Management

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Ladies and gentlemen, good day and welcome to Wipro Limited Q2 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, Stanford. A very warm welcome to our Q2 FY’22 Earnings Call. We will begin the call with Business Highlights and Overview by Thierry -- our Chief Executive Officer and Managing Director, followed by Financial Overview by our CFO -- Jatin Dalal, afterwards, the operator will open the bridge for Q&A with our Management Team.

Before Thierry starts, let me draw your attention to the fact that during this call, we may make certain forward-looking statements within the meaning of Private Securities Litigation Reform Act 1995. These statements are based on management's current expectations and are associated with uncertainties and risks which may cause the actual results to differ materially from those expected. The uncertainties and risk factors are explained in our detailed filings with 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 the transcript will be made available on our web site. Over to you, Thierry.

Thierry Delaporte:
Aparna, thank you. Hello, everyone. It's really good to be able to speak to you again this quarter especially as you join us today during the festive time. I know that many parts of India are celebrating Navratri and Durga Puja. So, thank you for joining us. We will make sure not to keep you here for too long, okay.

Journey us today on this announcement is my leadership team; our Chief Human Resources Officer -- Saurabh Govil; Chief Financial Officer -- Jatin Dalal and our Chief Growth Officer -- Stephanie Trautman.

For me personally this is the special earnings call to be able to speak to you from Bangalore. This is my first official visit to the India offices since I took charge in July last year. In the last three days, I met with our senior leaders and teams in India. It’s absolutely been incredibly energizing. Your penance and your specialty of expanse in India always been very welcoming. But you can imagine my eagerness and anticipation to meet our teams and see our campuses here. They did not disappoint. It’s been great so far. Of course, I only just started to travel… essential travel of course. I was in the US last week, meeting with our regional CEOs and GBL leaders, our chief growth officer and a host of key leaders of our business. Each of them I must say has steered Wipro through a very difficult time during the pandemic. And I like to thank every one of our 220,000 colleagues across the world for their commitment, their trust and their dedication to our customer success despite the challenges of the pandemic.

It is very encouraging that over 85% of our employees globally are now vaccinated with the first of the COVID-19 vaccines and over 50% are fully vaccinated with the recommended two doses. In
many parts of the world, we are starting to return to our offices in a staggered manner, for example, in India are fully vaccinated senior colleagues can now come to office twice a week. The return to work will be a careful and gradual process as you can imagine. We are really keeping the safety of our employees and the needs of our customers in mind as we plan this.

In the second quarter, I am happy to share with you that our annual revenue run rate surpassed the $10 billion mark. It will be interesting for you to note that $2.4 billion of this was added just in the last 12-months. This revenue milestone assumes greater significance because we see this while undergoing a largest ever internal transformation.

Our revenue growth during the quarter was 8.1% in constant currency terms. You may recall this as being well ahead of the top end of our guidance range of 7%. And even if we exclude our two recent acquisitions, that are- Capco and Ampion, we grew over 4.6% in constant currency terms. This marked a second consecutive quarter of 4.5% plus growth. It signals the underlying demand and the execution momentum we have generated and majority of our growth was volume-led.

We have experienced secular growth across all markets, all sectors and global business lines. Our recent acquisitions too, I must say, have performed ahead of expectations. The demand environment continues to be very strong. Our pipeline is a clear reflection of that. In fact, our pipeline is among the highest in recent quarters. We have a good mix of large and medium size deals. In fact, many mid-size deals and slightly smaller size transformation deals in the market right now. This is good news for us.

Our order book in terms of annual contract value has jumped 28% in H1 and in terms of TCV, Europe book is up 19% year-on-year. We have strengthened our large deal team and brought in specialized expertise there, so I am really confident, our participation and win rate of deals will accelerate.

Let me come to the operating margins now. I am pleased to share that in Q2, we have sustained Q1 operating margins, adjusted for the one-time gains we had in the last quarter. And frankly, we have maintained our operating margin despite absorbing the full impact of our recent acquisitions of Capco and Ampion and in spite of investing heavily in our business across self-capabilities and talent.

An additional point to note here is that we have also offered a salary increase covering 80% for our colleagues in September of 2021, marking a second salary hike in this calendar year.

There is significant traction across all our markets as I said, leading to broad-based growth. Americas and Europe are our top two markets, grew at 15% and 29% year-on-year respectively, even without the recent acquisitions.

In Americas 1, we grew 20% year-on-year with most of the sectors showing strong growth; Consumer, Tech, Communications, Health, all have grown at 5%+ sequentially.
In Americas 2, we grew 31% year-on-year, led by growth in organic business as well as benefit from our acquisition of Capco. Most sectors registered healthy growth of 4%+ sequentially.

Our European business has delivered a year-on-year growth of 48% on the back of several large deals and thanks to the boost of our acquisition, Capco. UK, Benelux, Germany led organic growth, growing at 12%, 10% and 10% respectively in sequential terms.

Our APMEA market grew moderately at 8% year-on-year. We are now seeing improved traction in Australia, New Zealand, India, Japan and the Southeast Asian markets. The pipeline addition in these markets has been very healthy. Middle East and Africa were weak in Q2 but we are encouraged by the pipeline that is shaping up.

Our teams have redoubled their focus on our existing clients. And that is leading to strong growth in our top customers. Our top customer grew 29% year-on-year, our top five customers grew 33% year-on-year and our top 10 grew 32%. In the last 12-months, we have added four new customers in more than $100 million bracket and we have added five more customers in more than $50 million bracket. This we feel is the start of a significant shift. When I meet our customers, they actually tell me that they see a change in how our teams approach their business and the value we bring to them. This recognition reflects Wipro's changing mindset and our bold and confident approach to business. Customer satisfaction score as measured by an independent survey, has also risen considerably.

From a service offering standpoint, our iDEAS global business line grew 11% sequentially and 37% year-on-year. Most of the SAP practices showed a healthy growth. Our Engineering business grew of a 25% year-on-year in Q2 and at a compounded quarterly growth rate of over 5% in the last four quarters.

Our iCORE, global business line grew by 5% sequentially and 18% year-on-year. All of the SAP practices grew in double digits on a year-on-year basis.

We launched Wipro FullStride Cloud Services which integrates our consulting and technology capabilities along with our Cloud Studio-based assets. This integrated ecosystem positions us as an orchestrator that delivers transformational solution together with our partners to address our client business challenges. The Cloud Ecosystem which is about 30% of our revenue, grew 27% plus in the first half. And for the first time ever, our Cloud pipeline has crossed $8 billion. That reflected in the deals we are winning too.

Let me give you a few examples. One, a global software products and cloud services company has awarded Wipro a multi-million dollar contract for product modernization, spanning AI, cloud and cognitive business products who will leverage our engineering next product solutions to rapidly scale and migrate the clients’ products to cloud.

Second, a multinational oil and gas company has selected Wipro to build a cloud native subsurface data platform which enables consistent API standout for connecting with cloud and software
vendors, micro services and proprietary solutions. Working with Wipro FullStride Cloud Services, the solution significantly reduces subsurface data analytics timelines.

A quick update of our recent acquisitions. With Capco, we continue to build good momentum on our joint go-to-market. The pipeline is building well and we started seeing some early wins. We have won 10 deals during first 100-days of transaction closure. Initial days yet. Sure. But I have congratulated the Capco team for leading this from the front.

We are also pleased to have completed the acquisition of Ampion, an Australian based provider of cyber security, DevOps and quality engineering services. This will definitely help us expand our footprint in one of our priority markets.

Let me now give you a quick glimpse of how we have transformed ourselves. Apart from moving to a simpler and more customer-centric operating model and an organizational restructuring, we have made substantial progress on leadership transformation. I have said that in our previous interaction that talent will be a critical success factor. So, we have worked on two key aspects of leadership overhaul—one, by building a contemporary and diverse in your leadership team including our client-facing global account executives and two, by moving the leadership closer to clients. Consequently, we have reconstructed our leadership with a good mix of internally promoted talent and lateral hires. 58% of our leadership are in the regional markets, with increased proximity to our customers. Naturally, we will continue to change and hold our momentum, but I am happy with the pace and the quality of change we have achieved so far.

But one of the issues that we must cope with as we build talent scale is attrition. Our customers too are grappling with increased attrition. Wipro acknowledges this change of talent landscape and has adapted quickly to the new world of work. Hybrid work environment is definitely a part of this mix. We have doubled down our fresher intake with 8,150 young colleagues joining us from campus in Q2. We will continue to aggressively build on this. And I am happy to share that we are well positioned to add over 25,000 freshers in the next financial year.

And finally on to our outlook for the next quarter. We are guiding for a revenue growth of 2% to 4% which will translate into a year-on-year growth of 27% to 30% in constant currency.

To summarize, I would say that the demand environment continues to be strong and our growth chart over the last few quarters reflect this. It also reflects our improved execution engine. Together, with the investments we have made in capabilities and talent over the last nine months, I am confident we will be able to participate and win at a greater pace.

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

Jatin Dalal:

Thank you very much, Thierry and good evening, good morning to all participants. I will share some financial details now. As Thierry mentioned, for the first half, our TCV win has been quite healthy at 19% and our ACV wins have been 28%. We have signed in Q2 nine deals with a TCV of $580 million. Our Q2 revenue growth was 8.1% which as you know is significantly ahead of our guidance range of 5% to 7% and that reflected in constant currency 28.8%, healthy year-on-year
growth. Our operating margins for the quarter were 17.8%. And it was a good sustenance considering the 1% that we received as benefit one-timer in Q1 on sale of our Ensono business. Our tax rate improved compared to last year where we closed at 22% versus 22.5% of last year. Therefore, our net income increased by 18.9% in Q2 and our EPS increased at 23.8% year-on-year. If you see our cash flow performance, operating cash flow was 81% of our net income. We had $2.7 billion of net cash on the balance sheet and $4.3 billion gross cash on the balance sheet. We had a good realization of Rs.75.11 at the end of the quarter and we had $3.3 billion of FOREX hedges. We have guided, as Thierry articulated, 2% to 4% sequentially and the constant currency exchange rates are mentioned in our press release, and we will be very happy to take your questions now.

Moderator: Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Divya Nagarajan from UBS. Please go ahead.

Divya Nagarajan: How much of the growth right now would you attribute to your bottom of strategic initiatives and the results that they are producing? And how much would you basically say the demand lift that you are getting because of what happened overall to digital? Second part of that question is from a strategy point of view, what is actually appropriate and in terms of the milestones that you have been tracking and what is left to be done?

Thierry Delaporte: Divya, I will try to respond to the two points. The first one is difficult one obviously, it’s difficult to disconnect the impact of a market and what’s more specific to Wipro itself. I think there is a real equation between good market and an organization that is very aligned to the priorities of our clients. So, the bottom line is that yes, we are benefiting from a good market. We are seeing that the market continues to be good if not continue to get better, but we also think that we are having a better impact with our clients and that we are actually performing better on the deals we are going after. So, I think at the end of the day, I cannot split scientifically but there is no question that this performance is the result of Wipro in a good market. The second point is around the impact of our strategy. Strategy that we have laid out, about 15-months ago now was one, a strategy of obsessive focus on growth. That’s what we have done by allowing our team to focus on the time for the clients in the market, we have simplified the model, we have simplified organization, we have reinforced our internal processes so that people can have more time for the market, spend more time with the clients. We have adjusted our ambition and we redefine where we felt we wanted to play with our clients and really be their partner in the transformation and this is what we have been doing day after day. And then three more things; we have been very clear on the fact that we wanted to focus our investments around our top accounts. That’s what we have done. And the result, what you are seeing today is that we have increased significantly the number of accounts over $100 million, we have increased the number of accounts over $75 million and over $50 million. So, we have increased the size of our large account. Those accounts have been growth engine for us. We have been clear on the fact that we wanted to further invest and bet big on the power of developing partnership with technological companies, like AWS, Microsoft, Google or SAP or ServiceNow. This is what we have been doing and you also have been hearing a remarkable growth over the last quarters and finally we have a strategy to go after a big deal as well. And with that in mind, we have organized our big deal team around our Chief Growth Officer,
Stephanie. So, I would say that when you look at the way we have produced this growth is the absolute result of the strategy we have been driving over the last 15-months.

Divya Nagarajan: Just a follow up to that. You had earlier spoken about the chief growth officer driving the large deal engine and now it is nearly complete. Given that we have had a little bit of a slowdown in TCV in the last couple of quarters, I appreciate the ACV is one of that. In terms of total deal value, are you happy with where it is right now and what should we expect in terms of the deal trends going forward from investor perspective?

Thierry Delaporte: I will take a little bit and then I will ask Stephanie to build on it. For sure, we are happy with the performance in bookings, I mean, the quality of the deals we have closed this quarter with our top clients, a good mix of large and mid-sized deals, there is a good volume of activity that is fueling this growth. We didn't have a mega deal this quarter. We knew it. So, it's not like you are turning an opportunity into a mega deal in a few months’ time. Those deals typically take more time. What we have done is gear up the engine, the big deal team to start to produce more opportunities in our pipeline for the next quarters and that's absolutely worth. Stephanie is bringing in a lot of top talent recently.

Stephanie Trautman: From a large deal team perspective, in the first few months of building out that team, we have been focused on the current pipeline. So, everyone on the team is actively involved in deal. We have seen some clients were down a bit in their decision making and others who have perhaps broken the smaller opportunities but were still engaged. And then we have also pivoted towards more proactive origination of large opportunities, working closely with our existing client base and also our partners to create opportunities as well as respond to opportunities. So, I think that is what is informing our pipeline moving forward.

Thierry Delaporte: Just to conclude on your point, just the fact, you mentioned ACV and TCV, Divya, so ACV has jumped 28% year-on-year in H1, TCV has jumped 19% year-on-year. So, from those two aspects, we are growing well as well.

Moderator: The next question is from the line of Mukul Garg from Motilal Oswal. Please go ahead.

Mukul Garg: Thierry, I just wanted to focus a bit on the supply side of the equation. The demand environment definitely looks very-very favorable and US have been growing ahead of your own expectation. But at some point of time, the high attrition and the high addition of freshers would help some drag on the incremental growth opportunities which is there in the market. Do you think you have already started seeing some of that right now or is that something which can lead to delays in business to a quarter down the line if the attrition remains this elevated?

Thierry Delaporte: Mukul, I will start by answering the following, the guidance given for Q3 does not assume an improvement of attrition, okay. So, if any different terms if attrition would go down, we could potentially do a little better. Now I frankly don't believe that attrition will improve, if I can say so, reduce in the next quarters. I actually believe that given the environment we will continue to face, the high level of attrition at least in the next two three quarters, okay.
Yes, we have obviously reacted on it in many ways. You have heard I have mentioned the fact that we have initiated a new cycle of compensation increase for 80% of our people in September. But besides that, we have also ramped up our freshers strategy. And going for a lot more, we have revised frankly, the level of ambition of our freshers intake. To that I would like to ask you Saurabh to maybe jump in and tell us also from freshers standpoint, not only in terms of numbers, but also in terms of strategy, what we have decided to do.

Saurabh Govil:
Thanks Thierry. So, Mukul as you called out, the demand environment is very strong and supply side we have to work on. And the interventions which we are looking at is more long term and is more in-depth. So, it's not only adding numbers or adding more people, it's also making sure that how do we upskill them and also retain them for a longer period of time. So, for example, for freshers as we go on for the campuses this year, and we just concluded a National Hunt Test for India, where we had more than 200,000 people applying for it.

We are having a communication plan that I think is unique, where we not only share with them what happens as a compensation when they join, but also a plan for them in terms of their career and compensation over the next five years. And that's built in their contract. So, it's very clearly driving a plan that we increase the retention of these people because we are seeing a high attrition in this three-to-six-year category. And if you are able to retain these freshers and build right culture in the organization, retain over long period of time is going to long term impact and help us move supply side.

So, it's a very different shift. It's not only about adding numbers, it's a very strategic think through that we will be able to increase the retention of our freshers for a longer period of time. And look at both cost and attrition as a long-term play here.

Mukul Garg:
Thierry the second part of the question was on how should we look at the attrition and the pricing for both traditional or legacy part of the business as well as Cloud and new part of the business. Historically the legacy portion has obviously been more profitable, although growth is not there, but with more people getting trained on newer technologies where the wages are obviously higher, do you think higher attrition has started creeping up there as well?

Thierry Delaporte:
Although definitely we are getting a significant growth from those areas that you are referring to, it's true today we are, significant part of our growth is coming from Cloud area, from data from digital transformation, from engineering services from cybersecurity. And again, this is based on this revenue mix that we have based our assumptions for the guidance for Q3.

Saurabh Govil:
But Mukul just to add to what Thierry is saying, yes, these are hot skills today. And there is a high attrition. So, if I see this is one area where we are working towards where the upskilling part will help, but it is an area where we have huge demand and there is a supply and skill deficit. So, it's not about, it's just the demand is much more than what we require in the industry, this is an industry issue, which we have to look at.

Jatin Dalal:
This is Jatin, just to add, you know Mukul conceptually if the demand is high as Saurabh has mentioned, and there is constrained supply today, if more people get trained in that area, in fact,
it will overall reduce the pressure on attrition in that area over a period of time, though that specific individual may be more marketable with a new skill set.

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

Sandeep Agarwal: Sir, one question Thierry that when you see your current client’s work, progress and execution, and the way technology is getting adopted across horizon, what is your sense, at what stage of implementation, we are, is it very early stage or you think that we are somewhere in the middle of it? So, that was one and second, I wanted to understand that while you say that attrition may not cool off in the next quarter, will it be fair to say that the peak of attrition is behind us? Thank you.

Thierry Delaporte: So, on the first point, which is, you want to understand which stage of transformation, if you want to think about the potential that technology can represent for an organization, for a company in terms of, transformation of its ways of working, I think we are, the best of the transformation is ahead of us. I mean, the potential of if you look at the Cloud, so first of all, if you look at Cloud transformation, what I am reading and is quite consistent here, we probably have touched say 20% of the Cloud transformation wave. And so the biggest part of it, and the largest part of it is ahead of us.

If you are looking at security there is no question that security will continue to represent budget increase for our clients, in the next years. If you look at data, the way we are leveraging data to drive inside for better decision making is it presents an immense potential for a lot of industries. And, here again, the best is ahead of us.

Finally, if you look at engineering services, another area where we are investing significantly and getting nice growth, we know that this is an area where across many industries, companies will have to invest in their R&D and will need support from companies like us to support and augment their R&D investments. And so, across all these different areas, the bulk of the transformation is ahead of us.

On the attrition, which is your second point, I actually don't believe that the worse of attrition is behind us. I think it will, as I said, it will continue to possibly increase in the next quarters before cooling down. Again, that's at least our assumptions as of today.

Moderator: Thank you. Next question is from the line of Apurva Prasad from Elara Capital. Please go ahead.

Apurva Prasad: Thierry a couple from my side. So, how durable is the demand environment? And is the conversation around scope increased with your large customers giving you that confidence of durability of demand and the continuity of current growth momentum? And I ask this in context of higher ACV growth versus TCV growth?

Thierry Delaporte: So, on the first point, I mean, I would answer a frank, yes. Yes, the demand is strong, and will remain strong, just based on the previous point I just covered, there's so much transformation ahead of us. Our clients are placing investment in technology as among their top priorities to a
point Apurva where it's not anymore a topic for the CIO only, it's a topic for every CXO in an organization, right. The CMO is investing more in technology, the Head of Supply Chain is investing more in technology. The business express strong demand for technology. And obviously, all the different functions, HR, finance, operations, all are pushing for programs to be developed. So, the demand will continue to remain strong.

**Apurva Prasad:** Got that. And just on this point of yours of strong demand and in context of the current tight supply environment, what do you think is the propensity for getting rate card increase? And what part of the portfolio in your opinion is amenable to that increase? Or is it the case that this is more stable and the benefits are flowing through more by means of greater offshoring and volumes?

**Thierry Delaporte:** Well, Apurva, I think there's opportunity today. There is opportunities to have these discussions with our clients. In this current context, our clients feel the same they are also exposed to attrition. They have exactly the same phenomenon. And so, I think it's a reality that more important for them today is the ability to continue to drive those programs without slowing down. Now, from a portfolio standpoint, I would say, I would still talk about a certain level of stability of the pricing.

**Moderator:** Thank you. The next question is from the line of Gaurav Rateria from Morgan Stanley. Please go ahead.

**Gaurav Rateria:** Congratulations on great performance, first question for Thierry, where are we right now, in the whole organizational restructuring process. Have you seen any material change in the Top 100, Top 200 heads as far as the global account executives are concerned or is this something which is ahead of us and these changes are likely to happen in the coming quarters?

**Thierry Delaporte:** Gaurav excellent, question, thanks for that. One is in terms of operating model, organization changes we have implemented the new operating model new organization on January 1st. And we have given ourselves a quarter to stabilize this organization model. It's actually been incredibly efficient rapidly. And frankly, I don't want to be overly optimistic I mean, positive about it, every new model requires a certain amount of a progression, but frankly, very positively surprised by the level of maturity of the model after a few months. We have today a model that the organization and all our leaders consider is the model that is working and actually delivers the upside that we were expecting in terms of simplicity, in terms of reducing the number of silos inside the organization, the ability to create a one Wipro mindset and getting actually, freeing up time for our people to spend more time with customers.

The second part of your question, which is about the rotation or if you like the evolution of our leadership organization, what I can tell you is we have upgraded if I can say about 25% of our account executives around the world, okay. And the second aspect is that, if you look at our Top 200 leaders across the organization, two years ago, we had only 1% of them were account executives today, 8% of them are account executive. There is a significant change in the mix of leadership towards client facing people.

**Gaurav Rateria:** Got it. Second question I will put it in two parts. One Thierry you mentioned couple of quarters back, one of the key jobs which you had to do was to build a pipeline, actually, and the last few
quarters have been good on the conversion. So, just I want to understand where are we in the journey in terms of broad basing of our participation in the dealing. And the second part of the question is for Jatin, with respect to understanding the levers to manage margins in the second half, is it fair to say given the supply environment being tied margins should be lower in the second half compared to first half? Thank you.

Thierry Delaporte: Okay, so I will take the first one on the pipeline, we have seen the pipeline progression quarter after quarter, it's been a consistent progression, the trend has been positive. But more importantly, I would say two things, the quality of the pipeline has improved. We have a pipeline now that is more aligned to our strategy in terms of priorities, in terms of focusing on offerings where we want to invest, and also focused around our key accounts. So, the proportion of our pipeline coming from our top accounts is a lot bigger than what it was several quarters ago. So, from that standpoint, it's all positive. Finally, I would say in terms of deal conversion, I think we are also yes seeing a positive trend. We have improved the way we are qualifying our deals; we have improved the way we are mobilizing the one Wipro organization to win new deals. And the laser focus, in line with our strategy, around accounts and specific offerings, as lured us to invest into talent, into top capabilities. And this is definitely helping us converting this pipeline into deals. On the second question, Jatin.

Jatin Dalal: Yes. Thanks Thierry. So, the answer to the question is yes, there is tremendous, I would say, competition for great talent. And that means that we need to remain very invested in our talent, we need to make sure that our supply curve is properly supporting our growth curve and in fact, ahead of our growth curve. So, we are capturing every demand that comes in. For all of that in terms of impact or risk on margin yes, there is a risk on margin and I think that's not just Wipro, but that's the industry fact.

Having said that we executed as you know, this quarter well, we were able to drive operational improvements in realizations, utilization and offshoring and that covered effectively the impact that we had to take for three months impact on salary. So, I think it's going to be a growth going forward and how do we balance the effort that we put on our operating levers to be able to cover for the margin that is going to be a balance that we will have to continue to fight on. But we have done well, which we are proud of in quarter two. But there are clear investment agenda on talent going forward which we have to remain cognizant and that's what we are baking in as we think about second half.

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

Sandeep Shah: And I understand and acknowledge the growth of TCV which 29%. But if I look at the first half TCV and even if I assume close to 75% being a new business and assume a 4-year tenure, then the actual new business as a percentage to the first half sales comes to around 5% as a whole. So, does that worry you in terms of the growth profile going forward or you believe for the industry as a whole the growth profile is changing, where we have to look beyond the large deal signings
where larger deals are getting converted into smaller deals and there are enough number of less than $30 million deals which will keep your organic growth going forward robust.

And second question to Jatin, Jatin this time, I think EBITDA margins decline is close to 75 EBIT bps right, depreciation savings has been higher than 50 to 70 bps. So, what is causing this and whether depreciation will normalize on a going forward basis?

Sure, so Sandeep, this is Jatin I will try and respond to both questions if you are okay. On the first one there is, the strength of the performance is reflected in Quarter 2 numbers. It is what we think we can do is reflected in the guidance which we have given. Of course, you can look at the likely performance in many ways and you have a point of view that we respect, but you must always see that our industry runs on two fuels one is the day-to-day volumes that we are able to add because we see demand and we fulfil quickly and that adds to our revenue and second is large deals. And as you can see the first engine has really been very, very productive in last nine months and it continues to fire very well. And we did not have a mega deal as Thierry spoke about it, but we have very strong first engine which is firing. So, we feel comfortable as we speak. We feel comfortable that we have pipeline for large deals and that will convert at some point. So, overall we are quite okay and well placed is the way we see Sandeep.

And the second question on EBITDA versus EBIT, as you know, we do have certain cycles of amortization related with the specific costs for which that particular item is getting amortized on and as and when those cycles come to an end in their natural course, the amortization ceases to come in the P&L and that's reflective of that. And what you see now is something that can be the basis for your future modeling.

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

Thierry I just had one question from my side. And my question was pertaining to our strategy and the growth that you see in the European geography. We know that the Indian companies have done really well in the UK, Scandinavia, and similar geographies, but the continental Europe had something, was a region which I think was off, the Indian companies were not able to make so much of inroads due to obvious reasons of language and cultural barriers. We have tried to overcome that over the past year with a lot of local hiring. How do you see pandemic changing that equation? Has it kind of, as it has over the entire world, has it kind of lowered those entry barriers for us as the Indian IT companies and Wipro specifically as well? Do you see more deals coming through geographies, like Germany, France? Are the local European companies like yours able to ramp up and give us good enough competition, which they have not been over the past decade. So, how is the growth trajectory in the European geography looking like, with all these factors at play?

Look, my response, Vibhor would have, there are two aspects to it. The first aspect is there is no doubt that companies have learned to work with teams that are working remotely. And when you are working remotely, whether you are working two miles away or 5000 miles away, doesn't
change anything. You are working with teams that are not on site. And from that standpoint, there's no doubt that a lot of companies across industries in the European market have learned and will be more comfortable leveraging global delivery models, if you like. But the subtle aspect for me is equally important in Europe more than anywhere else, there are major cultural specificities that requires deep understanding of the local markets. And the local market of Sweden is not the same that the local market in Finland or in Norway. And I think the companies that are doing well are the ones who understand that and who are able to leverage at the same time the power of global organizations and develop a strong local connect. And that's the reason why we have so significantly invested into local leadership in Europe and this has been paying off pretty much immediately.

Vibhor Singhal: Right. So, would you say that we are on track with our strategy of that, of what we have done. You happy with the outcome, could have been better or do you expect it to be even better in terms of growth rates and in terms of big wins going forward?

Thierry Delaporte: You know my team would tell you that I have always considered that we could have done even better, but I think I am broadly satisfied with the progress we have made, the consistency, the alignment to the plan, the execution if you like of the strategy and the fact that we are doing what we had said we would do and that I like this consistency.

Moderator: Thank you. The next question is from the line of Manik Taneja from JM Financial. Please go ahead.

Manik Taneja: Thierry I wanted to prick your brains on a couple of things. Number one thing is around the fact that while we have seen significant shift in terms of offshore mix of revenues over the last several quarters, that has also played along with significant increase in utilization, which is contrary to what one has seen in the past for the industry. Do you think at some point of time the normal tendency around utilization cooling off as more gets delivered offshore starts playing out? Or you are seeing some different engagement models emerge in industry because of which offshore utilization rates are holding up quite well? That's question number one.

The second question was around the fact that typically second half is much stronger for us versus first half in terms of sequential growth rates. Do we expect something similar to repeat this year as well?

Thierry Delaporte: So, I will start with the point number two and I will come back to the first one after. There is always going to be tough seasonality in our industry for sure. And that's why when we talk about sequential growth we need to take into account seasonality. The guidance of 2% to 4% growth sequentially in Q3 takes into account, this seasonality. It remains that if we look at our growth, 2% to 4% growth in Q3 would actually represent 27% to 30% growth year-on-year, which is quite healthy.

On your first point, which is trying to identify trends, or evolution of onshore and offshore mix, I would be a little cautious with drawing conclusions. I think the reality Manik is that the mix is a factor of many things, the evolution of the mix depend on the type of deals that you are, selling. Depending the level of the cycle of where you stand in the transformation, you are going to need either more local presence or more offshore presence. And so I think it's not necessarily a trend
that is systematic, I think it’s, you can see an evolution depending on the mix of deals in a particular sector in a particular geography. So, that’s the point I would make. Yes, typically offshore utilization is lower than the utilization we have onshore, and that will certainly remain true. Even in a market of high-demand utilization tend to be higher that’s pretty mechanical.

**Jatin Dalal:** With the attrition going up that also impacted the utilization.

**Manik Taneja:** So, I was saying, are there more innovative engagement models emerging around offshore delivery, as clients get much more acceptable or get much more, are more acceptable of offshore delivery?

**Thierry Delaporte:** Yes, no doubt, again, that what we have learned over the last 15 months through the pandemic will change the ways of working there’s no doubt. I would leave you with two views, one is, we know that a significant portion of our employees will spend some days per week working from home, so therefore, remotely wherever they live. And it’s absolutely the same reality that applies for our client’s employees as well. You know in every, from my interactions with clients, we are talking about it, and I think it’s an evolution of the workforce to last.

And the second thing again, is that being more, being exposed, and having developed a technology that support remote working in a secure way opens new opportunities to clients to think about new operating model and new ways of working with companies like ours. So, yes, for those two reasons, there’s no doubt that operating model will continue to trend towards more flexibility between physical and virtual.

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

**Aparna Iyer:** Thank you, Stanford. And thank you all for joining us. In case we couldn’t take any of your questions. Please feel free to reach out to the investor relations team. Wish you all a very happy festive season ahead and have a nice day. Thank you.

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