“Wipro Limited Q1 FY’20 Quarterly Investor Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to the Wipro Limited Q1 FY’20 Quarterly Investor Conference Call. As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Aparna Iyer – Vice President and Corporate Treasurer. Thank you and over to you.

Aparna Iyer: Thank you, Stanford. A very warm welcome to our Q1’20 earnings call. We will begin the call with the Business Highlights and Overview by Abid – our Chief Executive Officer and Executive Director 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 detail 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 made available on our website.

Over to you, Abid.

Abidali Z. Neemuchwala: Thank you, Aparna and good evening, ladies and gentlemen. I am joined here by my leadership team and it is a pleasure to speak to you all and share the results of our first quarter.

Let me quickly provide an update on the “Q1 Performance”, “Our View of the Demand Environment” and the “Progress on the Six Strategic Themes” that we update you every quarter: We had a slow start to the year than we had expected with revenues being down sequentially by 0.7% which is disappointing but it is within our guidance range of -1.0% to 1.0%. Our YoY growth in constant currency is 5.9%. Q1 is typically a weak quarter for us and we enter the quarter with macro uncertainties but in quarter execution we could not overcome some of them. During the quarter, BFSI grew 11.2% YoY in constant currency and Consumer business grew at 7.7% YoY. Consumer was specifically impacted by the completion of certain large programs and while we have a very good deal pipeline, we did have deferral of certain programs that we had expected to start. This business should pick up from Q2 and beyond. Energy and Utilities and the Communications business continue to grow at 7.8% and 8.8% YoY in constant currency terms. We continue to see softness in our Manufacturing and Health business.

The overall demand environment is stable in the global markets but in pockets like Banking and Financial Services, the decision-making has been slower due to the overall macro environment.
Capital markets in particular and banking in Europe is seeing softness. We are hopeful that some of this delay in deferral is temporary and will improve as we progress through the year.

Our utilization dipped this quarter for two reasons – One is because of fresher hiring that we have done and the second is the bench that we had in anticipation of ramping up some of the projects which have got delayed. In Q1, we have hired 6,000 freshers and onboard with them globally. We continue to investing in our employees and we completed our annual merit salary increase process across the organization as planned. Our attrition on a trailing 12-months basis remained in a very narrow band at about 17.6%.

Now, let me go through a quick update of our Six Strategic Themes: Our Digital business continues to see strong growth with quarterly revenue growth of about 5.6% and annual growth of 34.6%. Digital revenue now contributes 37.4% of our overall revenues. Our wins in Digital have demonstrated this quarter that our leadership position in Bots, Digital and Cloud transformation, provides our clients end-to-end capability they require for growth and future business. Just to give you an example, a large North American health insurer has selected Wipro Digital to support its ongoing engineering transformation and move to new ways of working and help with the organizational change management to improve speed, quality and volume of IT Software releases across its IT environment.

We continue to be focused on client mining. Our top-10 accounts grew 13.2% YoY. We have added three more clients to the $100 million annual revenue trailing 12-months revenue bucket this quarter and we have added a client in the $75 million plus bucket as well. We continue to cross-sell into our existing accounts across various services. This quarter as an example, we have been chosen as a partner to modernize the business services for a leading technology provider. It entails transformation of the entire stack including applications, infrastructure and associated services and modernize it to the cloud. This used to be an application services account for us where now we will be able to provide infrastructure services as well.

We continue to drive Hyper Automation and now Wipro HOLMES is in over 350 clients with our percentage of work done by Bots exceeding 15% in Q1 in our fixed price engagements who’s mix has gone up to about 61.6%. As an example, Europe-based pharmaceutical company has selected Wipro to apply intelligent automation for its procurement, HR, taxation and legal functions. Leveraging the automation capabilities of Wipro HOLMES and its automation ecosystem, Wipro will build use cases across all of these processes and set up a Bot factory specifically for this customer helping them transform their operations. We continue to invest in IT platforms and IP.

In Q1, we filed another 26 patents, taking our total count of patents filed to about 2,200 plus and now we have 602 patent granted within our portfolio.

Leveraging Wipro Ventures investments continues to help us win deals and a global beverages company has selected Wipro to improve the overall customer experience and boost customer
trust. During this engagement, Wipro will support the company’s managed network and help enhance its cyber security and threat prevention postures leveraging our cyber security platform which has embedded in it some of the innovation from our Wipro Ventures investments.

We have seen very good progress with Topcoder with the number of clients both enterprise customers for what we call as “Enterprise Crowdsourcing” as well as typically gig economy customers who want to leverage the gig economy. Smart enterprises are using the gig economy to drive innovation and are starting to do so at scale. This is what we believe is the future of how IT services will be provided and we are quite heavily invested in this. Freelancers are being tapped on-demand to spur and execute on technology projects utilizing AI, computer vision, IoT, Machine Learning, Mobile and even Quantum Computing. Innovation is happening at the Edge and in Topcoder Wipro’s Crowdsourcing platform, we lead and help enterprises drive innovation and execution with the gig economy. With 1.5 million community members worldwide and more than 15-years of enterprise experience, Topcoder now is one of the most sophisticated and simplest way for enterprises to access talent and execute digital engagements. We have onboarded a number of customers from our existing client set as well as expanded customers that came along with the Topcoder acquisition. Recently, we completed an engagement leveraging Topcoder and talent at Wipro which helped address oncologist at the Dana-Farber Institute working closely with the Harvard Medical School to help identify and treat lung cancer more effectively.

Essentially, using Artificial Intelligence and Vision Computing Technologies we were able to develop an algorithm which is able to detect the impacted areas for a lung cancer patient as accurately but 3x faster as an oncologist. And this kind of innovation can be used to increase the reach of medical expertise and oncology expertise across the globe. Last month, this has been published in JAMA which is the Journal of American Medical Association and we feel that these kinds of engagements and impact could be tremendous through the investments that Wipro is making. We continue to invest in talent and localization and now our US localization has crossed 65% including setting up of centers across the US.

In conclusion, while we had a slower start to this year, we believe basis the strong pipeline of deals and the differentiated capabilities that we have invested in, we will gain back momentum as we progress through the year.

I will now request Jatin to give some color on our “Financials.”

Jatin Dalal: Thank you, Abid. I want to make only two specific comments – The first is that our operating margin and profitability has remained fairly robust despite the investment in MSI and utilization that we have made through the quarter. Two is our cash conversion. We have converted once again nearly 100% of our net income into free cash flow. In fact, the ratio is 98.8%. Our tax rate for the quarter was 21.8% which is very competitive. Our realization rate was 70.39 compared to 70.28 despite an appreciating currency. Our other income grew YoY 53% and overall therefore our EPS on YoY basis was 12.5%. Overall, we had a satisfactory quarter as I said in
the beginning both on profitability and cash conversion. We have guided for 0% to 2% sequential growth for Q2 of this fiscal. And with that we will be happy to take your questions.

**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 Sandeep Agarwal from Edelweiss. Please go ahead.

**Sandeep Agarwal:**
I have just one question, Abid, on the growth side. Our digital continues to be robust and is now significant proportion of our revenue. How much is our legacy piece or non-digital piece and how sharp is the linkage there, #1? And how long this linkage may continue impacting our such a robust digital growth and contributing to overall growth? I am little worried. We are still not picking up the industry growth rates or the growth rate of the peer sets. What is the problem in our business right now which is not allowing us to post the robust number or is there some client-specific issue, something which you have seen temporary in nature and will go away?

**Abidali Z. Neemuchwala:**
Sandip, as we have been articulating, there are certain Wipro and client-specific issues that we have been addressing. And as we prioritize those issues, we continue to address it and see good turnaround on those. Right now if you look at it from verticals perspective, there are a couple of verticals – Manufacturing, primarily in Europe and Health primarily around the ACA, while we have robust growth on the peer area in Health for example or US in Manufacturing. We still need to do some work on the areas to address to get a robust secular growth where these two verticals can also start contributing to the overall Wipro growth. Similarly, on the service lines, we have some work to do in Engineering. Otherwise, I am quite satisfied with most of the other verticals. We have had a slight softness in application this time but that is combined with the softness that you see in Consumer which is more incidental to this quarter where there were certain large programs which got over and new programs did not start at the time that we had anticipated. Similarly, on the markets as you know, we continue to work on India, Middle East and a couple of other markets primarily Continental Europe where we need to do some more work. But as I said we have been prioritizing as you remember a couple of years back, we had a relatively lower market share in Banking and Financial Services and as we restructured the business and as drove momentum in it, today, we are gaining market share within the BFSI business. Similarly, compared to the industry, we are seeing lower growth in our biggest market which is US and today we have double-digit growth this quarter in the US. You did talk about the digital investments that we made and capabilities. Today, we have market-leading capabilities in digital and cloud and as you see we have market leading growth and proportion of revenues on that. As far as the legacy decline is concerned, there are two kinds of decline – One is as some of these engagements get over, customers are not going for newer legacy engagements, so there is a decline. Second is we have been quite proactive in providing productivity benefits to customers as automation becomes mainstay. And while customers love that, it does have an impact on our top line. So, the way we look at our business is that over 100% of the growth would come from the digital and the new age services while we will continue to maintain our share of the legacy business from a point of view to bring value proactively to customers and transform them to digital and modernize their IT and operations landscape.
Moderator: Thank you. The next question is from the line of Nitin Padmanabhan from Investec. Please go ahead.

Nitin Padmanabhan: I think a couple of years back there was one thing that we used to mention that capital markets is the reasonable proportion of our financial services business. If you could give us some sense on how that is today and how that proportion has changed? Second, you did allude to the possibility of some recovery in this space going forward. Just wanted to understand what is actually happening on the ground that basically gives the confidence on improvement in growth as we move forward on the financial services space?

Abidali Z. Neemuchwala: If you look at our financial services business consistently over the last two or three years, we have led the industry in growth, even this quarter on YoY basis we have grown double-digit. We do see softness in two areas – One is in European banking and second is capital markets overall. As you all are from the financial services industry, you know this as much. We would track that closely although there is an opportunity as some of the customers are consolidating, some of the customers are leveraging automation and some of our services to be able to not only digitally transform themselves but also drive efficiency and we are participating in both of them. Our capital markets proportion as a total proportion of BFSI has not changed much over the years, both have grown equally and right now the softness in the overall BFSI space is more in capital markets and in the European banking space.

Nitin Padmanabhan: The SRE business, initially we thought that the numbers would keep sort of declining over a period considering the very low profitability in that business, but it appears that it has seen solid pretty growth this quarter despite the negative margins in the business. Just wanted your thoughts on that business for now and going forward?

Abidali Z. Neemuchwala: As you are aware, we have taken a very strategic approach to the India state run enterprises business. In the long run we do believe that this business has a lot of value but the business runs with a different rhythm and we want to make a fundamental shift in what services we provide and how we provide those services, how do we engage, how do we take balance sheet exposure into that business and I am seeing some very encouraging results from what we are trying to do and hopefully, we will get results earlier than we would have originally set expectations and that is why you see growth. We still have some legacy issues in that business that we have to resolve and because of which there is a pressure on the margin of that business. But the incremental business that we are acquiring which is showing in the top line growth is coming with margins which are in line with our expectations. So, I feel good about our overall India SRE business, we have a good leadership team, we have an execution rhythm, we have made certain changes which enable us to address and market in a different manner with a different set of services, we have eliminated what we had earlier called Wipro Infotech, now it is one Wipro that approaches it which all the leading edge digital services and we think we can make most of Digital India and a lot of the services that are happening in state run organizations in terms of digital transformation and citizen services.
Moderator: Thank you. The next question is from the line of Abhishek Bhandari from Macquarie. Please go ahead.

Abhishek Bhandari: Jatin, my question is for you. So, with this new buyback tax, does it in anyway influence our upcoming buyback program?

Jatin Dalal: We will wait for the final clarity on the same in the budget that does get pass. Having said that, our clear intention is to go ahead and complete the buyback process that we have talked about. We will have to just wait and watch the final clarity of how the whole mechanism around the tax and how it will be applied to emerge.

Abhishek Bhandari: Let me ask in other way, let us assume that it gets pass-through and 20% is imposed. Will the quantum remain unchanged and we pay taxes from our cash reserves or we reduce the buyback amount to that extent?

Jatin Dalal: The whole concept of 25% cap comes from SEBI regulation. Thankfully, we are at a stage where we are under process of our buyback proposal with SEBI. So, I am sure we will get clarity how to consider this. We just want to follow both SEBI regulation as it is interpreted and appreciated by SEBI and buyback tax as it gets applied once the final budget proposals come out.

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

Sandeep Shah: Abid, just wanted to understand at the start of the year versus one quarter past, are you slightly more worried on the macro as well as the growth outlook for the full company as a whole, can you give some clarity on this?

Abidali Z. Neemuchwala: As I said, I would have felt more comfortable if we had a slightly stronger start of the year; however, our demand pipeline is strong, we have had some wins which have not translated into revenue because customers are not necessarily signing contracts and starting projects in some cases fast enough. So, I would be a little more watchful at this point in the year compared to the beginning of the year. Lot will determine the full year outlook in terms of what happens in Q2, just as an example a couple of deals that we were expecting to get signed early in Q1 have just got signed in the last couple of weeks in this quarter. And if that trend continues, I would develop a more comfortable feeling for the rest of the year. So, right now, we are watchful of the macro environment and its impact on customers’ decisions to spend. I think there is sufficient potential in the market especially in the digital transformation, cloud and various new age services and I think we are very well placed in terms of our ability to win market share and the maturity of our offerings, we just need to see how this pans out from a macro perspective.

Sandeep Shah: Just a follow-up. The sporadic instances which has made you watchful, is it more broad-based across industry segment or across many clients or how is it?
Abidali Z. Neemuchwala: The industry segments I already mentioned, that is where it is a little more broad-based, some specific customers get into financial trouble or some customer-specific instances would be rarer in our portfolio now. As we have talked about earlier, we have also focused quite a lot on quality of revenue and how we address some of these kinds of risks from a balance sheet perspective. So, I feel much more comfortable from client-specific issues.

Sandeep Shah: Jatin, just a question in terms of margin because this quarter for all the peers on a QoQ it is a rupee appreciation, while for you as a realized rupee-dollar it is a slight depreciation. So, can you break down what is the margin walk and what could be the benefit of the rupee-dollar also baked into the margin, and am I wrong in saying that the recurring margin versus a reported margin there is a gap of 40 bps versus the recurring margin 18% excluding the Rs.70 crores worth of other operating income versus 18.4% which has been reported?

Jatin Dalal: Other operating income, Sandeep, is really visible on the financials and certainly that is something that will not recur, it is a one-time in nature for Q1. If you see from that standpoint 19 to 18 is approximately a 1% delta and that 1% delta has had several impacts which I think we have done well to counter -- One is clearly the investment in (MSI), Merit Salary Increase for the year, all of which is behind us from action standpoint but will have two months impact in Q2. The second is the investment in the utilization that we have made in Q1. Third is there is a little bit of adverse movement on onsite-offshore mix in Q1 which hopefully will sort of normalize as we go through the year. And yes, we of course had FOREX benefit due to our slightly superior realization of 70.39 versus 70.28 in Q4, but I would see more that as a pricing power because you know 61.6% of our revenues come from fixed price project, they are not based on the rate cuts. So, it is really how I am able to manage my total revenue line vis-à-vis my total cost, that is more critical. So, we definitely had a slight tailwind of FOREX but I would really see an entire 1% is operational, and a part of it as an investment in bench and employee salaries.

Sandeep Shah: Okay, and any lease accounting has led to any big impact on your margins?

Jatin Dalal: It is less, around 0.1% or so, it's very small at PBIT level, and it is zero nearly at PBT level. So, effectively at a PBT level it is zero.

Sandeep Shah: Okay. And just last thing, on a recurring basis FY19 margins are 18.4% at EBIT level, how do you look entering FY20 with slight rupee appreciation which is happening? So, your commentary about the margin with an upward bias continues to remain as of this point in time?

Jatin Dalal: So, our focus right now, as Abid articulated, is really to get the momentum back for the growth. We have made commitments on investment in some of our investment areas which we call big bets internally, we have invested in utilization. So, right now, the focus of organization would be to get revenue trajectory back. And if you see last year also, our quarter on quarter margin expansion came on back of fairly robust growth that we were able to get in quarter two and quarter three of the of the fiscal. So, in our business, as you know very well, revenue and
margins go pretty much hand in hand. So, we would remain focused right now as we look at quarter two and quarter three to get revenue trajectory back and remain committed to our investment. I will also have tailwind of both FOREX as well as two months impact of salary increases in quarter two. So, it's a delicate balance that we will have to see through as we look at quarter two and ahead. We always said that we remain very tight on execution, that we will always be.

Sandeep Shah: Okay. And just last question, I do agree the impact would be marginal, but this International TechneGroup Incorporated acquisition has been factored for all the three months of the coming quarter in terms of guidance?

Jatin Dalal: So, as you know that equation has been announced. And typically, announcement to closure has an element of regulatory approvals, and so on and so forth, also, subject to closing conditions by the sellers. So, we don't know when we will close it, certainly our attempt is to close as early as we could. But as we speak, it is not closed. And it's a small acquisition. So, whatever we are announced, is considered as part of our guidance. And that's the reason we also give the range.

Moderator: Thank you. The next question is from the line of Vibhor Singhal from PhillipCapital. Please go ahead.

Vibhor Singhal: So, Abid, basically my question is on some of the key verticals. So, if you see in this quarter, our European geography business reported a YonY decline in constant currency terms as well. So, if you could just throw some light on that numbers. Also, secondly in the healthcare business, I think after eight or nine quarters for the first time we have seen a positive, though a marginal one, but a positive number in that bracket. So, can we assume that the HPS business has firmly bottomed out? And if not a growth, well, then at least this business could remain at the level that it currently is? And lastly on the BFSI business, are we seeing some impact of the continuous in-sourcing, especially by the likes of large clients like UBS and all, and are we hearing anything on that front in terms of our business impact?

Abidali Z. Neemuchwala: So, while, Vibhor, as you know I will not make comments on any specific customer, the continental Europe softness that you see is primarily an intersection of European banking, capital markets globally and their European part, as well as Wipro specific for the manufacturing business in Europe. So, that kind of -- and as you know, continental Europe business consists of these two verticals, quite significant share. So, you see softness in our continental European business. But I feel good that we have started to win deals over there, we got a good pipeline of deals. And hopefully we should be back to a positive trajectory on that one. On health, while you know, as I said we see good traction in our core health business, the HPS piece I would still keep it as uncertain, but we have Bill Stith with us, who heads our health vertical, and I will asked him to give some color on the health business.

Bill Stith: Yes. So, for health we still see softness in the ACA, although we are seeing some trends such as changes in California around individual mandate, and member enrollment across levelling out.
And so while we are guarded on HPS, we have continued to build the pipeline, as Abid mentioned, especially in our peer provider to compensate, which is translated to the flattening you have seen over the last couple of quarters. So, we see that that will continue, and in fact are bullish that the deal pipeline we see will translate into second half growth.

Vibhor Singhal: Would it be fair to say that we could probably continue this positive territory though, however marginal it might be, we could probably continue this in the healthcare business?

Bill Stith: Yes. That's exactly right. So, we are expecting that continue to see that and are expecting growth to feather in to compensate for any challenges that we see further in the ACA.

Vibhor Singhal: And lastly, Abid, on basically the insourcing apart, you can skip the individual client question, but are we hearing any noises about more increased in-sourcing either from US or from European clients or from potential customers?

Abidali Z. Neemuchwala: Nothing compared to what we have been seeing over the last couple of years in the banking and financial services specifically. And we have gained market share over the last couple of years.

Moderator: Thank you. The next question is from the line of Madhu Babu from Centrum Broking. Please go ahead.

Madhu Babu: Sir, growth continues to remain tepid. So, one of our peers has taken a steep fall in margins over the last four, five quarters and has seen some acceleration in TCV win and growth momentum. So, would that be a similar strategy which would be useful for us?

Abidali Z. Neemuchwala: So, we do believe that we have to make the right investment in our business to build capability, which enables us to differentiate in the market and drive growth. I think a couple of years back we did take that call and made the right investments. Today I feel very good about our investments and our capability, our win rates and the leadership position that we have. As I had shared last time in the total number of reports that we participate, majority of those reports we get leadership position in our capabilities. So, right now I don't see a need for trading margin for growth, purely from a deal buying or pricing perspective. We believe in maintaining a very disciplined growth which is sustainable on the long-term. And hence, apart from the investments that we will make in capabilities, I don't see a trading margins for growth as a strategy.

Madhu Babu: And we have been a relatively acquisitive company, but there has been some slowdown in momentum there. So, I think with this kind of buyback tax, would we start to explore acquisitions more aggressively rather than returning more money to shareholders?

Abidali Z. Neemuchwala: So, I will let Jatin answer the capital allocation piece, but as a strategy we clearly have for every vertical, every market and every service line a clearly articulated three years strategy, in which we identify white spaces where if we get the right asset and acquisition could accelerate our growth, or give us differentiation, and when we find the right asset and when we find it at the
right price, we will not be shy of making an acquisition and improving our ability to serve our customers. So, from that perspective, the acquisition strategy doesn't change. As Jatin mentioned, we announced an acquisition last quarter and we will be closing it sometime during this quarter post regulatory approvals. So, I don't see our strategy on acquisitions changing specifically, and we have sufficient cash on our balance sheet, in spite of the capital that we return to our shareholders.

**Jatin Dalal:**
So, I will just numerically supplement what Abid said, we are sitting at a $4.6 billion net of that cash as of June end. And even if one were to assume that $1.5 billion of that would get paid out as part of the buyback, we will be still left with close to $3.1 billion of cash net of that. And the largest cash payout that we have made in a span of 12 months have been $1 billion dollar. So, we can assure you that our payout policy is more than factors in the use of cash that we could find on M&A. Our choice is based on the criteria that Abid mentioned.

**Madhu Babu:**
And sir, last one from my side. So, digital, which are the verticals where we are seeing strong momentum from our side, is it the B2C verticals like retail consumer or even the late adopters like energy utilities and all, where you are seeing some transformational spend? Thanks.

**Abidali Z. Neemuchwala:**
Rajan, who is our president of the digital business, I will let him answer.

**Rajan Kohli:**
So, we have seen quite a broad-based interest in digital, digital is now mainstream. It is true that a couple of years back the initial interest was more from the b2c vertical, but increasingly it is now very broad based. Health for example, where we have shown growth this quarter is also now leveraging digital quite well. BFSI and CBU clear are the industries where the digital is most penetrated, and they are B2C. But increasingly, I think the difference will increase between the leverage of digital across all industries. Thank you.

**Moderator:**
Thank you. The next question is from the line of Aniket Pandey from Prabhudas Liladhar. Please go ahead.

**Aniket Pande:**
Sir, last quarter you have mentioned that the growth guidance was weaker because there was a delay in the completion of large, large program in March quarter, and there was also delay in award of a couple of deals in BFSI. Can we get an update on that? Thank you.

**Jatin Dalal:**
As I mentioned in my earlier response, we do see some of those engagements that we were expected to start getting started. But it's still 50:50, as I said, towards the end of last quarter and early this quarter. We have got a couple of deals that we had one, but were pending contract signing and start signal for almost four or five months. We have got it. There are still a few deals which, again, we are the preferred partner, but we have not got the go ahead. So, I would still be watchful, although I am a little more optimistic now than I was at the beginning of last quarter.

**Aniket Pande:**
Okay. And sir one more question, you have added three clients in your $100 million bucket list, so these clients would be into which segments?
Abidali Z. Neemuchwala: Yes. So, Aniket, as you know, we don't break out the name or segments where they belong to. But I can tell you that they represent diverse verticals and not just one.

Moderator: Thank you. The next question is from the line of Rahul Jain from Dolat Capital. Please go ahead.

Rahul Jain: Abid, my question is, given the deferment of closure in some deals from Q1 and Q2, and overall stable demand scenario, so why we think we have this 0% to 2% kind of a guidance for Q2? Do we see that deferment kind of thing to persist on an ongoing basis or is there any revision for that?

Abidali Z. Neemuchwala: Rahul, as you know, the guidance we give based on what we see at the time we give the guidance, and it is a range, as we execute through the quarter I am hopeful that our momentum may improve, some of those deferred deals start execution.

Rahul Jain: Okay. And, Jatin, if you see various costs items such as interest cost, depreciation, facility expense have seen significant decline sequentially. How much of this is on account of IndAS116?

Jatin Dalal: Yes, so clearly it has impacted and I think you should see the rhythm going forward. But, as you know, IFRS16 requires us to take out the operating leases and capitalize that in the balance sheet. So, that has had increase. But all I can tell you is that our total operating expense line level, the impact is very small, it's 0.1% or so of our revenues. So, it should not have any material impact in terms of the aggregate number. And it also brings out, I think, in a way it's a good moment that it brings out any arbitrage on owning versus leasing. And everybody's numbers in my view would be more comfortable going forward, as it happens through this new accounting standard.

Rahul Jain: I understand that, but ideally all three of them should not have gone down. So, is it like because our earlier charge were higher than what is required as per the new thing, and that has led to one time kind of a lowering on these numbers or is there any other line item where the incremental part is there and that's why we don't see this factor neutralizing? Because all three being negative means all three is showing favor.

Jatin Dalal: So, Rahul, I would request you to look at a trend on that because we had an accelerated depreciation hit in quarter four, we talked about it when we had taken the amortization acceleration for a part of our platform intangibles in HPS business in quarter four. So, that was any way going to go away, which has now got replaced with IFRS16 related depreciation.

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

Ravi Menon: Yes. I was just asking about the ROW decline this quarter, that seems to be the sharpest decline for this geography segment that we have ever seen. So, is it due to deliberate exit of any
unprofitable programs and should it correlate some of the margin improvement this quarter to that?

Abidali Z. Neemuchwala: Yes. So, the ROW this quarter is due to certain light programs in APJ coming to an end, which have not got replenished. India also is sitting there, but India has been fairly stable or slight growth, but it's really two large programs coming to an end. We are quite optimistic about APJ as we go forward in the year. So, you should see a bounce back during the course of the year. And secondly, when you look at the segmental margins, it looks like your consumer BU and energy utilities, both have declined sharply. So, anything there that you'd like to call out?

Abidali Z. Neemuchwala: Consumer BU I wouldn't worry too much. As I said, if you look at the year on year number, it's over 7% growth there. And the project getting over and delayed to start up has impacted the consumer BU a little bit more. And it will bounce back in the next quarter, so I am not worried at all. But E&U, again, we have N. S. Bala, the president of E&U business on the line. And Bala, you want to add some color?

N. S. Bala: In this quarter there were delayed decisions as far as some of the new opportunities are concerned, they got deferred later in the Q2. So, while we were disappointed about what we did in Q1, we see an improving trajectory towards the latter half of the year. So, that's a good color on the business.

Ravi Menon: Thank you, appreciate that. And one last question, if I may on ISRE business. The EBIT margins there seemed to be really low. So, Abid, you said that there is some progress, incrementally the margin is improving. But when do you think that we would at least get to a breakeven, what kind of time frame do you think we should factor in?

Jatin Dalal: Sure. So, Ravi, you know the way we had carved out this segment because we believe that we need to need to build a different execution rhythm around this business. And we are very happy with the progress that we are making. Now, some of this progress also means that we have to remain resilient and invest disproportionately to complete certain programs which our little onerous right now, but the right thing to do for the company used to complete and exit with a with a happy and good customer satisfaction. And with that intent we have remained invested in quarter four to quarter one. We could have a little bit more of that phase during the course of this year, but as you rightly mentioned, the trajectory is that of improvement and we hope to remain on that trajectory.

Moderator: Thank you. The next question is from the line of Sudheer Guntupalli from Ambit Capital. Please go ahead.

Sudheer Guntupalli: Just a clarification on one of the questions asked earlier on buyback. I understand that we continue with the intention of going ahead with buyback in this year, but are we also confirming that the capital return policy of Wipro over the medium term will not really change because of any potential taxation changes?
Abidali Z. Neemuchwala:  As you know, our capital return policy has always been independent of the mode in which we have been able to return the cash. We have saved 45% to 50% of our net profit and there are various parameters that’s why I want to emphasize 45% to 50% of net profit we will return every year. When it happens through buyback and the frequency is slightly different, we have said that that is over a block of period. And therefore, we will continue that, there is no change in that philosophy. We have always used dividend and buyback as a mode, and we will continue to evaluate what is the most appropriate way to find a cash return execution for the shareholders.

Sudheer Guntupalli:  And secondly on year-on-year basis if you look at, IT services delivery almost 5.9% kind of growth, but a large part of this is actually coming from two service lines, one is digital operations and platforms, and the other is data analytics and the AI, which are roughly 20% of our overall business. So, does that concentrated growth concern you, Abid?

Bhanumurthy B. M.:  Sudhir, if you look at the growth across the service lines, as you mentioned, we are seeing growth across all the services that are very critical for the digital transformation of our customers, that includes the cloud infrastructure services, that includes the data analytics and AI, along with the digital operations. We do see -- this quarter we have seen slowness in the application services due to the fact that some of the programs had got completed, and there has been a delay in the start of new transmission programs. On the engineering services side, we do see certain amount of softness right now, but we do believe that we are making significant investments on the engineering services side, and we will see momentum soon in that.

Abidali Z. Neemuchwala:  Harmeet, if you are on the call, if you can comment about the engineering services please.

Harmeet Chauhan:  Just to record what Bhanu said, engineering business we saw some softness in last quarter. And we have unveiled a big new strategy and the operation has been done, it’s a very aggressive place. So, I expect in the second half of this year we will start to see an upward trajectory because we are clearly getting the business where the customer is spending dollars, we have started to see increased conversion from there. So, we should start seeing 6-6.5% in this year in this business.

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

Moshe Katri:  Two questions for you. First, can you clarify whether there was any inorganic growth during the quarter? Especially, if you look at constant currency sequential growth, so was there any contribution from acquisitions and percentage points? And then you indicated that you had some softness in BFS side during the quarter, are we talking about project delays, are we talking about project cancellations, any of that color could be helpful. Thank you very much.

Abidali Z. Neemuchwala:  In this quarter there was zero contribution on the comparable numbers that you see from any acquisition. And BFSI, as I mentioned, it was more to do with some of the early beginning of the year uncertainty that we saw in the capital markets, which had an impact on some of the
immediate spending on digital programs that we were doing. Typically what happens in financial services institutes is that nature of digital work where most of our work is digital happens in sprint's or in an agile format, where customers are able to switch on and switch off the discretionary spend at a relatively shorter cycle, compared to historic fixed price long term run engagements. And that is where we saw slow down. Some of that, as I said, is coming back, some of that we will have to watch through quarter two to see how quickly they come back. I think the need for the digital spend is quite high for those institutions. And we do believe that it will come back. It could just be a matter of time as they assess how they want to go about spending in the new reality of interest rates and other macro environments in their business.

Moshe Katri: Is your new guide the guide for the next quarter factoring some of that recovery or not really, are you being conservative at this point?

Abidali Z. Neemuchwala: So, Moshe, we are not either conservative or aggressive, we have a range. So, if it does pickup during the course of the quarter, you will see it in the in the numbers that flow in.

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

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

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