



Wipro Limited

Q1 FY 2022 Earnings

Conference Call

July 15, 2021



Management

Mr. Thierry Delaporte

Chief Executive Officer & Managing Director

Mr. Jatin Dalal

Chief Financial Officer

Mr. Saurabh Govil

President & CHRO (Human Resources)

Ms. Aparna Iyer

Vice President & Corporate Treasurer

Moderator: Ladies and gentlemen, good day and welcome to Wipro Limited Q1 FY'22 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Aparna Iyer, Vice President and Corporate Treasurer. Thank you and over to you Ms. Iyer.

Aparna Iyer: Thank you, Margareth. A Very Warm Welcome to Our Q1 FY'22 Earnings Call. We will begin the call with Business Highlights and Overview by Thierry Delaporte -- our CEO and Managing Director followed by Financial Overview by our CFO – Jatin Dalal. Afterwards, the operator will open the bridge for Q&Q with our management team.

Before Thierry start, 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 SEC. Wipro does not undertake any obligation to update such forward-looking statements, reflect events and circumstances after the date of filing.

The conference call will be archived, and the transcript will be available on our web site. Over to you, Thierry.

Thierry Delaporte: Aparna, Thank you. Hello, everyone. Thank you for joining us today. Those of you joining in from India, many of you may be coming out of a very difficult period during the second wave of the pandemic. So, I wish you well. And with all humility and hope, I believe the future holds better days for everyone around the world. This is not a next phase that we can ride off lightly. Many of our colleagues and their loved ones have experienced grief, stress suffering.

Over the past 15-months, Wipro has stepped up in every way possible to support those affected. Our COVID task force led by Saurabh and our COO, Sanjeev have done everything possible for colleagues. We ramped up efforts around oxygen provisioning, COVID testing, we established isolation centers in many Indian cities, we partnered with hospitals to manage hospital admissions for many of our employees who are stationed on site with family members in India. Wipro's task force has managed hospitalization and care of their family.

Globally, we are continuing to offer COVID care sick leaves and medical insurance coverage. Unfortunately, we lost some of our colleagues to the virus during the second wave. In some cases, where the spouse of such an employee have got jobs with us. we have treated as a priority and have offered them a relevant role in Wipro. We recognize the emotional toll on people. So, mental health resources are being made available for our colleagues around the world. Presently about 56% of our employees in India are vaccinated, and we will continue to provide vaccination capacity in our campuses. But more broadly, for our community, we continue to operate a dedicated COVID

hospital in our Pune campus which has treated almost 6,000 patients so far providing some relief to the city. The small things that we were able to do, has gone a long way to bring relief.

For leading us through this extraordinary time, I want to thank my leadership team for caring our people in our business and every one of our employees for being such strong custodians of the spirit of rebirth and for giving us the best. This has definitely made Wipro stronger, more resilient, more dependable company than ever before. This actually reflects in our results in the last few quarters. And also, what I hear from customers, they are seeing a more innovative mindset and operational agility from reposting. Clearly, our new business strategy, simplified operating model and bold approach is starting to pay off. Our Q1 performance therefore continues to show considerable expansion and bind and buoyancy. Our revenue growth trajectory has continued to show sharp improvements. Bookings have remained healthy. And our execution showed a remarkable perseverance.

Let now me share some specifics:

Our revenue growth during the quarter was **12.2% in reported terms** and **12% on constant currency terms**, which is well ahead of the top end of our guidance range, both on an overall basis but also excluding Capco. This translates into a **21.3% year-on-year growth in constant currency terms**. Not only is this the best ever quarterly results, Q1 also saw us report the highest organic sequential growth that we have delivered in 38-quarters. This tremendous growth was led by strong volumes across almost all sectors, all markets and service offerings. Our billable headcount addition during the quarter therefore was the strongest ever. Revenues from our latest acquisition, Capco was also ahead of the guidance.

Looking at the environment:

Demand environment is robust, and the quality of our overall pipeline is better than before. Our growth funnel addition during the quarter was strong. And we continue to increase our participation in deals in the marketplace. We closed eight large deals, resulting in a TCV of over \$715 million. Surely, all markets are witnessing solid demand, but in the Americas 1 market, large deal wins were exceptionally strong. At this point, we are seeing a good mix of large, medium sized and smaller deals.

At the announcement of acquisition of Capco, we have shared with you that the long-term sustainable operating margin band post the dilution of Capco was to be between 17% and 17.5%. During the quarter, we have delivered margins well above that range at 18.8% after consolidating two months of Capco results, and significantly investing in talent and supply chain. We have added over 12,000 employees on a net basis which is 80% of what we have added in all of last financial year and the highest in the last decade.

Now, let me add some color to the underlying business performance:

All numbers are in constant currency for ease of reference. There is significant traction across all our markets and our growth is broad-based. The top three markets grew double-digits on a year-

on-year basis, even without Capco. In Americas 1, we grew 18% year-on-year. Most of the sectors have seen strong traction with health and consumer verticals leading from the front.

In Americas 2, we grew 24% year-on-year driven by a strong volume increase. Capco, as you see has further elevated this performance. The demand in the BFSI sector has remained strong across all service offerings this quarter. Hi-Tech business grew by 26% year-on-year while our Manufacturing business is making a recovery slowly. Our European business has delivered a year-on-year growth of 32.5% on the back of several large deal wins as well as the Capco acquisition. UK, Southern Europe, and Germany led this growth. Our APMEA markets grew moderately at 0.8% year-on-year. And we are now seeing improved environment in Australia, New Zealand, and Southeast Asia. The pipeline in these markets is healthy and growing.

From a service offering standpoint – our iDEAS Global Business Lines grew by 18.3% quarter-over-quarter and 25.3% year-on-year. Most of the sub-practices showed a healthy growth. We are seeing increased demand in new age offerings like cloud transformation. To shift to cloud is unmistakable. We announced a number of cloud-related wins in different industries and geographies in the last few months. And to further our growth and commitment to clients and hyperscale partners, we will be making a significant announcement about our cloud business in the coming weeks which I encourage you to look out for.

Our iCORE Global Business Line grew by 3.7% sequentially and 15.9% year-on-year. Those of our large-scale practices, infrastructure services and digital operations grew in double-digits on a year-on-year basis.

Our top-10 customers grew 13.4% quarter-on-quarter and 17.9% year-on-year in constant currency terms. We added two customers to the over 100 million account category and two new customers in the over \$50 million account category.

Now, let me give you a sense of the kind of deals we are winning:

First, we secured a multi-year multi-million dollar contract this quarter from a US-based healthcare company to consolidate their entire on-premise and cloud infrastructure operations, as well as end user services using intelligent automation. The consolidation would create attractive opportunities to streamline operations, enhance user experience and ease the application portfolio migration to cloud by using Digital-First approach.

Second, a leading European automobile manufacturer as the world leader, contract to transform and modernize their internet and cloud security access, so they can meet the requirements of remote working. Our solution will provide protection from advanced cyber threats, enhance security compliance, protect corporate data leaks, reduce cost, and provide scalability.

Another example, a leading US-based distributor of plumbing supplies has selected Wipro to support their cloud transformation journey by embedding quality engineering in the development lifecycle, encompassing CRM implementation, data migration and legacy applications. Additionally, Wipro will provide managed services for cloud ERP covering multiple business

functions and resulting in improved business agility and customer experience across more than 1,400 store locations.

As most of you will know we completed our acquisition of Capco at the end of April 2021. Over the last two months, we have made sure that they are gradually inducted into Wipro and start to feel at home. While these are early days obviously, we continue to build good momentum on our joint go-to-market efforts. Not surprisingly, the synergy pipeline is shaping well, and we have started seeing some early wins. For example, we have the joint consulting win with a leading global payments provider where we will create a migration framework for 950 regional banks and merchants to move to a new digital platform for debit cards. We will continue to announce more such wins for sure.

Finally, onto our **outlook** for the next quarter:

We have guided for revenue growth of 5% to 7%. Even at the lower end of this guidance, we will cross the 10 billion annual run rates of revenues, which we are very excited about. While we do not guide for full year, you know that the Q1 performance and the Q2 guidance sets us up for well ahead of double-digit growth for the full year, even excluding Capco.

While sharing with you our new strategy last year, I had said that talent will be a critical success factor. This pandemic has overturned several notions of how organizations traditionally approach talent engagement and development. The dramatic shift to a remote working environment has made labor across all sectors and markets more mobile and liberated. Therefore, higher attrition has become a universal issue. Wipro acknowledges this and is adapting quickly. We have doubled down on increasing intake from campuses across the world as well as reskilling our existing workforce. We will onboard 33% more freshers in FY'22 versus the previous year. We also intend to onboard 6,000 freshers in Q2 itself.

Growth is our priority. And we will ensure that talent supply is not a constraint to our ambition. In the short term, we will experience some slight inflationary pressure in people cost. We have announced a salary hike for 80% of our employees effective 1st September, the second hike in this calendar year.

Now to summarize:

We are pleased with the sharp improvement in our growth trajectory. And we are optimistic about building on that momentum in the remaining quarters of the financial year.

On that note, let me hand over to Jatin for his comments on the financials. Jatin, over to you.

Jatin Dalal:

Thank you, Thierry. Good evening, ladies, and gentlemen. Thank you for joining our call. I will summarize the Financial Performance:

We have grown **25.7% in reported terms** from Q1 of last year. Our **operating margins** are 30 basis points lower at **18.8%** compared to Q1 of last year. We had a certain closure of audit in our

taxation matters in Q1, whereby our tax rate for Q1 is 16.1%. Overall, our net income grew 35% and our EPS grew 41%.

Let me talk about cash flows:

We have managed the quarter well from DSO standpoint; we have improved it by seven days to deliver a DSO of 68 days in Q1. That has helped us deliver operating cash flow at 104% of our net income and free cash flow at 90% of our net income. We had \$4.1 billion gross of net cash at the end of Q1 and \$2.6 billion of cash net of debt at the end of Q1.

I will now speak about our FOREX Performance:

We had a good realization of 74.75 in Q1. We have \$3.4 billion of hedges at the end of Q1. As Thierry mentioned, we have guided for 5% to 7% sequential growth in the currencies that are mentioned on our press release.

We will be very happy to take your questions from here. Thank you.

Moderator: We will now begin the question-and-answer session. The first question is from the line of Sudheer Guntupalli from ICICI Securities. Please go ahead.

Sudheer Guntupalli: My first question, Thierry, on the health BU, across the top five Indian companies, Wipro perhaps had the strongest footprint in healthcare vertical even before the onset of COVID. And over the last four to five quarters, this vertical has been doing quite well for most other players, given the ad hoc work companies have been doing in areas like contact tracing applications or vaccine logistics management, etc., However, for Wipro, this vertical has been quite soft over the previous several quarters, including the current one. Any color on this as to why this is the case and what is the outlook going forward?

Thierry Delaporte: When we are looking at the performance in sales for the quarter, it turns out that one of the best performing quarters in sales has been the healthcare sector. So, I think we have a nice position, we are showing a little lower growth than some other sectors, and it is clear in revenue, 2.6% growth quarter-over-quarter, its 10% growth year-on-year from our health business. There is a nice improvement in America in particular. So, I think our ambition remain the same. We will continue to invest in the sector. It is one of our strategic sectors and we will continue to get stronger in the sector. But we are back into growth mode in healthcare.

Sudheer Guntupalli: My second question is, if I look at the guidance excluding the impact of Capco and Ampion growth guidance for the September quarter may likely be in the range of 1% to 3% in constant currency terms. This appears little muted especially in the context of the demand momentum we are talking about. Any thoughts on this front, are we being little conservative here or are we foreseeing some headwinds at this juncture?

Thierry Delaporte: You're talking about Q2 now? No, no, we are not we are not seeing any headwinds, actually we continue to grow well, and we continue to perform well. And I am not sure your math is accurate

frankly. I think Capco will continue to grow, they have grown nicely in this quarter, they will continue to grow the next quarter, but what we call the business before Capco is going to continue to grow well as well. So, it is not going to be 1% to 3% growth the way you see, it is going to be more.

Sudheer Guntupalli: Jatin, any color on what will be the organic growth guidance for next quarter?

Jatin Dalal: Sudheer, we are not breaking it out, but Thierry's commentary is accurate from the way we see. We see strong traction both in Capco as well as well as the organic or without Capco numbers. And Ampion is not even completed yet, Sudheer. We will complete it during the course of the quarter.

Moderator: The next question is from the line of Sandip Agarwal from Edelweiss. Please go ahead.

Sandip Agarwal: Thierry, I have a little strategic question and I am not asking for a near-term, because we are seeing a big turnaround in the industry. So, I want to know two things. Since you have joined, what is the change in your timeline how much proportion of your time you were spending in stabilizing the operation, building the team, making the strategic changes, choosing the right path of growth, and building customer delivery and experience with workers now, so how much of those times you have been able to curtail and start focusing on growth, sales engine and marketing or you're spending your time in the same proportion as you were when you joined, I want to understand that how much of the things have been stabilized since you have joined and how much more time you will take to stabilize before you start 100% focus on growth, that is number one? And number two, I wanted to know is that we are in a situation where probably now our country is in a monopoly situation. What I mean by monopoly is single monopoly in fact, where there is no competition virtually outside India to execute software services, although there are a few companies which are existing, but they are also dependent on manpower from India and very less proportion is outside India and the availability and the demand is chasing supply, that is the reality which we are dealing with. So, my question is why this open ended kind of guidance of double digit and I'm not asking for any specific guidance for any quarter or any year, but can you at least say that what you are saying now for the next two, three years is something which you would not have seen in last 10 years or 15 years, at least that kind of comfort do you have today or you would refrain from giving that comfort to the investors?

Thierry Delaporte: So, I will come back to the point number two, which is the outlook for growth next quarter. To your first question, day one at Wipro I could engage with clients. So, I have never done anything else than focusing on growth from day one. I'm tracking my timing, and the way I'm focusing my time, I would say it's 30% of my time talking to clients or engaging directly with clients, 70% engaging with employees, and that's really on the people front, it's connecting with all sorts of groups about the strategy, it's as much to share about the priorities, explain where we are going, what is our ambition and so on, but also get feedback from them to really connect at every level. And I would say, about 30% look at different aspects of operations. But that's not only operations, its operations and strategy. And so, it is looking at opportunities like Capco and what are the strategic priorities for us and how do we progress along these lines? Since your question seems to be about do you have time to focus on anything else on operations, I have never stopped focusing on the market

and on our clients and we are gross obsessed inside the organization. Every time we have a meeting, we talk about the clients, we talk about the growth, we talk about deals, and this is what we are doing. On your second question, outlook for the next year, what is very clear is that there is a strong demand, okay, it is a very good market for companies, it is time to take market share, it is time to grow, but for that you need to really focus on the areas of interest for the client. So, really, the areas of high demand around cyber security, around data, around digital transformation, around cloud journey. All these topics are in high demand, and for sure, there's attrition here, because as you said, we are going after talent, and we are in an environment where there is going to be a shortage in talent at some point in time. And so, I think we are well positioned. We have had a very good impact in terms of attracting potential employees or people that we are hiring, and we will continue to do so. My view is that the market will continue to be good for the next quarters. I cannot predict for the next years, but I can certainly predict that there will be very good perspective of growth and high demand. Because the company, the clients from every sector, every industry we are working with are driving transformation programs, they are investing in technology today. And I see it is very visible in connecting with our clients that they are engaged in significant transformation programs. So, definitely a promising market for the foreseeable future for us.

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

Nitin Padmanabhan: I had two questions. The first one is, how do we think about margins going forward? What do you think would be the puts and takes in terms of headwinds and tailwinds? Just a broad thought process there. And the second one is, if I look at the BFS or the Financial Services revenue, excluding Capco it looks almost flattish, so just wanted your thoughts on the underlying environment on the core business there. And second, any thoughts on the energy and utilities vertical in terms of what is driving the strength in that business?

Thierry Delaporte: So, a couple of questions. So, the first one is around your reading of the growth for the first quarter. So, in the first quarter, after Capco will be part of the organization, but we are still communicating on the contribution to the growth of Capco in Q1. Off the 12.2% growth in reported terms delivered in Q1, 4.9% is organic, 4.9% quarter-over-quarter organic growth generated by Wipro before Capco. So, it is a strong growth. Capco's growth has been strong, and therefore overall, its very strong growth, 12.2% in reported terms, 21.3% in constant currency terms year-on-year. The margin profile, I think we are very consistent, what we have said probably three to four quarters ago is, we are going to drive a growth agenda, growth strategy, but not to the expense of margins. We will protect and maintain the margins at a sustainable level that we had qualified between 19% and 19.5%. Then we have done the Capco acquisition. We have said that Capco would have a two points of margin impact on our OM, and therefore, we consider the margin around 17%-17.5% is going to be the level where we will be for the foreseeable future. We have done better this quarter, 18.8%, but it does not change the way we are seeing our margin profile. Jatin, you want to give more color to it?

Jatin Dalal: Thanks, Thierry. So, Nitin, the way we have looked at it, and we have always maintained it. Thierry also spoke about it, that growth remains a priority. And you have to appreciate that this is a year of opportunity for every player, and certainly for us. And you have seen the growth that we delivered in quarter four and we have delivered in quarter one, and we have to invest in people because that would be a key differentiator in the current market environment. And we have done so, we gave

salary increase for our junior staff on 1st January, we are going to give them once again a salary increases on 1st September. For our senior staff, we have given salary increase on 1st June, for which two months impact will come in quarter two. So, we will remain invested in the talent in this year to make sure that we capture what market has to offer and we capture share.

Having said that, there are definitely levers that we will continue to leverage, Pyramid is one and you heard Saurabh talk about the kind of fresher addition that we are going to do. Certainly, offshoring is one big theme which continues to play out quite well. Third is automation. Fourth is productivity that we can drive, rotation that we can drive across organization on this scale. Leverage can play out in a growth scenario like this. So, there are many levers that we remain very focused on, and we will continue to work on. But we will remain focused on revenue, and we will make a fine balance with margin as we move forward. But our commentary on the medium-term outlook, you heard from Thierry, that is what we keep in mind. But as you have seen, quarter one we have delivered significantly more than that.

Nitin Padmanabhan: Sure, that is helpful. So, would one expect that after the September salary increases for 80% of the people, similarly it would be followed with for the senior management as well, mid-level and senior, beyond that? What I am trying to ask is, would it mean a full year kind of every quarter kind of salary increase impact? Just as we had in January and we had another one in this quarter for mid-level and senior, would we see a follow through similarly post September for the senior and mid in the next quarter as well, is that how one should think about it?

Saurabh Govil: No, the plan is not to give senior, there is no plan for that. It will come now in the normal cycle, which is the annual cycle in the next fiscal for everybody. After the second cycle which we are doing in September now for the junior people, everybody will get into a normal cycle from next fiscal.

Nitin Padmanabhan: Sure, that's handful. My last question which we missed was on the energy and utilities vertical and what is driving these things. Thank you.

Jatin Dalal: Thierry, I will go ahead and answer that. Nitin, we are seeing good traction in the market for energy and utilities. And as the demand is coming back, the growth will remain a little lumpy. So, I am very happy with the performance that we have delivered for the current quarter. But I think it would remain lumpy, we have progressed very well on a project and ramped that up. But it is not that we have seen another sort of 11% growth in offering once again in quarter two. So, it would remain a little lumpy as we go forward.

Thierry Delaporte: Yeah, exactly. So, that is what I was going to say. If you look at the energy and utility sector, we have a healthy business here, we have a good pipeline. The growth that is seen here this quarter is a little bit exceptional and I do not think we will necessarily sustain it at this level going forward. But it is a good sector for us for sure.

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

Vibhor Singhal: So, two questions from my side, first is to Thierry. So, basically just wanted to understand here that, this year of course we have been doing great, the first quarter growth and the second quarter guidance ensures that we will be able to clock much higher than double-digit growth rate on organic

basis also, even if we exclude the integration. Just wanted to get your perspective on how sustainable do you think this growth momentum is in terms of large deals that we are facing in terms of demand environment?

And for long, I think, we have had Wipro under-performing its peers for quite a while in terms of growth rate, so given that this year, of course, we are coming off a low base of last year which was impacted by pandemic, will FY 2022 onwards and all, do you see enough demand environment for us to be able to at least be at par with the peers and continue this growth momentum? Or do you believe, given that the current environment that is in Europe fears of fourth COVID wave, there could be some slowdown as well?

Thierry Delaporte:

So, you definitely can assume that we will continue to grow at the nice pace. Again, if you look at the performance in Q1 it will be interesting to see how this compares with the competition. I believe, we will be at the high end of the growth, sequential and year-on-year in our industry, even excluding Capco. So, for Q2 we continue to see the growth being strong. And although I cannot tell, and I will not guide for beyond that, but as we said, we know already that given where we are going, how things are going and so on, given the volume of opportunities in the pipeline, given the strength of our relationship with our clients, given the quality of our solutions and capabilities, we know we will grow a solid nice double-digit growth this year, as well, from earlier standpoint. So, you can assume that we will be showing growth for a good period of time.

Vibhor Singhal:

Any concern that you might have come across from your conversation with clients regarding the third or fourth COVID wave? And maybe if clients are looking to just really wait and watch and then.....

Thierry Delaporte:

Every country is going through its challenges, and it has certainly been incredibly challenging for India, in particular, in Q1. So, trust me, we have delivered this performance despite, or in a very difficult context for India, as you know. I think our teams have been incredibly resilient over the last 15 months. And it showed ability to really deliver with no loss of productivity, and very strong growth and strong work and strong quality work to our clients. I think whether we like it or not, the reality is that our industry has learned, adapted, and can work in the current environment pretty well. So, now that it is my preferred option, I definitely prefer a world without COVID. But from a business standpoint, I think we can definitely continue to sustain growth despite a difficult health environment.

Vibhor Singhal:

Sure, great to hear that. Jatin, just one last question from my side. In terms of Capco integration, I would assume that all the payments that are required to be made have been made. So, just wanted to get your stance on, we are already having around \$4.1 billion of cash, and on top of that we are raising \$750 million of bond as we recently did. So, I mean, what is the stance of the company as to why are we doing this? Is it low cost of capital or preparing for some other war chest for something else? Just wanted to get your perspective on that.

Jatin Dalal:

Sure. So, this \$4.1 billion of gross of net cash is after the \$750 million of bond proceeds have come in, so it is inclusive. Second is, we did it because we wanted to keep a healthy mix of debt and internal accruals for our large acquisitions such as Capco, we have done it for Capco. And we should retain the flexibility on the balance sheet, and that is the purpose. It is not created for any specific purpose as in for some other active purpose or other war chest for a specific goal. It is something, if

you see historically also, you will see it on our balance sheet, the size of the cache and it is in line with that.

Vibhor Singhal: And the payments for the Capco, provisions have all been made?

Jatin Dalal: That is completed in quarter one completely.

Moderator: Thank you. The next question is from the line of Dipesh Mehta from Emkay Global. Please go ahead.

Dipesh Mehta: Congrats for strong execution. A few questions. First, Thierry, can you help us understand what led to this positive surprise, whether it is very broad based, or few deals ramp up led to some surprises? And on Capco, is there any seasonality or one-off in this quarter or this is organic business growth which led to even beat on Capco side?

Second question is on slightly medium term, now we have seen services business remained largely linear. So, now we are seeing very strong demand environment, do you think we can have some non-linearity into business either through pricing construct or maybe from automation or something, if you can provide some slightly medium-term perspective, how you expect that linearity to play out or medium term?

And third question is about India SRE business. Now we have seen last few quarters of consistent steady performance and substantial improvement in profitability. So, if you can provide some medium-term outlook on profitability of India SRE business. Thanks.

Thierry Delaporte: The first question was really on our growth, I can easily respond and clearly say, it is not coming from one-off or one thing somewhere that is having a big impact or one large deal. No, its broad based, it is really across our strategic market units, across our regions, we are seeing growth and demand and opportunities everywhere. So, that is what gives us also confidence because it is not based on one splendid win, it is many, many deals everywhere. So, that is solid.

Capco seasonality. There will be a seasonality in Capco, but it is not actually playing in Q1. Q1 is a normal quarter, I do not think there is anything particular. I think Capco being 50% in Europe, you know that traditionally summertime in Europe is a little softer because it is vacation or summertime. But having said that, the trend and the growth and the opportunity showed by Capco team is strong as well, so I think it will continue, and it will continue to surprise us positively as we as we work and develop opportunities of synergies as well.

Linearity of revenue, I think it is clear that the way we can leverage platform, the way we can raise prices, the way we can leverage automation to create a slight disconnect between growth and in headcount evolution. But for the best part, my view is that there will be a certain level of continuity of the linear between those two parameters. So, you should assume that growth will be fueled by headcount growth as well, for the best part.

Last, SRE business. I think you know the SRE business has been in a recovery mode for several quarters. It is doing well; I think it is getting stronger and stronger. So, I think the work done by Sanjeev in the last years and our COO, and the work done by Keyur continues to reinforce our

position in this market. We have also clarified our strategy and defined where we want to invest versus places where we know that we do not want to invest. And I think it is making us more agile, more focused, and probably more consistent as well for our clients.

Jatin, anything you want to add around those points?

Jatin Dalal: The only point I will add is, Dipesh, while we have had good number in terms of profitability for last three quarters or so, from a modeling standpoint, you should continue to model in sort of a single-digit positive margins for that business, which I think is very good outcome given where it is SRE segment. As Thierry mentioned, we have been quite successful in completing some of our long pending projects, and that has given us a better outcome than what we originally anticipated. But I do not think we can say that this business is 20% plus margin business.

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

Kawaljeet Saluja: Fabulous quarter, everyone. My question is that Jatin, did the Capco acquisition has any influence on revenues from your top 5 or top 10 accounts? And the context of this question is that it is quite unusual, and it is quite remarkable as well as to have growth from top 10 accounts at around 13% sequentially. That has got me curious as to what is the influence of Capco on the top 10 front.

Jatin Dalal: Kawaljeet, that is right, there has been addition because of Capco in some of our common customers. And that has been reflected in top 10 performance.

Kawaljeet Saluja: Thanks for that clarification, Jatin. Now, my second question is around the global account executive structure. I remember that was a change made by Thierry in January. And that called for change also in profiles of global account executives. Now, do you have the right profile of people that you wanted at that level? And if yes, when does one start seeing the benefit of this change into numbers? Not to say that the numbers are not good, it is already good, because but just curious about that.

Jatin Dalal: Kawaljeet, as Thierry and Saurabh respond to that question, I want to just add one point to what I said, that even if you take the aggregation of Capco out, we would like to clarify that the sequential growth is ahead of company growth rate without Capco basis in top 10, as well as on a Y-o-Y basis it is a double-digit number. So, even without Capco aggregation, the growth momentum is quite robust.

Thierry Delaporte: On the account executive focus, you are absolutely right, Kawaljeet, we have really invested a lot in building strong account executive roles inside the organization running our large accounts. We have hired many new talent executives, we have spent time with our best account executives to help them to get more accountability, but also more responsibility, more ability, more support. We have really restructured our operating model so that they become central to the large account growth strategy. And it is definitely bearing fruit, again, excluding Capco, the large accounts are growing faster than the total company. And it is new. In the past, typically the large accounts were growing less than the growth of the company. So, that was something to be corrected, and we are seeing nice impact on the growth of these accounts after the organizational change, and maybe the investments we have made into senior talent.

- Moderator:** Thank you. The next question is from the line of Sumeet Jain from Goldman Sachs. Please go ahead.
- Sumeet Jain:** Firstly, I wanted to understand in terms of your broad-based growth. If I look at your industry verticals, the growth has come from media, telecom, retail, and E&U. And if I exclude the Capco acquisition, Financial Services also had a pretty weak growth. And even we had a V-growth in healthcare and manufacturing in high-tech vertical. So, just what to understand in terms of broad-based growth, in what areas are you growing or let us say you are TCV deal win of \$750 million with eight large deal wins, in what industry verticals are these deals largely comprised of?
- Thierry Delaporte:** So, if you look at deals that we have closed in the quarter, clearly the sector that stands out in terms of performance has been the healthcare sector, also the consumer sector, I will say the BFSI sector. If we are looking now at the revenue growth performance per sector, 23% BFSI, now of course influenced by Capco, but 14% quarter-on-quarter from consumer, 12% quarter-on-quarter from E&U, 12% from communications, those are very strong performance. Technology is being growing mildly, 2.5%, but 14% growth year-on-year. So, I would say, there's always room for doing better for sure. But I would say, the growth profile has been good. The only sector that has not shown growth this quarter is the manufacturing sector, and we will resume growth in the next quarter. So, that is really the view from a sector standpoint. Jatin, you want to add?
- Jatin Dalal:** No Thierry, you have covered it.
- Sumeet Jain:** Yeah, thanks Thierry for that clarification. So, maybe just a follow-up on your TCV deal wins, I think you mentioned \$750 million. Can you give us some quarter-on-quarter or a Y-o-Y comparison how these deal wins behaved?
- Thierry Delaporte:** What is interesting is, we have a different profile on deals what we have had over the last two quarters. Over the last two quarters we have had every time one mega deal. So, obviously, the mega deal has a huge impact on the total. Now interestingly enough, if you look at the TCV performance, it is as strong as what we have done in the last two quarters, but we have done it with smaller deals. So, we knew we were not geared up yet to have an engine that creates one deal per quarter. We have not lost any large deal, by the way, this quarter. It is really, that we have to build the pipeline for that, and it is building up well, but it is going to take a bit of time. But the volume of deals in medium and large, medium, and smaller size deals has been really good. So, it is a different segmentation of deals from the previous quarter, but overall, in total amount and in all the creation, if you like, it has actually been a solid performance, we have done significantly better than with the plan we had built for the quarter.
- Sumeet Jain:** That's very helpful, Thierry. And maybe last thing, I think in your guidance of 5% to 7%, given that we do not know when the Ampion acquisition will get closed, can you split out the organic growth within this 5% to 7%?
- Jatin Dalal:** Sumeet, since Capco is part of Wipro now, and depending upon the customers when we play, the growth could come either from the main entity or from Capco. I think our success lies in being one company and not breaking this out. So, we shared this for quarter one, because the first quarter of

acquisition, but going forward we will give an aggregate number for growth. So, I am unable to break that down from 5% to 7% standpoint, Sumeet. Thank you.

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

Aparna Iyer: Thank you all for joining the call today. In case we could not take any of your questions due to time constraints, please feel free to reach out to the investor relations team. Have a nice day and good night. Stay safe. Thank you.

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



Wipro Limited (NYSE: WIT, BSE: 507685, NSE: WIPRO) is a leading global information technology, consulting and business process services company. We harness the power of cognitive computing, hyper-automation, robotics, cloud, analytics and emerging technologies to help our clients adapt to the digital world and make them successful. A company recognized globally for its comprehensive portfolio of services, strong commitment to sustainability and good corporate citizenship, we have over 200,000 dedicated employees serving clients across six continents. Together, we discover ideas and connect the dots to build a better and a bold new future.

For more information, please write to us at info@wipro.com