, this is one of the largest banks in the world and we are using our cloud ERP platform, which is Salesforce, to provide them a seamless and connected customer experience across all touch points and utilizing insights to offer personalized services, products and pricing to about 40,000 bankers. From a re-skilling perspective, now almost 90,000 technical employees are trained and certified in Digital.

Let me talk about client mining. The number of \$50+ million accounts, as you will notice from the data sheet, in our portfolio has moved from 33 a year back to 41 this quarter. In Q3 our customer satisfaction has further improved by 410 basis points and we see very good traction in our large accounts in our ability to cross sell as well as renew our existing engagement.

For a global fashion retailer in Europe, where we have been servicing them in a traditional space, Wipro has been chosen for a large-scale retail transformation program to transform their core buying and merchandizing function and also deliver a digital and unified front-end functionality for their store operations. We will provide a scalable set of business processes and systems to enable single view of inventory, assortment and pricing optimization, accurate demand forecasting and fuel a massive expansion of the retailer spanning 11 countries in Europe and the US. We will be leveraging various IPs and methodologies and digital offerings that we have invested in to be able to deliver this engagement.

We continue to move on non-linearity, creating IP and we filed more than 200 patents in the first nine months of the year with our total patent applications now crossing over 1800. We saw multiple successes of our Artificial Intelligence platform, Wipro HOLMES, this quarter. The Anomaly Detection Program is being used by clients ranging from US networking companies to a supermarket chain in UK to detect potential duplicate transactions in supplier invoice payments and detect payments to wrong vendors based on duplicate invoices across similar vendors. This leverages the cognitive capability of HOLMES and analytics so that we are able to deliver



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multiple used cases across domains leveraging the HOLMES platform in the business process as a service space.

On Automation, the Wipro HOLMES-based Automation solutions are now deployed via 89 unique bots for more than 275 of Wipro's customers, totaling to about 2650 instances of bots deployed to deliver significant service improvement in the run services, testing services as well as business process services. This has enabled us to deliver additional productivity of about 1500 FTEs in Q3 and a majority of these FTEs are in the L2 bucket, which is that we have moved from the lowest end of the pyramid being automated by robotics and AI to the next level in the pyramid of work.

As a result of IP and automation, our revenue per employee has increased by 7% in the last four quarters. For an Australian Financial Services' client, we vastly improved their customer experience by reducing the on-boarding time from 48 hours to a few minutes. For a European energy major, we automated 40% of ticket resolution through HOLMES, 65% of application health checks and eliminated 66% incidents in their datacenter operations. So these are significant savings and service improvement, both to the customer as well as how we deliver those from a productivity perspective. We continue to remain very committed to localization with US exceeding 55%, Latin America 95%, Europe nearly 66% and similar progress in UK, Singapore, Saudi Arabia and other geographies where we are focused on localizing.

A very unique thing that we are able to do to be more innovative, especially in our largest market is we have leveraged Topcoder which is our Crowd Sourcing platform, to be able to create a Veterans' community to provide opportunities on a crowd-sourced basis to current and former members of the US military.

On Ecosystem, in Q3 we made the 13th strategic investment through Wipro Venture in Headspin, which offers a mobile experience management platform. Overall, we had 20 joint wins with our Wipro Ventures portfolio companies in Q3, taking the total wins to date to 50+ for FY18. We are increasingly gaining mindshare using the combined capabilities of our Ecosystem and one example of that is an MNC in Brazil in the Life-Sciences space. We brought together Wipro's IP which is a Data Discovery Platform and Wipro Ventures partner Avaamo, wherein the Avaamo chatbot addresses questions pertaining to root cause analysis and predictive insights. For example, you could ask a question 'which product will perform better or which region will perform better. And leveraging both, the chatbot as well as the Data Discovery Platform, the customer would get responses which are generated by the analytical engine of Data Discovery Platform and delivered by the Avaamo chatbot.

Through our Horizon program, which is our intrapreneurship program, we funded two additional initiatives in the areas of Integrated Threat Management and Cloud Security this quarter. We are



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working on a total of 14 themes, including Artificial Intelligence, Autonomous Vehicles, Cyber Security, Industry 4.0, IoT and a few others.

Industry analysts continues to increasingly recognize Wipro as a leader across various new services, including Digital, Automation, RPA, AI and so on and so forth. Just to give you a sense, in 2015, we were positioned as leaders in 34 such analyst reports which is up to 126 now in 2017. In digital space alone, we are in the leadership quadrant in 19 reports. This enables us to get a lot of traction with our customers in terms of being able to get the opportunity to bid at some of our new accounts. We are happy with the overall progress that we are making in our transformation journey and our investments continue to pay dividends.

I will hand over to Jatin for some detailed color on our financials.

**Jatin Dalal:**

Thank you, Abid and Good day, Ladies and Gentlemen. As always, it is a pleasure to speak to you.

Let me start with our revenues. IT Services revenues for the quarter grew by 0.9% in constant currency. Revenues in US dollar terms for the quarter remained flat due to weakening of Euro, GBP, AUD and CAD on reported terms.

On Margins, our reported margins for the quarter were 14.8%. We recorded a provision of Rs. 3,175 million, consequent to insolvency of a customer, post balance sheet date which has impacted our margins in Q3 by 240 basis points. Adjusted for that, our normalized IT services margin for the quarter was 17.2%, within a narrow band of our margins in Q2.

We were able to mitigate the impact of FOREX and client shutdowns through automation and productivity improvements. We continue to make significant investments in HOLMES and our automation suite. We generated productivity of over 1500 person months at L2 and above levels in Q3. These initiatives have helped us increase our revenue per employee by 6.9% over last one year. On the FOREX front, our realized rates for IT services in Q3 was Rs. 65.74 versus Rs. 65.40 for Q2. The net impact of currencies on margins was adverse 50 basis points.

The Effective Tax Rate (ETR) for Q3 was 21.7% compared to 22.7% in Q2. Reduction in the ETR is largely due to revaluation of Deferred Tax Assets and Liabilities at the revised corporate tax rate in US effective January 1, 2018. Impact on our future ETR is expected to be marginally positive. Net income for the quarter was Rs. 19.4 billion, a decrease of 11.6% sequentially and 8.2% year-on-year. Adjusted for the customer insolvency event, Net Income was flat sequentially and increased 4% on year-on-year basis.

Now, let me talk about Cash Flows.



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We generated Operating Cash Flows of Rs.30 billion in Q3. For the first nine months of FY18 we have generated a Total Operating Cash Flow of Rs.77 billion, which was 14.2% more than the same period last year. Net cash at the end of Q3 was \$2.5 billion. We had about 2.4 billion of FOREX Derivative Contracts as hedges as at the end of quarter three.

Coming to capital allocation, we concluded the buyback of 343.75 million equity shares which resulted in a total cash outflow of Rs. 11,000 crores. Today the Board has declared an Interim Dividend of Re.1 per share.

Let me talk about the outlook for Q4. For the quarter ending March 31st, 2018, we have guided for a revenue growth in IT Services of 1% to 3% sequentially in constant currency, as mentioned in our press release. Our focus is to continue building revenue momentum which would enable us to maintain constant currency margins in a narrow band on a full year basis, adjusted for the one-time impact for the customer insolvency that we have taken in Q3.

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

**Moderator:** Thank you very much. We will now begin with the question-and-answer session. We have the first question from the line of Moshe Katri from Wedbush Securities. Please go ahead.

**Moshe Katri:** Can you elaborate more on what you said regarding some of the, I think you mentioned contract specific issues, with a handful of clients? Are we talking about renewals, may be some color there, and then I think Financial Services had a decent performance during the quarter. Can you also talk a bit about what you are seeing there in terms of the buying behavior from clients with forward-looking into kind of view into calendar year 2018? Thanks a lot.

**Abidali Z. Neemuchwala:** So, my specific comment on customer specific uncertainties was in the context of the calendar year 2018 or FY19 commentary where we feel quite optimistic in terms of the next year compared to this year. And the only uncertainties that we see could be specific to certain customers in terms of some of the headwinds that they are facing in their business, and hence the implication on us of those headwinds. Otherwise, on a macro level we see a positive outlook for the next year. So these are not customer contracts or stuff, it is more in the context of trying to give you commentary for the next year.

**Moshe Katri:** Sorry, I cut you off, but just back to the Financial Services and the color there.

**Abidali Z. Neemuchwala:** Yes, I was just alluding there. So, I have got Shaji Farooq on the line with me, who is the President of our Banking and Financial Services, and I will let him give you some color on our BFSI business. But broadly if you look at our BFSI business, given our investments in the digital areas whether it is on the customer experience, on the front office side, whether it is on the back



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office and HOLMES led automation, whether it is Business Process Service and business utilities, all of those investments are being lapped up by customers quite well, and that is what is enabling us to be able to increase our market share in the BFSI space. Over to you, Shaji.

**Shaji Farooq:**

Thanks, Abid. Fundamentally, the way I look at it is, we are facing opposing forces, right, and I think I mentioned that in the last time we spoke as well. The Run business, the traditional business continues to come under pressure and we are seeing opportunities there for consolidation, and in any consolidation game, it tends to be highly competitive as a probability of winning and losing is probably even and it creates choppiness in quarters where you do extremely well in those areas, you obviously see pickup from the run business and on orders you might not. However, good thing is that the changed business, as we have predicted a while ago it is in fact taking center stage. What it requires to take advantage of that is a very different model of engagement and a different push to solutioning and delivering excellent solutions and results for clients. These are the factors that are giving us an opportunity to really make a difference to our clients' businesses and consequently our change business continues to do well despite headwinds that we expected and anticipated from the run side. All in all, it has been a very strong story, feels good about it because this is the seventh consequent growth quarter for us in BFSI. Looking ahead, obviously I feel in the near-term I continue to stay optimistic. In the long-term, I think definitely the shift towards change bodes well for the industry in general. Even as the industry itself changes, we, as Abid said have to change as well and our investments in Digital are definitely paying off because we do bring a unique combination of capabilities that resonates with our clients.

**Moshe Katri:**

Final question, what was the Digital mix during the quarter and what sort of growth did you have there, thanks?

**Abidali Z. Neemuchwala:**

Digital revenues as I said is about 25.1% of our total revenues, which has grown over 4% on a QoQ basis.

**Moderator:**

Thank you. The next question is from the line of Sandeep Shah from CIMB. Please go ahead.

**Sandeep Shah:**

Just a question is in terms of the Energy and Utility, this sector this quarter it has been down by 6%, so you alluded that Energy is doing well, but the Utility, there is some issues, so I think it looks like one of the bankrupt client could be within that, and second also there was some litigation which was going on with one of your US Utility clients, so can you give some color how these two accounts would have been predicted in terms of guiding for fourth quarter as well as their impact in FY19?

**Abidali Z. Neemuchwala:**

The risk that we see from any customer across any vertical is reflected in the guidance of 1% to 3% that we have given for Q4, but broadly as I said the Energy vertical within the ENU business



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is doing quite well. We have some customer specific challenges and also ENU sits on the intersection of Middle East and ENU where we are undergoing a restructuring and some of that becomes visible in the performance of the ENU Business Unit.

**Sandeep Shah:** Just second I think, Abid you said that CY18, FY19 you are more optimistic, but if we look at for Wipro, generally the 1Q is seasonally softer, so this time you believe that your industry level growth which you have started now through a guidance for fourth quarter may even continue in the first quarter and we may break the jinx in terms of a seasonally weak quarter, I am not asking for a guidance, I am just asking directionally based on the deal pipeline, client interaction, your confidence, even the start of FY19, you may start with a optimistic outlook?

**Jatin Dalal:** Sandeep, I will invite Abid to respond, but anything on Q1, no matter what we call will be a reflection of our sort of sentiment or thoughts around Q1, which we do not want to speak specifically. Abid's input was more around overall as we enter Calendar 2018, how do we see momentum vis-a-vis what we have seen in past and my request is you look at from that color.

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

**Sandeep Agarwal:** Abid, I have a very specific question, this already you have partly probably answered it, but I just wanted to understand in little bit more detail, some of the commentary which has started coming in ENU vertical is quite positive and we have seen some kind of ramp up in numbers as well, while I understand there is some customer specific issue and some portion of Utility, but overall you think that the recovery in the oil prices is already showing up in your conversations with the client, are they ready to spend more now after a long time or let me put it this way, can we say that worst of ENU is broadly behind, and second on the digital side while you mentioned that QOQ growth is 4% - 5%, but still the kind of growth we are seeing in even larger peers, that kind of growth we are not seeing in Wipro's number yet, so is it because we have a very strong pipeline which has not yet started to fire, so what kind of sense you can give us there, it would be very helpful?

**Abidali Z. Neemuchwala:** Again, on ENU I do believe that in the oil sector, we are seeing some very good traction both on the spend on the traditional services, but more importantly on the digital transformation, IoT, Cloud migration kind of areas, so I am quite optimistic on our ENU business. On Digital, I think Digital is a lot of book and build project based business, so there is a little bit of volatility that we do see from one quarter to another, but otherwise, we have a very healthy pipeline, we have a very healthy revenue growth. If you look at it on a slightly longer-term basis, we have been doing quite well on Digital and our penetration across our customers on Digital is very good. I have got Rajan Kohli on the line who heads Wipro Digital and I will have him give some color on how we see our Digital business.





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- Rajan Kohli:** Thanks, Abid. Just to sort of reinforce the point that Abid made, over the last four quarters, our average quarterly growth has been upward of 5%, so that is quite healthy. From quarter to quarter, sometimes as large projects get over, we do see some difference, but over a full-year period, it is quite a healthy growth and we expect this momentum to continue because the pipeline in Digital is growing faster than the overall pipeline and also the type of projects that we are beginning to do now have significant downstream business attached to it, a lot of the pilots, proof of concepts are now beginning to turn into projects at scale and also penetration into our Top 50, Top 100 clients has been quite significant for us, so overall Digital has been a very positive story both from a qualitative perception value-added as well as from numbers and performance. Thank you.
- Moderator:** Thank you. The next question is from the line of Shashi Bhushan from Axis Capital. Please go ahead.
- Shashi Bhushan:** Thanks for taking my question, healthy guidance. I might have missed it, what was the impact of customer insolvency in this quarter on revenue?
- Jatin Dalal:** Shashi, there was no impact on revenue and on the profits it was 2.4% at operating margin line.
- Shashi Bhushan:** Any tail impact on the revenue in the next quarter guidance from this customer?
- Jatin Dalal:** Yes, of course there is an uncertainty on the ground, but that has been factored in our guidance range that we have given to you.
- Shashi Bhushan:** But we are not quantifying the impact that might be possible in Q4?
- Jatin Dalal:** No, Shashi, we have not quantified that separately.
- Moderator:** Thank you. The next question is from the line of Ankit Pandey from Quant Capital. Please go ahead.
- Ankit Pandey:** My question is first a little bit of a clarification on just the last question, is it that the impact on revenue is not meaningful or is it that, there is none...of the insolvency?
- Jatin Dalal:** The impact on revenue from Q4 and forward is meaningful, but that has been factored in the guidance.
- Ankit Pandey:** On the margin front, you are saying that the guidance on the margin is maintained excluding the impact of this insolvency, am I right?



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**Jatin Dalal:** Yes, Ankit, the way I explained in my opening remark was that, if we did not have that one-time non-operational impact, margin would have been higher by 2.4% compared to what we reported.

**Ankit Pandey:** Could you just also talk a little bit about the intersection of our digital traction with BFSI, and I was trying sort of figure out if digital needs a sales force of its own or it can stand alone on its own as far as growth momentum is concerned and not be impacted by seasonal headwinds from other sectors?

**Abidali Z. Neemuchwala:** As we have seen over the years that BFSI as a sector, adopts new technologies the earliest and we see that happening in this cycle too. Given our early investments in digital across the board, all of our services whether it is on the front-end side which is the mobile banking, whether it is on the back office side which is the AI and cognitive, leveraging our Holmes platform, whether it is on the Cloud migration and the API refactoring of applications, we see traction across the board and while we have Wipro Digital which takes care of the design and engineering piece and the transformation of ways of working, with the re-skilling of both our sales force and our workforce, a significant part of the delivery and significant part of the downstream sales for digital at scale is done within the business unit itself and they leverage Wipro Digital as and when it is required like they used to leverage the other service line in the traditional manner.

**Ankit Pandey:** Another way to ask this is that the downstream work from digital, there is not yet another competitive bidding like situation and it is sort of almost sole-source kind of situation. Is that a roughly correct understanding?

**Abidali Z. Neemuchwala:** That is correct and I would like Rajan to give a couple of examples and illustrate.

**Rajan Kohli:** Thanks, Abid. Obviously, Wipro Digital has pool of practitioners. They have very little of the traditional sales force. We continue to sell through accounts and verticals and that continues to remain our go-to market, but the talent that Wipro Digital has is at the intersection of Consulting and Digital and this talent helps in identifying business problems that clients want to solve and answers the question about what and how for those clients and they work very closely with vertical sales team and the domain teams that sit within the verticals. And for downstream implementation for large-scale projects, Wipro Digital works very closely with all the service lines and pools them together. What we are seeing in the market is that clients buy a solution irrespective of where that capability comes from within Wipro and Wipro Digital helps stitch that solution together for us.

**Ankit Pandey:** Thanks for that and one final clarification, Jatin, if you could please, has fresher hiring been rather strong this quarter, I was looking at some of the ex-trainee utilization figures, which were less change downwards compared to some of the other utilization metrics?



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**Saurabh Govil:** On the Fresher hiring, we continue to hire on the campuses and this quarter also we have hired and hiring across the globe is happening, as you see localization has gone up, so hiring is robust. It is specific to the requirements from a skill perspective, both laterally as well as at the campuses. On the utilization, very clearly, we see a scope for improving utilization, there is headspace and this quarter primarily is driven from the furloughs which you have seen.

**Moderator:** Thank you. The next question is from the line of Ashwin Mehta from Nomura Securities. Please go ahead.

**Ashwin Mehta:** Just wanted to check on this insolvency, if you can let us know which geography does this client belong to, and secondly, if I look at the receivable impairment that seems to have been taken, am I getting it correct that it is somewhere close to almost 275 crores?

**Jatin Dalal:** Ashwin, we have not shared the geography, we have shared that belongs to Energy and Utilities segment and the number, yes, and ballpark is fairly accurate.

**Ashwin Mehta:** But if I were to look at even a 120-day receivable, this appears to be a more than \$100 million client for you, is that correct?

**Jatin Dalal:** Ashwin, we have shared the details and we have also shared the revenue uncertainty that not having this customer will cause, will be meaningful but certainly that is factored in our guidance for Q4. Also the fact that, the total impact that we have taken is a combination of the investments that we had made in the customer during the early phase of our large long-term deal and which won't be recoverable due to the event that has taken place, so it is not just the receivables, but it is also the investments.

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

**Ravi Menon:** Just wanted clarity on the Healthcare side, I thought that we were expecting a fairly soft quarter for Healthcare and Life Sciences, I was expecting a recovery, but not such a sharp recovery over there, was this due to some seasonal help from HPS?

**Abidali Z. Neemuchwala:** As I said last time, the worst of Healthcare and Life Sciences from our perspective is over simply because we had lost a significant amount, over \$125 million in run rate in the business unit, so after that, we do expect it to continue to grow while the softness on a level of uncertainty will continue because in the specific space where there is uncertainty which is the ACA(Affordable Care Act) space, but all other parts of the Healthcare and Life Sciences business are showing robust growth, so as you see on constant currency basis, it has grown almost about 2.5% this quarter and we expect it to have a positive momentum going forward.



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**Ravi Menon:** Secondly, on the India Middle East restructuring I thought we were over with most of that by the first half of this fiscal, but now it seems to be persisting as you mentioned about the Energy drop this quarter. How long do you think it will be before the India-Middle East business stabilizes?

**Abidali Z. Neemuchwala:** All of Wipro specific restructuring of the India and the Middle East unit has been completed. The leadership changes that we were bringing in the business model changes that we were bringing in, India has done quite well both from a Revenue and Profitability perspective. Middle East is showing positive traction. The ENU and Middle East intersection that I referred to is more the market dynamic in Middle East, one of the largest markets there which is the Kingdom of Saudi Arabia that is where we see a certain level of uncertainty with the changes that are happening there and the impact that is happening on some of our large clients over there. So that is the cause for uncertainty, but the Wipro specific issues that we had in India and Middle East business, we are done with and I feel quite good about that business now.

**Moderator:** Thank you. The next question is from the line of Rahul Jain from Emkay Global. Please go ahead.

**Rahul Jain:** As per the number that we have shared on the Digital side of the business, it appears that the growth on the non-digital piece is around a decline of 4% in the 9-month period from the run rate that we exited in Q4 FY17. So in light of this when we say that we want to achieve industry specific growth, how we see when 75% of the business is actually declining for us and what is the kind of benchmark that we are assuming when we see industry kind of a growth? Is it similar to the NASSCOM growth rate of the previous year? Is there any other number that we have in our calculation?

**Abidali Z. Neemuchwala:** The way I would like to answer this question is this transformation is quite a disruptive transformation. So we should not be surprised by disruption of the legacy business. The question is that gross growth of digital, whether on a net basis is able to deliver a higher level compared to the disruption happening in the legacy business and there is obviously certain juice in the legacy business as well, but it is invariably associated with digital transformation of some sort or the other. So we are seeing some good traction in that also because there are cases where an incumbent might not be able to deliver on the run services the level of automation that we are able to deliver with our HOLMES platform and we win deals and business over there. So our focus on the core or legacy business is not any less, but definitely you cannot expect the level of growth happening there. There might be some market share growth which happened. There will be some level of automation and productivity led decline that will happen. So we should see that in light of those changes happening as part of the transformation.



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**Rahul Jain:** So as you rightly said the impact would come on the absolute basis just because of the automation factors plus you also alluded that there would not be any growth from a new spend on the run side of the business and we say that we can win more market share. So do we expect market share to contribute as in 5% to 10% of incremental business and if that is the case, why we were not able to demonstrate the same in the current fiscal?

**Abidali Z. Neemuchwala:** So Rahul, I would not put numbers around this. I am giving more of a directional commentary of what we see in the market.

**Moderator:** Thank you. The next question is from the line of Sumeet Jain from Goldman Sachs. Please go ahead.

**Sumeet Jain:** Just wanted to continue from the previous question like even if I take your guidance for the next quarter of 1% to 3% and assume that you might end up at the top end that would imply probably a Y-o-Y constant currency growth of somewhere 5% to 6%. Can you just give a highlight does this 5%-6% growth you are comfortable with or is it that you aspire to grow higher than this in FY19?

**Abidali Z. Neemuchwala:** So Sumeet, as I have been talking about over the last about 8 quarters, that I have reported that we are undergoing a transformation both at a company level and at an industry level and we have identified certain company specific issues in transformation that we are addressing and then there is certain industry level transformational opportunities in which we are investing. So you need to look at our numbers in light of both of them. What I believe is that we are done with a lot of the heavy lifting that we had to do which would be Wipro specific and even in this quarter's result, if you look at our numbers, our Consumer business has grown on a constant currency basis about 5.6% year-on-year. Of course, BFSI has grown in double digits. Our Manufacturing and Technology business has grown about 5% year-on-year and we started to see a recovery of the Healthcare and Life Sciences while it has a negative year-on-year growth. It has a reasonable quarter-on-quarter growth. I talked about India and Middle East and some of the other markets. So on a broad basis, we think that our company specific transformation and restructuring that we were required to do, we are done with and seeing a very robust growth on our top account portfolio. Our Top 10 clients have grown over the last four quarters about 3% quarter-on-quarter growth which is quite healthy. So from all of this, it gives me confidence that from whatever is the average industry growth we will be able to match it going forward. Now when we look at it on a quarter-on-quarter basis, you will be able to see that visibility relatively sooner. When you compare it on a year-on-year basis, you will have to wait for about a year or 4 quarters to lapse to be able to see if the number is comparable on a year-on-year basis. I think that is how I would look at and interpret our commentary.



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**Sumeet Jain:** That is helpful. And secondly, I want to understand on the digital side, like we are hearing the projects are now scaling up, whereas some of the competitors say that most of the deals are still pretty small and discrete in nature and more in DevOps and Agile framework. The kind of work keeps changing every 3-6 months. So from your standpoint given that you have a pretty early lead into the digital projects, what are you seeing when the projects are scaling up, the preference of the clients to stay with the first stage vendor who has helped in strategy consulting stage. Are they the preferred choice for the extended part of the projects?

**Abidali Z. Neemuchwala:** Yes, we have seen that. I think in digital, one of the things that I had said from the beginning, it is a very consultative sell. It is not an RFP based sell and invariably the trend that we see is that it starts with consulting and design. We have very strong capabilities in design as you know. Designit, the acquisition that we did and then we tucked in Cooper as well which is working very well. That kind of gives us a toehold. It helps customers, solidify their initial thinking, do some proof of concepts and pile it the way Rajan just explained and then when they move to digital at scale, in all likelihood, at least the examples that I can think on the top of my mind, without RFP gets single sourced to the provider who has done the initial part of the work. That is what at least we are seeing in the Banking and Financial Services space and the Consumer space, the two verticals where there is the highest traction on digital right now. So I do believe that it is not a very RFP based business that we get on digital. It is evolving business but we are seeing it go to scale to a great extent. Now, there are obviously parts that are moving to digital and all of this that I talked about is more on the application and customer experience side, digital marketing and those kinds of areas. There is a whole digital component in the infrastructure space which most likely the infrastructure incumbent gets it which is the cloud migration part. But given our strong relationships in some cases, those may come through RFPs as well, where we are able to bid and win and have a little bit of market share movement or opportunity to get in through cloud based transformation or HOLMES based automation on the run side which would also be part of the change of the programs would be part of our digital revenues.

**Moderator:** Thank you. The next question is from the line of Neerav Dalal from May Bank. Please go ahead.

**Neerav Dalal:** I had a couple of questions. One in the Financial Services, you spoke about consolidation gains as well as gains in terms of digital. Is there a split or something that you can guide us on in terms of what is the higher share, what is the lower share, something on that side?

**Abidali Z. Neemuchwala:** Neerav, I am not clear about your question, but essentially in BFSI and in other verticals also, what we are seeing is that there is a level of opportunity that exists where we are incumbent to be able to make proactive proposition to transform to digital and there are opportunities where we may not be incumbent but given our strong investments in the digital space, for example in the last quarter of the many deals that we have talked about, one of the deals is competition account where we were not even present. But in the Salesforce area where we have leadership



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through our Appirio acquisition, we were able to penetrate that account and hopefully once we have landed, we will be able to expand it to that account.

**Neerav Dalal:** Okay. And anything to look into the top 6 to 10, there was a big decline in that bucket. So anything to look into it, any comments on that?

**Abidali Z. Neemuchwala:** I think if you see some decline in a quarter number, it is more to do with the impact of furloughs because different verticals have different impacts on furloughs and depending on what bucket you see, it may have more or less impact on furloughs. But structurally I think as I said, our overall Top 10 accounts have grown by just under 3% CQGR for the last 4 quarters and I feel quite comfortable from a mining our top clients perspective.

**Moderator:** Thank you. The next question is from the line of Abhishek S from Equirus Securities. Please go ahead.

**Abhishek S:** Just wanted to understand the top customer growth on a YoY basis. It came off from 25% to 17%. While the top 6 to 10 growth kind of accelerated from 10% to 20%. So just wanted to get a sense on what is the sustainable number and how should we look at it from a calendar year 18 perspective? Thanks.

**Jatin Dalal:** So Abhishek, we want all of them to grow as fast as they can. There is no real sustainable number or a guidance number that we are giving there. Obviously if the company has to grow, large accounts have to lead the growth and that you have seen in Q4, Q1 and Q2. Q3 was impacted because of furloughs as Abid spoke about in the earlier part of the call, but we definitely feel quite good about the way we have been able to turn the mining in the company and we are quite hopeful that FY18-19 too, the top accounts will continue to lead them.

**Abhishek S:** Thanks. So just to follow up on that. So the deceleration especially on a YoY basis, the top one is more related to furloughs than the account, the growth peaking out. Is that a correct way to look at it, right?

**Jatin Dalal:** Yeah. So on a YoY basis, there is also a factor of some accounts coming in and coming out. So I would much rather look at the momentum that top accounts are able to create on a sequential basis and as a bucket if they are growing well, we are quite comfortable. So if I see a particular number, I wouldn't react to the YoY number because the composition could be different.

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

**Sandeep Shah:** Abid just on the large deal traction, I think whatever been announced which we can get it through the public domains, it looks like there are lot of deal wins which Wipro has got in. So can you



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just let us know what different we have done or is it more to do with the industry wide phenomena where the client traction was more in terms of a faster decision making, and you believe that the deal win momentum can continue entering FY18-FY19?

**Abidali Z. Neemuchwala:** I am quite optimistic looking at our pipeline and our order book and wins that the momentum will continue. One of the things which I haven't seen quite specifically is if I compare last year what we were seeing was that the deals were primarily digital deals, but they were small in size. Even the legacy deals were not coming as large deals because a lot of the RFPs had dried up and customers were not coming and trying to outsource a large legacy program. Now as customers have decided on their technology stack in digital as they are clear in what they want to do in digital as they have experimented and gained confidence on digital, they are willing to do digital on scale. And those deals we are seeing with increased sizes and invariably a large deal will have a digital transformation component, and that I do see coming more and more as customers accelerate their digital transformation. And I do think that Wipro will get its more than fair share of those deals simply because of our strengths in the digital space across, you know I had articulated of the front office and what digital means on the front office, the middle office and what digital means for the middle office and the back office and what digital means over there. We have investments and capabilities across the board for digital transformation and that is kind of working well for us.

**Sandeep Shah:** Okay. And together with that you also believe the outsourcing decision making is actually moving up especially in the US?

**Abidali Z. Neemuchwala:** You know, we do see a good level of pipeline. I wouldn't say that the decision making is happening any faster than before. Only thing is last year if you were talking about sitting in this time in January last year, of course there were a lot of uncertainties, the elections had just completed in the US, people were waiting for the new administration to come in. Brexit was quite new in UK. Compared to last year, this year we will see a higher level of certainty and a higher level of clarity in terms of what customers want to do. So that way the answer is yes. But otherwise I wouldn't say, compared to last couple of quarters there is any specific uptick or change in the speed of decision making.

**Sandeep Shah:** Okay. And Jatin, as you have said that for the bankruptcy client, there is an impact which is meaningful, can you also give us some color about the client in the US Utility space where the litigation is going, whether most of the impact is already reflected into the numbers or may come going forward, if you can give some color on that? And will it be a meaningful impact?

**Jatin Dalal:** So Sandeep, since we have talked specifically about the customer who went into bankruptcy, we were able to offer. But right now since the whole situation is sub-judice, I am not giving a specific comment on that litigation or the relationship. What we have always said that we have





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valued the relationship with the customer, we believe that we delivered a good project for which we actually won an award from customer and overall the matter dates back many years and overall we remain confident of our position. Beyond that, we don't want to comment. Our basket of our customers and what we have, our aspirations from them is reflecting in our guidance, that we have given this quarter.

**Moderator:** Thank you. Ladies and gentlemen, that was the last question. I now hand the conference over to Aravind Viswanathan for closing comments.

**Aravind Viswanathan:** Thank you all for joining the call. In case you couldn't take any questions due to time constraints, please feel free to reach out to the investor relations team. Have a nice day.

**Moderator:** Thank you. On behalf of Wipro Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.