



“Wipro Limited
Q1 FY '27 Earnings Conference Call”
July 16, 2026

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Moderator: Ladies and gentlemen, good day and welcome to Wipro Limited Q1 FY27 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 star and then zero on your touchtone phone. Please note that this conference is being recorded and the duration for today's call will be for 45 minutes.

I now hand the conference over to Mr. Abhishek Jain, Vice President, Corporate Treasurer and Head of Investor Relations. Thank you and over to you.

Abhishek Jain: Thank you, Yashashri. Good evening and warm welcome to our Q1 FY27 earnings call. We will begin the call with the business highlights and overview by Srinivas Pallia, our Chief Executive Officer and Managing Director, followed by updates on financial overview by our CFO, Aparna Iyer. We also have our CHRO, Saurabh Govil, and the Chief Strategist and Technology Officer, Hari Shetty, on this call. Afterwards, the operator will open the bridge for Q&A with our management team. Before Srini 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 the SEC. Wipro does not undertake any obligation to update the forward-looking statements to reflect events and circumstances after the date of filing. The conference call will be archived and a transcript will be available on our website. With that, I would like to turn over the call to Srini.

Srini Pallia: Thank you, Abhishek. Good evening, everyone. Thank you for joining us today. Let me start with a quick view of the broader market. The macro environment remains resilient, but uncertainty continues to shape decision making. Technology investment has not slowed. They have become more focused. Clients continue to invest in AI, data, cloud, modernization, cybersecurity, and productivity-led transformation.

Spending today is measured with more rigor and longer decision cycles. The AI disruption is expanding the market, not shrinking it. At the same time, conversations around AI are becoming more intense. As the tokenization landscape evolves, clients are focused on net productivity and require a tighter linkage between investment and outcomes. Despite selective client spending, our pipeline remains healthy. We continue to see strong engagement across our markets and industries. We are executing a consulting-led AI-powered strategy to help our clients reimagine and redesign their enterprise around intelligence.

With that, I'll now share our financial performance. All numbers are in constant currency. Our IT services revenue for quarter one was \$2.61 billion, up 0.9% year-on-year and down 1.2%



sequentially. Our IT services margin was 16%, a 1.2% decline year-on-year. In our markets, Americas remain soft, declining both sequentially and on a year-on-year basis.

We continue to see momentum in technology and communication sector and some good wins in the consumer sector. As we move into quarter two, we're also seeing momentum build up in BFSI. APMEA revenue grew sequentially and on a year-on-year basis.

We are encouraged by the momentum we continue to see in this market, particularly in the BFSI and consumer sectors. Our Europe SMU grew year-on-year with strong traction in BFSI, technology and communication. However, energy, manufacturing and resources remains soft. We see a healthy pipeline across various regions in Europe such as UK and Nordics. During the quarter, order booking totaled \$3.4 billion and large deal bookings totaled \$1.6 billion. Our order booking includes 13 large deals this quarter.

Let me highlight two of these deal wins. A leading global animal healthcare provider selected us to modernize and manage digital operations across their global network of hospitals and clinics. Using Wipro Intelligence, we will help transform service operations, improve productivity and enable predictive issue prevention.

We are helping the client create a more autonomous technology environment. The goal is to improve experiences for clinical teams, employees and customers, while increasing operational rigor. In our second deal win, a leading European specialty chemicals company chose us to run and transform their complex application landscape.

Leveraging AI-led capabilities through WINGS, part of our Wipro Intelligence -- excuse me, we will automate operations, improve delivery efficiency and provide greater visibility through an AI-powered digital command center. The outcome here will be elevated service quality, higher productivity and lower operating costs.

Across markets and industries, we are helping clients reimagine operations by embedding AI at the core of their business, spanning both physical and digital worlds. In this context, let me share some examples of the work we are already doing with clients. One, for a global industrial manufacturer, we are reimagining finance and procurement through our WINGS platform, combining Agentic AI, intelligent orchestration, real-time analytics and AI-powered knowledge management to create a highly automated operating model.

In my second example, with one of our healthcare clients, we are deploying multi-agent AI systems, reducing provider enrollment processing times up to 70% while automating their manual effort up to 90%. Three, for a leading global technology company, we are improving the quality, reasoning and safety of their next-generation AI models through expert-led data creation and AI evaluations. This is delivering significant gains in model accuracy and reasoning capability.

With a life sciences client, our WINGS platform is transforming pharma-covigilance from a document-centric, labor-intensive process into an AI-native safety operation. This is powered



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by autonomous agents and regulatory-grade workflows. For a global energy leader, we are defining their enterprise robotics strategy and roadmap for physical AI-enabled autonomous operations.

Collectively, these engagements demonstrate the breadth of Wipro's AI capabilities from strategy and advisory to domain-specific solutions. And the wins that I talked about also reflect a broader shift in enterprise priorities. In fact, interestingly today, clients are looking beyond technology modernization alone.

The focus is moving towards AI-enabled operating models that improve service quality, reduce operational complexity, strengthen resilience and unlock sustainable productivity gains. And this is where we are well positioned.

Let me now share a few additional updates. During the quarter, we closed the acquisition of Mindsprint and quickly transitioned from integration planning to execution. While we continue to deepen our relationship with Olam Group, we have also started to see good opportunities in the food and agriculture sector.

You may recall last quarter, we launched AI-native business and platforms unit. Since then, we have moved decisively from strategy to execution. We are building multiple AI-powered industry platforms, developing new AI-native business models and forging strong partnerships across our AI ecosystem.

We have laid the foundation, strengthened the team with specialized AI-native leadership talent and defined our roadmap to establish clear priorities for the next phase of growth. As you would have been aware, we recently launched Applied AI Center of Excellence for Claude models powered by Anthropic.

This strengthens our ability to help clients rapidly adopt frontier AI capabilities while maintaining enterprise-grade controls and governance. Capco, our BFSI consulting arm, won the AI Governance and Risk Excellence Award at the OpenAI Partner Summit. And our UK AI Lab won the OpenAI Codex Hackathon for an AI-powered banking solution.

With that, let me shift focus to the next quarter. In quarter 2, we are guiding for a sequential growth of -1.5% to +0.5% in constant currency terms. As we continue to navigate macro uncertainty and geopolitical instability, our priority is to remain disciplined in execution, helping clients navigate complexity and creating sustainable value for all our stakeholders.

With that, let me hand it over to Aparna to share financial performance in more detail. Thank you.

Aparna Iyer:

Thank you, Srin. Good evening, everybody and thank you for joining us. Let me share a quick update on the financial performance and then we can open up the Queue for questions. Our IT services revenues grew 0.9% year-on-year in constant currency while declining 1.2% sequentially. This is well within our guided range.



Our operating margins for the quarter was 16%. We declined 1.2% year-on-year. The reasons are because of the incremental impact of salary increase, ramp up of large deals won earlier and our ongoing investments in AI. This was partially offset by the rupee depreciation benefits and the other operational efficiencies.

We remain focused on returning back to our previously stated narrow band. Net income for the quarter was INR33.6 billion. Our EPS for the quarter was INR3.2, both grew 0.6% year-on-year.

Moving on to our SMU and sector performance, all the growth numbers that I will share will be on constant currency. Americas 1 was flattish year-on-year while declining 2.3% sequentially. Americas 2 declined 7.3% year-on-year and 2.5% decline sequentially. Europe grew 6% on a year-on-year basis while declining 0.9% sequentially. APMEA grew 13.5% on a year-on-year basis and grew 4.4% sequentially.

Moving on to sector performance, BFSI grew 2.6% on a year-on-year basis while declining 1.2% sequentially. Consumer grew 1.9% year-on-year and 0.7% growth sequentially. Technology and communication grew 10.8% on a year-on-year basis and grew 0.2% sequentially. Health declined 2.6% sequentially and 3.0% year-on-year. EMR also declined 3.6% sequentially and 8.9% year-on-year.

Our operating cash flows stood at 98% of net income for quarter 1. Our gross cash including investments was at \$4.3 billion. Accounting yield for the average investments held in India was stable at 7.2%. Our ETR was at 22.6% for quarter 1 versus 21.6% in the same time last year.

In our terms of the guidance, to reiterate what was stated by Srini, our IT services business segment is expected to be in the range of \$2.574 billion to \$2.627 billion. This translates to a sequential guidance of -1.5% to +0.5% in constant currency terms.

Lastly, in the recently concluded Board meeting, our Board of Directors have declared an interim dividend of INR2. Including this dividend, our payouts in the last 1 year, we would be returning in excess of \$3 billion in terms of the cash back to shareholders.

With this, we can open up for Q&A.

Moderator: Thank you very much. We will now begin the question and answer session. We'll take our first question from the line of Ravi Menon from Axis Capital. Please go ahead.

Ravi Menon: Hi, thank you for the opportunity. Little surprised that you have added head count despite, the guidance that implies sequential decline. Attrition still seems to be well under control. Utilization has also come off slightly quarter-on-quarter. So why add head count now when you're still looking at a decline in revenue next quarter?

Aparna Iyer: Our head count also includes the people who joined us from the Mindsprint team, Ravi. If you exclude that, our head count has actually gone down quarter-on-quarter. And our guidance, of course, includes the revenues from Mindsprint completely in quarter 2.



- Srini Pallia:** Just to add, outside of Mindsprint, the head count has actually gone down by 2,500 people.
- Aparna Iyer:** 2,500 people, that's correct.
- Ravi Menon:** Fine, thank you. And Srini, in BFSI, most of the peers seem to be doing well and you also spoke of how things seem to be looking up there. But this quarter then we had a decline. Is this a client-specific issue and, is this something that you expect to maybe hold us back a little bit in Q2 as well or do you think BFSI comes back to growth?
- Srini Pallia:** Hi Ravi, Srini here. So as far as the BFSI sector is concerned, specifically for us, Ravi, if you have seen, we did see a year-on-year growth of 2.6% in constant terms. However, the sector declined 1.2% sequentially. Now, if I were to give a little bit of a color in terms of how the sector is performed, Europe and APMEA, Ravi, actually year-on-year we have seen a growth.
- In fact, Europe BFSI growth was led by ramp up of the large deals we had announced earlier. And if I were to look at APMEA, we continue to see very good traction with both in terms of ramp ups and also existing deals and the new deal wins that we have seen. I also want to call out that we see good momentum in the BFSI in Americas as well. So net-net, yes, I agree with your comment and having said that, we are also seeing good traction for us as well, Ravi.
- Ravi Menon:** Thanks Srini, appreciate that. So we can look at this as maybe, a one-off client incident, something like that. Is there any cutback or -- did you lose out on any vendor consolidation? Could you comment on what caused the decline this quarter?
- Srini Pallia:** So there are two aspects, Ravi. One is, clearly some of the large deals that we have won have taken a lot more time for us to scale, ramp up. I think now the clients are moving, that's the reason why I said BFSI Americas, because we have won a couple of deals out there, large deals out there, some of them are coming back.
- The second one is the nature of the demand. Discretionary spend has been slower and some of the decision making has been slower, but we think it will come back. One thing that we are seeing while, from our customer perspective in the BFSI sector, there are a couple of opportunities that we see, Ravi.
- One is on the cost optimization and vendor consolidation. That remains the key drivers for our clients, right? And, this is very similar to the commentary that we gave in the last few quarters. However, Ravi, what we are now seeing is that these savings are getting reinvested by some of our clients into AI capabilities. And that's where I think, the new transformation projects and discretionary spend will come back. That's how we see it, Ravi.
- Ravi Menon:** Thank you, Srini. One last one from me. On AI, your couple of peers have announced very different strategies, one setting up a very large data centers, someone else is looking at a small capacity data center which they think, they will -- but they will own the entire hardware stack. Anything that you're thinking along those lines?



Srini Pallia:

So, Ravi, one is I think let's at a macro level, the way we see is that AI is a structural opportunity for us and for the industry in general, Ravi. Having said that, the success in AI, to be honest, is not just driven by models, right? For us, having the client context, understanding the domain and the industry aspect of it, understanding the process, right, and the priming the data for an AI implementation becomes very critical.

And also, clients are looking at security and change management, organizational change management in this context. So that is where I would say that, the direction that AI is moving on. And for us, Ravi, very clearly we have pivoted to AI and in -- we are doing an AI-first approach and our consulting-led, AI-powered strategy is all about that.

So when you are doing a run aspect of it, which is application management, infrastructure or process, we are doing with AI-first approach and we have clearly built a strong platform around WINGS, which we are gaining very good traction, which is our delivery platform.

And the second thing, Ravi, obviously you would be, listening to a lot of commentary around that, the software development lifecycle, there's a dramatic improvement in productivity. Now, that's -- we have to have the context of -- if it's a pure play greenfield project, which is like a tool like, let's say Python, the productivity is significantly higher.

But on the other end of the spectrum, it is a complex code and if you don't have the right, target environment, which is lot more legacy, deployment and production also becomes difficult. There the productivity, comes down significantly. And so that's how we see it. But for us, the biggest opportunity is all the new AI services that we are seeing in the market.

Now we call that as Reimagine AI. Now, I think it's very important also, what we are trying to do, maybe I'll double click later, but we have clearly created the AI-native unit which I talked about, where we are building the industry and cross-industry platforms. In fact, some of the margin dilution that you talk -- the question that was asked, we are investing in this.

I think it's very important for us to invest for the future. So that's number one, AI-native unit. Second, you know, we have the half a billion dollar Wipro Ventures and now we are very specifically, focusedly targeting those AI and data and, you know, security startups which will also enhance our overall Wipro Intelligence platform. Three, we invested in our Wipro Innovation Network.

We actually launched 10 innovation networks for our clients and that's actually picking up, the clients are co-innovating with us in those innovation networks. And finally, you know, ecosystem partnering with the frontier AI companies. So this is how we are driving AI across our industries and each industry are different in terms of adoption, but everyone wants to be, you know, in the AI journey, Ravi.

Ravi Menon:

Srini, I'm very sorry, but I have one more thing. When you said that there's not much productivity benefit in the, you know, the old complex code. So then can we say that there is -- all of the



investor concern about significant, you know, erosion in the existing book of business, can we say that this is really unfounded?

Srini Pallia:

So, the way I see it, Ravi, is that, I'm looking at for the industry and for Wipro, right? What are the -- like I said structural -- what are the structural opportunities? Today, if you look at the traction that we have on the Reimagine AI services, that's how I call the, you know, new AI services. One, AI advisory and change management. That's something that, you know, for example, Capco is leading it, OpenAI gave us an award around that.

Second is, you know, data priming for AI, right? You know, if you don't have the right -- and enterprises are struggling with data, we have to be honest about that. Some enterprises have told us we've got too much of data, we don't know whether it's -- do we need all this data to get the AI right? Third is, you know, agent implementation and managing agents.

Every organization is building tremendous number of agents. How do you deploy them? How do you orchestrate, deploy and manage them? And Ravi, you know, the tokenization, token economics, whatever you call it, it's going -- it's actually skyrocketing right now. So the -- especially the CFOs are saying, you know, "Hey, you know, what's the -- what's my ROI? So do I use a high-end LLM for a particular process or a workflow? Do I use a, you know, open source model?"

So that's a conversation that's going on. We having the deep tech, we're able to actually have that conversation with the client. So there are multiple new opportunities, whether it's ModelOps, you know, AI-DC is something that's picking up with an enterprises. You would have heard of Sovereign AI, so that's another one picking up. And finally, every client wants us to make their AI secure and, you know, responsible.

So to me, net-net is a positive, you know, in terms of new services that are coming in. Yes, short term, SDLC life cycle will continue to bring in higher productivity and shorter development life cycle. But I just want to call out, even there, human -- it is going to be human plus AI always. Because in a software development life cycle, the business requirement, user stories, you need humans. At the same time, when you're deploying and a productivity, you know, and taking into production, you need human intervention. Of course, you know, AI can throw millions lines of code, but we need to make sure that code is optimized. So that's how I see it, Ravi.

Ravi Menon:

Thanks so much for the detailed explanation. Appreciate it. Thank you.

Moderator:

Thank you. Next question is from the line of Nitin Padmanabhan from Investec. Please go ahead.

Nitin Padmanabhan:

Yes, hi, good evening. Thank you for the opportunity. First, wanted your thoughts on how should we see margins recovering to the band that we stated? Do you think it'll be gradual through the year or do you think there's any element that can help a faster sort of recovery considering we don't have wage increases and that's done and behind? The second is from an overall business perspective, when do you think the headwinds sort of recede where we can start showing some



level of growth as a business? And do you think these headwinds are largely over in Q2 or do you see any specific things that could linger? Yes, thank you.

Srini Pallia:

Hi Nitin, Srini here. On the margins aspect, Nitin, you know, Aparna talked about it as well in our commentary. The reason why we had a drop of 120 basis points is number one, you know, the impact of MSI we had, it's coming into this quarter. Second, the investments that we are making, you know, in AI and in deals, that's the second part. Third is, you know, the acquisition, some of the acquisitions that we made, they're actually coming to, you know, into execution mode right now.

So that's the impact of the -- impact we had on the margins. Having said that, Nitin, our mission is clearly to go back to the narrow band that we've been talking about, 17% to 17.5%. Now, the question that you're asking is what is the time frame? Right now, in the context of the volatility that we see, in the context of the revenue situation that we see, right, I do not want to predict exactly where, you know, when we will get there.

But the point is that we want to get there. If you've noticed in the last two years also, Nitin, you know, despite the challenges with the revenue, we continue to stay focused on margin improvements. You can be rest assured we will continue that path. However, I, you know, I want to clearly articulate that we want to invest in our new AI-native business. We want to -- because when you're doing an AI-native business, you also need to have the right talent, you need to have the right infrastructure to build the new products, new platforms and solutions as well. So it's a combination of all these, Nitin.

Nitin Padmanabhan:

Yes, qualitatively, do you think it's fair to assume that it's gradual rather than quicker? Just a qualitative thought process is fine?

Srini Pallia:

The endeavor is to reach where we want to reach. And if you look at, Nitin, there are, you know, multiple levers for us from an operational perspective, whether it's how you can take the cost out and FPP, both in terms of automation, AI and productivity. You know, we have other levers including, you know, G&A and so on and so forth, you know, the bench utilization has been higher, that's another lever that we have.

How do you restructure the pyramid, right, in the context of AI and how much of the projects and programs you can, you know, run it through agents and how many of our current existing programs we can agentify. So these are all the levers that we are looking at, Nitin, and we'll stay focused on that. But the point, the message I wanted to give you is that despite all this, we will also want to continue to invest in our future, which is very, very critical because the world is pivoting to AI and we have already pivoted to AI.

And we will continue our journey around consulting-led and AI-powered and we will stay focused on that. Wipro Intelligence platform, both delivery platforms and the industry cross-industry platforms, we are seeing good traction, Nitin. And in the future, the consumption will be platform plus service, not just pure play service.



- Nitin Padmanabhan:** Sure. And from a growth perspective, when do you think the headwinds that you're seeing sort of recede?
- Srini Pallia:** Yes. So if you look at from a growth perspective, Nitin, typically we give just a one-quarter view of our guidance, right? Like I said, the demand environment remains soft and that has reflected in our quarter two guidance. Having said that, Nitin, I just want to call out the points that I made, that we are seeing good traction building up in Americas in the BFSI segment, right, you know, which was the question that Ravi had asked.
- Second, EMR, which is energy, manufacturing resources sector, which was very soft in Europe and APMEA, we have won a couple of deals in Europe in this segment. We will see that coming into delivery, right? So to me, also the way the customer takes the cost out, then they start shifting their budgets to AI, we are ready for that. That's how I see it. So, I can't give a commentary in terms of how our quarters will go because I want to stay within our -- the quarter two guidance.
- Nitin Padmanabhan:** Sure, fair enough. Thank you, Srini, and all the very best.
- Moderator:** Thank you. Next question is from the line of Vibhor Singhal from Nuvama Institutional Equities. Please go ahead.
- Vibhor Singhal:** Yes, hi. Thanks for taking my question. So Srini, a couple of questions from my side. I think two verticals kind of dragged the growth this quarter, Energy and Healthcare. You mentioned about Energy that the softness in the European markets and we've won a couple of deals, so good to hear that we'll probably have recovery there soon.
- What's our take on the Healthcare segment? As this segment has been one of the key segments in which we were one of the early pioneers. And at this point of time...
- Srini Pallia:** Vibhor, Vibhor, sorry to interrupt you. We could not hear you properly. I'm sorry, could you just repeat the question? Thank you.
- Vibhor Singhal:** Yes, sure, please.
- Srini Pallia:** Go ahead, Vibhor.
- Vibhor Singhal:** Yes, I hope I'm audible now?
- Srini Pallia:** Yes.
- Vibhor Singhal:** Yes, sorry for that, Srini. Yes, so my question was basically on the -- that there were two verticals which dragged the growth this time. One was the E&U, which you mentioned that it was because of and good to hear that there are deals that we have won will ramp up in the coming quarters.
- On the Healthcare vertical, what is the view that we are looking at? I mean, this we used to be, I mean, we were one of the pioneers of this industry and from the peers we hear a lot of comment,



a lot of companies are kind of incubating their Healthcare vertical because of strong demand that they are seeing, especially from the payer side and some of course in the provider side as well.

So what is the outlook on that vertical in terms of deals that we might have won and when do you think that vertical kind of comes back to growth? I'll have a couple of follow-up, if you can answer this please.

Srini Pallia:

Sure, Vibhor. I think, your observation is very valid. For us, the Healthcare sector has degrown by 2.6% sequentially and if you look at from a year-on-year basis, 3%. See, what has happened is especially when I say Healthcare, we have multiple segments. We've got payers, we've got providers, we've got life sciences and we've got medical device companies. These are the four industry segments within the Healthcare sector.

Vibhor Singhal:

Right.

Srini Pallia:

We have a huge presence in payers and providers in the US. The impact that we had is because of the US Healthcare ecosystem, right, which is facing sustained pressure both from structural and demographic forces due to the situation which is very much within the -- in the US context, right?

So, what we have seen in some of these companies are, you know, because of the pressures that they have from the whole government and so on and so forth, right, there -- they have been -- their budgets have been flattish for us and some places we have seen the negative growth. There also there's a lot of pressure around in terms of taking the cost out and also most of the budgets right now have kind of being reallocated to some kind of discretionary spend, but towards AI and big portion of it is on the compliance, Vibhor.

So to me, the more they use AI and the automation aggressively and offset the cost pressures, I think that would help us going forward. So we are staying focused on the regulatory mandates like I talked about, like, both Medicare, Medicaid and ACA. If you recollect, we have a huge platform that supports these aspects.

So the member onboarding in terms of member services that we need to do, how that has evolved for us in the last one to two quarters also had an impact on the numbers that you see. Having said that, if I look at the opportunities that we see, right, especially reimagining their -- some of their processes with AI, so Vibhor, the claims is one important thing.

Clients are looking at taking the cost out on contact centers, right? Also, now more and more with the HIPAA compliance and the regulatory compliance coming into picture, they are able to do -- deploy AI more confidently into clinical operations, including regulatory processes. So I see these as our new opportunities that are coming in. We are staying focused on that, Vibhor.

Vibhor Singhal:

Got it, got it. Any timeline that you would be able to provide that you think our Healthcare vertical should see some recovery?



Srini Pallia:

So, Vibhor, like I said, I don't want to forecast beyond quarter two. So quarter two is, all this that I talked to you about is baked in. Having said that, AI, you know, like I said, AI is a structural opportunity. I see this opportunity in every industry verticals within the Healthcare system, Vibhor. Including for providers, because they also want to improve their efficiency.

Let's look at providers today. They depend a lot on these products like Epic, who are also making it more AI, they are actually integrating their provider systems into payer systems and so that and employee -- the members and the patients, they can actually have a end-to-end view of how the Medicare medical systems work as well. So these are the opportunities that are coming in. We are having the conversations around that as well, Vibhor. But I'm not giving you a specific timeline at this point in time.

Vibhor Singhal:

Got it, got it. This is helpful, Srini. Just my second question on the deal wins. The total deal wins and the large deal wins were down quite sharply on a Y-o-Y basis. I would assume it is just a timing kind of a thing because you mentioned the pipeline remains quite strong. So maybe some deals got pushed into Q2 or something like that. Is that the correct, Srini?

Srini Pallia:

So absolutely, Vibhor. If you look at our quarter one, right, we clearly had, like I said, \$3.3 billion worth of bookings, out of which \$1.6 billion were 13 large deals that contributed to that. Having said that, your point is valid. Some of the decisions on some of these deals have actually slipped to quarter two.

And I always tell my team, when it slips, you've got to really hold on, don't let it slip because and try and close it in M1, M2 rather than wait for the M3. So that's the work that we are doing right now. But your point is valid, the observation is valid. The pipeline is healthy and also there are deals around cost optimization and vendor consolidation.

But I also want to call out, Vibhor, that I want to give a little bit of color in terms of the kind of pipeline we have. So the pipeline one -- let me give you a one color, Vibhor. One is sectors, let me also give you the type of deals outside of these large and mega deals. So I called out BFSI, if you remember.

Americas and Europe, the pipeline is strong, Vibhor. But if I look at from a consumer we just won a couple of deals in Americas, but it is --- I wouldn't want to say that it is big piece, but it's definitely modest in Americas and Europe. In APMEA, consumer is weak. That's how I see it, Vibhor.

Tech and comms very strong in Americas. I think that's one place you've seen double-digit growth that I talked about and I think it will continue we see continue to see strong momentum there. EMR which you also called out after I said it, right now it's strong in Europe because we come on a back of two wins and also it's strong in Americas including our LATAM.

But little bit modest in APMEA, I think based on what's going on. Healthcare now I did talk about it. I want to say overall it's strong, but I want to be careful in terms of what we call out. So



that's the color from a sector perspective, Vibhor. But if I look at from a opportunities perspective, there are new opportunities also coming in like I talked about.

There are clients who are talking to us on Sovereign AI, there are clients who want to build AI-DCs. So those opportunities are also coming in. The size and scale depends upon how much, for example, if I look at AI-DC, how much of design and architecture you do, how much of implementation and management that you do, depends on which part of the project and program that we are involved and the size and scale and complexity depends on that, Vibhor. But overall your point our pipeline is healthy.

Vibhor Singhal:

Got it. Thanks for taking my question. Srini just one follow-up for Aparna if I may. Aparna, just wanted to get some color on how to look at the margins in the wake of the AI-driven deals that we are seeing at this point of time. I mean I know it's difficult to take a -- one make a one statement analysis that okay the margins -- the deals will be margin accretive or dilutive.

But from an overall point of view, I mean, let's say we are also building SLMs for the client or let's say the application layers for them, then there is a token cost involved. So overall, where does the math sit for these large AI-driven deals that we are chasing and we are winning in terms of margin vis-a-vis our current portfolio?

Aparna Iyer:

So clearly, Vibhor, I think like you rightly said one size doesn't fit all. It'll depend deal to deal. Wherever the intention is to use AI for you to be able to drive higher productivity and take costs out for a large operations for a client where the cost take-out is priority, you will see that, there will be a lot of productivity, forward productivity that gets baked into deals.

The Reimagine AI that Srini spoke about, the parts which are newer, where you are going to be seeing newer spends on account of AI, there we are very confident we will drive a premium in rate realization. Similarly, service offerings around data, AI advisory they'll all be very incrementally net positive to the realizations and margins.

So it'll depend on what we are using the AI for and how we are structuring the deal. So large deals will remain competitive, you will have some amount of forward productivity that gets baked in. When you're looking at AI over smaller programs where you're looking at things like data modernization, when you're looking at smaller pockets and you're looking at newer areas, they will be accretive. And that's been our experience thus far and yes.

Vibhor Singhal:

Got it. Great. Thanks, Aparna, for the clarification. And thanks a lot, guys for taking my questions. Wish you all the best.

Moderator:

Thank you. We'll take our next question from the line of Rajiv Berlia from JM Financial. Please go ahead.

Rajiv Berlia:

Yes, thank you for the opportunity. Can you break the 2Q revenue guidance into organic and incremental contribution from inorganic?



- Aparna Iyer:** We're not doing that, Rajiv. We're not breaking our guidance out. And if you look at it, last quarter we had said that Mindsprint was coming in and we had in the guidance baked in 45 days, whereas in our actual Q1 results, we've had 2 months of it, of the revenues being consolidated. You can do the math, but like we typically do, we only disclose in the first quarter and after that it's -- we don't make further disclosure.
- Rajiv Berlia:** And the second part of the question is if you see in the last earnings calls, you mentioned about client insourcing impacting BFSI. Is that fully behind in this quarter or do we see some impact from a going forward perspective as well?
- Aparna Iyer:** No, I think that is behind us, Rajiv.
- Rajiv Berlia:** Yes, thank you. That's all from my side.
- Moderator:** Thank you. We'll take our last question from the line of Abhishek Bhandari from Nomura. Please go ahead.
- Abhishek Bhandari:** Yes, thank you for the opportunity. Srini, all through the call you guys have mentioned that the large deal environment remains very competitive. I was curious to understand has the degree of competition increased, decreased or is it stable? And a related question is how are you future-proofing your margins in the wake of such competitive pressures? We already saw some glimpse of margin headwinds in Q1, which of course you will recoup through the year, but if the market remains like this, how do you ensure that we don't trade off the margin for chasing growth?
- Srini Pallia:** Yes, Abhishek coming to the first point, first question on the competitive landscape. From a broader industry perspective, Abhishek, if I look at it, AI is reshaping most of the spend allocations. So what that means is from a client perspective, the traditional IT, the traditional BPO that we do and the support aspects of it, those budgets are getting compressed.
- So the clients want us to deploy more AI, the clients want us to kind of disrupt that aspect of the whole process to bring in agentic aspect of it. So that is a lever for our clients to improve their budgets for new spend, spend pools around AI. So what -- so the clients are also driving that, which is not just competition, but also client wants to take the cost out on that.
- And we do have opportunities for us to go and talk to our clients in terms of, for example, how we can deploy Wings and bring in a end-to-end productivity benefits and make it more agentic. And, of course, the clients are also looking at the experience aspect of it, velocity aspect of it and so on and so forth.
- Now, coming to the -- so if that is the place where there is compression, there is definitely competition, Abhishek. Now, the reason I'm saying is that sometimes we will have to look at client-to-client in terms of their ability and propensity to implement AI. We have seen certain clients, who want to do it in a lot more faster way and some of them are saying that we want to spread it out.



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So in that context, the pricing aspects also changes and we have to relook at how the solutioning happens. Because when you deploy AI quickly, the token costs also increases for our client. So they are looking at total cost of ownership. And that is something that we've been carefully working on, Abhishek, and this is something that I think as an industry, as Wipro, we will all continue to evolve.

Now, coming to the margin pressure, it's actually related to that. So if you look at large traditional deals, cost optimization, vendor consolidation, there will be margin pressures because sometimes you want to invest into the deals for now to, you know, to make it more long-term as well, Abhishek. So if it is a net new reimagine AI kind of projects and programs, the margins are much better. But if it's a traditional work where you have to bring in the productivity through AI at the same time help the clients to shift the budgets, there are competitive pressures.

- Abhishek Bhandari:** Got it. Thanks, Srini and all the best for the year.
- Srini Pallia:** Thanks, Abhishek.
- Moderator:** Thank you. I would now like to hand the conference back to Mr. Abhishek Jain for closing comments. Over to you, sir.
- Abhishek Jain:** Yes. Thank you all for joining the call. In case we could not take any questions due to time constraints, please feel free to reach out to the Investor Relations team. Have a nice day. 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.