Wipro Limited

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Moderator: Ladies and gentlemen, good day, and welcome to Wipro Limited Q2 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 touch-tone 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, sir.

Abhishek Jain: Thank you, Yashashri. Good evening. A warm welcome to our Q2 FY27 earnings call. We'll begin the call with the business highlights and overview by Srini 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, 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 risks 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 the transcript will be available on our website.

With that, I would like to turn over the call to Srini. Srini, over to you.

Srini Pallia: Thank you, Abhishek. Good evening. Thank you all for joining us today. This quarter, demand environment has remained largely unchanged. Our clients remain focused on efficiency and productivity, while increasingly looking to accelerate AI adoption and drive long-term value. This balance between efficiency and growth is shaping demand across industries.

Let me begin with what we see in our priority sectors. In BFSI, we continue to see strong momentum. Clients are focused on cost optimization, legacy modernization, and scaling agentic AI across their enterprise.

Digital native and new-age firms are driving demand in our technology sector. Investments in custom silicon, design-to-manufacture, and physical AI are creating opportunities across the engineering value chain. We also see growth emerging across AI model ecosystems from model training and evaluation to execution.

In EMR; Energy, Manufacturing, and Resources sector, we have seen some good wins in previous quarters, and those deals are ramping up. This sector continues to gain traction across markets. Specifically, I would like to call out CPS and engineering.

In Consumer sector, we are seeing good traction in CPG, travel, and transportation. Our recent new wins and revenue from Olam deal have also supported our performance in this sector. However, healthcare in US continues to be affected by policy changes.

At the same time, cost pressures across payers and providers are creating new outsourcing opportunities. This, along with our differentiated platform-based offerings and including rising regulatory requirements, we are shaping our pipeline.

Moving to our financial performance for the quarter. In quarter 2, our IT services revenue stood at $2.61 billion, flat sequentially and up 0.6% year-on-year in constant currency. Our operating margin for the quarter was 16.5%, an improvement of 0.5% compared to last quarter.

Within our markets, three of our four SMUs, strategic market units, reported sequential growth. Americas 1 declined sequentially due to client-specific issues and softness in healthcare. Americas 2 grew sequentially, driven by EMR with encouraging momentum in BFSI.

Europe grew sequentially and year-on-year, delivering broad-based growth led by BFSI, Consumer, and EMR. APMEA maintained strong traction, growing sequentially and year-on-year. Growth was fueled by Consumer, Tech, and Comms.

Coming to deal wins and pipeline. This quarter, we closed $2.6 billion in total contract value and signed nine large deals. Our bookings reflect a healthy mix of new businesses and expansion of existing engagements.

Let me give an example of a consulting-led AI-powered transformation deal. A global financial institution engaged Wipro to accelerate its transformation through an AI-enabled operating model. Through this engagement, we'll modernize software development, drive greater efficiency across the life cycle, and scale AI-powered ways of working, resulting in faster execution, broader AI adoption, and an agile operating model for our client. This win, among others, including a large deal in Energy last quarter, reflects growing impact of our consulting-led strategy in originating larger opportunities.

Beyond large enterprises, we also see strong traction in deal wins and pipeline in the mid-market segment. These organizations understand that AI can be a force multiplier in scaling capabilities and redefining their competitive landscape. As an example, a global mid-market consumer products company selected us to accelerate their technology transformation by establishing an AI capability center in India.

Through this engagement, we will scale engineering and technology operations to support ERP modernization, cloud-native platforms, and AI capabilities for our client. Outcome will drive innovation, improve engineering productivity, and strengthen global delivery model for our client.

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We are beginning to see tangible returns from our strategic investments made in recent quarters. Mindsprint has strengthened our position in food and agriculture, opening new market opportunities. HARMAN DTS has boosted our engineering capabilities, helping us win new logos and deepening existing client engagements. We will continue to make these investments even when they create near-term margin headwinds. They enhance our strategic position, expand addressable markets, and build a stronger foundation for future growth.

In April, if you recollect, we launched our AI native unit to help clients transition from traditional delivery models to AI native enterprises. We are making rapid progress. With over 2,000 engineers, including FDEs, forward deployed engineers, we are seeing growing success in outcome-based deals and driving nonlinear growth. This investment is already delivering results.

Let me share a few examples. One, an SLM deployment for a major US retail bank; two, implementation of an AI-powered digital plant for one of the largest petrochemical companies in the Middle East; and three, an enrollment and billing SLM deployment for a leading US healthcare payer.

In addition, we also built industry-specific SLMs for wealth management, insurance, healthcare, aviation, and asset-intensive industries. Combined with our AI agents and orchestration platform, these capabilities enable us to transform virtually any business workflow into an AI native workflow, helping our clients unlock new levels of productivity, speed, and business value.

Based on growing traction in AI, we also accelerated investments in AI services and solutions across five emerging AI growth themes: AI data centers, AI foundry services, physical AI, AI devices, and design-to-manufacturing. In fact, these services and solutions position us well across the full AI value chain and help us capture opportunities that extend beyond traditional technology spend.

With that, let me share our guidance for the next quarter. Q3 for us will remain impacted by seasonal furloughs. We are guiding for a sequential IT services revenue growth of minus 1.5% to plus 0.5% in constant currency.

Despite a challenging macro environment, our business remains resilient. We are very encouraged by emerging opportunities across markets. AI will expand new growth avenues and accelerate demand for higher-value transformation. Signs of this are already evident in the momentum we are seeing across our new AI services.

I will now invite Aparna to share details on our financials. Thank you. Over to you, Aparna.

Aparna Iyer: Thank you, Srini. Good evening, everybody, and thank you for joining us. I'll share a quick update on the financial performance for quarter two, and after that, we can open it up for Q&A.

Our IT services revenue grew 0.6% year-on-year in constant currency terms. Revenues was flat sequentially in constant currency terms. Our operating margin for the quarter was 16.5%, an expansion of 0.5% sequentially. Operational improvements, rupee depreciation, offset by our continuing investments in business have been the underlying factors driving this improvement. We will work towards improving the margins even as we create headspace for growth.

In terms of the SMU performance and sector performance, I'll share a few numbers. All of them are in constant currency terms. Americas 2 grew 0.9% sequentially, declined 4.7% on a year-on-year basis. Europe grew 0.6% sequentially and grew 5.1% on a year-on-year basis. APMEA grew 3.1% sequentially and 13% on a year-on-year basis. Our Americas 1 business was soft and declined 2.1% sequentially and 2.7% on a year-on-year basis.

From a sector standpoint, BFSI grew 1% sequentially and 1.3% on a year-on-year basis. Consumer grew 2.6% sequentially and 6% on a year-on-year basis. Energy, Manufacturing, and Resources grew 1% sequentially, while declining 6% year-on-year. Technology and Communications declined 2.6% sequentially, while they continued to grow on a year-on-year basis at 7%. Health declined 3.8% sequentially and declined 6.5% on a year-on-year basis.

In terms of other key financial parameters, our net other income, which includes the interest income, declined 68% sequentially, primarily because the investable surplus reduced quarter-on-quarter owing to completion of our buyback in June 2026.

As a result of the lower other income, our net income was reported at INR32 billion for the quarter. It declined sequentially by 5%. However, the EPS, which is the right metric given that we completed our buyback, for the quarter was at INR3.23, which it increased 0.9% sequentially and 4.2% on a year-on-year basis.

We remain relentless in our cash flow generation. Quarter two was yet another quarter of robust operating cash flows. We generated 166% of net income. With this, our gross cash as of 30th September was at 4.6 billion. Our effective tax rate was at 23.9%, flattish compared to same quarter last year.

Accounting yield for the average investments held in India was at 7.1%. In terms of the guidance, like Srini said, we expect our revenues to be in the range of $2.571 billion to $2.625 billion. This translates to a sequential guidance of negative 1.5 to a positive 0.5% in constant-currency terms. We can now open the lineup for Q&A. Thank you.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. We'll take our first question from the line of Girish Pai from BOB Capital Markets. Please go ahead.

Girish Pai: Yeah, thanks for the opportunity. I wanted to ask about the TCV number, which is down quarter-on-quarter quite a bit both from large deal and the total TCV perspective. Were these numbers up to your expectations? If not, what exactly transpired in the quarter?

Srini Pallia: Hi, Girish. Srini here. As far as our TCV of quarter two is concerned, we had few deals where the contract could not be signed on time, because of which they're slipping to this quarter. And both the deals that we could not sign will get signed. As far as we are concerned, the pipeline is very robust. And in addition to this deal -- these two deals, we have a very strong pipeline for quarter three itself. And we are very optimistic of better closure in quarter three as far as TCV is concerned, Girish.

Girish Pai: Okay. The other thing I wanted to ask you is regarding GCCs. There seems to be a tendency of some customers selling off their GCCs to vendors like you, and I've seen this happen with HCL Tech and TCS and all that. So are there many more such deals in the pipeline? I mean, are there many more customers wanting to sell off the GCCs for whatever reason?

Srini Pallia: So, Girish, if you look at the GCCs, there are four opportunity areas. One is the greenfield, where the client has already has GCC and looks at companies like us to come and help them to enhance and bring in AI transformation to that. Second, there are brownfield, where we actually help the clients enhance their capabilities. And then there are some clients who would want to monetize their GCCs. As far as we are concerned, we partner with our clients in all, whether it's greenfield, brownfield, or any monetization opportunities.

Girish Pai: Okay. Lastly, when is the salary increase going to happen?

Aparna Iyer: Girish, you would note we just gave a salary increase effective 1st March 2025 -- sorry, 2026. So it's been just a few months since we rolled out. So right now, it's not under consideration.

Girish Pai: Okay, thank you.

Moderator: Thank you. We'll take our next question from the line of Sudheer Guntupalli from Kotak Mahindra AMC. Please go ahead.

Sudheer Guntupalli: Hi, Srini. Thanks for the opportunity. My question is as the AI tech diffusion happens from the hardware layer downstream into consulting and services…

Srini Pallia: Sudheer, sorry to interrupt you. We could not hear you properly, Sudheer.

Sudheer Guntupalli: Hello?

Srini Pallia: Yeah.

Sudheer Guntupalli: Hope I am clear now?

Srini Pallia: Yeah, much better.

Sudheer Guntupalli: Yeah, yeah. No, Srini, thanks for the opportunity. And my question is as the AI tech diffusion happens from hardware layer downstream into consulting and services, and the fact that most of the players are now look to be excessively leveraged in the overall ecosystem, any thoughts on

using your cash-rich balance sheet to make, you know, very big bang acquisitions like we had done in the cloud wave, be it the likes of Capco, Rizing, etc.? So any thoughts of using our net cash balance sheet this time around, which could be a source of your competitive advantage?

Srini Pallia: So, Sudheer, if you look at broadly, our growth strategy is both organic and inorganic. As far as the inorganic play is concerned, we look for opportunities which can enhance our strategy, which is consulting-led and AI-powered, within the sectors -- our priority sectors and the markets that we go after.

As far as, acquisitions are concerned, our strategy will continue to be the same. We will look at opportunities that can enhance our value. Just to give you a context here, if you look at the acquisition that we made with Harman DTS, it actually gave us capabilities around design to manufacture and connected services.

If you look at as part of the Olam deal, we actually acquired Mindsprint, and that has given us capabilities around food and agri sector, supply chain, and also farm to fork process. So we will look at those opportunities, Sudheer, and constantly look out for that.

Sudheer Guntupalli: Got it, Srini. Thanks. That's it from me.

Moderator: Thank you. We'll take our next question from the line of Ravi Menon from Axis Capital. Please go ahead.

Ravi Menon: Hi. Thank you for the opportunity. Srini, when the downturn in spending started in BFSI, you guys were the first to be impacted because of the high exposure to consulting. Now when the spending's starting to pick up, at least it seems like it from the results of your peers, BFSI seems to be doing well, you're not seeing to get the full benefit of that yet.

Is there anything that's holding us back, any client-specific issues, anything like that in BFSI? Or is consulting not really picking up, and these are more vendor consolidation deals that others have seen?

Srini Pallia: So, Ravi, if you look at BFSI from a Wipro perspective, we grew 1% sequentially and 1.3% on a year-on-year basis. We had some good wins in this quarter, that is quarter two. And we actually won a consulting-led transformation deal that I covered in my opening remarks. One of the mega deals we had announced earlier where ramp-up was delayed is now starting to ramp up. Additionally, if you remember, a specific customer in BFSI Europe had earlier decided to move part of the work to their captive, which impacted our revenue.

The good news is that we are now seeing good momentum building up with this customer, and it is reflecting in the growth numbers in the current quarter and going forward. Also, Capco, which is our consulting arm for BFSI, has done a very good performance, including growth across continents, APMEA, Continental Europe, and UK. So that's where we are. As far as the

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BFSI segment, if you were to look at from a market perspective, Ravi, technology spending in BFSI remains resilient, and AI and data investments are growing meaningfully.

And you know, some of them are through reallocation, and some of them are through productivity takeout. So and again, across banking BFSI segment, starting with the banking, a lot of work and a lot of opportunities for us around core application and data modernization. You know, like, it also includes all this cloud migration, some of the clients are looking for application rationalization, creating AI-ready data foundation. So and to me, BFSI is we have a very strong pipeline, and BFSI as a sector remains very resilient for us.

Ravi Menon: Thanks, Srini. Appreciate that. Over the last, I'd say, maybe two, three years, we have seen even a growth in one or two quarters whenever we have a large deal, maybe vendor consolidation deal, and I guess then since the overall spending environment was muted, we've seen declines in other quarters, right? And do you think now we have a clear trend where, at least in BFSI, we see consistent growth in the coming quarters?

Srini Pallia: Like I said, I'm very optimistic about BFSI as a sector for us and for the industry as well.

Ravi Menon: Thanks a lot, Srini. And would you expect this to lead growth for you in the coming year?

Srini Pallia: Sorry?

Aparna Iyer: It's BFSI.

Ravi Menon: Would you expect this vertical to lead growth for you in the coming year or is would you expect one of the other verticals to actually be the growth leader within your portfolio?

Srini Pallia: So Ravi, I'll let my team compete. It is between BFSI and Tech.

Ravi Menon: All right. Thank you, Srini. Appreciate that. Okay, best of luck.

Moderator: Thank you. Before we take the next question, would like to remind participants, to ask a question, please press star and one on your phone. Next question is from the line of Sandeep Shah from Equirus Securities. Please go ahead.

Sandeep Shah: Yes, thanks for the opportunity. Just some clarification. Sir, you Srini, you earlier alluded in the earlier quarter earnings call there are some client-specific issues. So any status update on the same? Do you believe largely behind or may have some impact in the second half? Second, the guidance for this quarter will have some inorganic acquisition-led growth that have been built through Alpha. So can you quantify that? And even for the 2Q, what was the organic growth?

Aparna Iyer: So, Sandeep, I'll just wanted to reiterate, the client-specific issues that we had highlighted are largely behind us, and if at all Q3 we should be you know, large part of it should be done. Second, I think your second question was around acquisition and inorganic growth. We have referred to this in the past when we spoke of Mindsprint.

It was actually an acquisition that we did in the context of a deal because we found the capabilities to be something that could add value to Wipro at an overall basis as well. And that was the reason why we did it as a part of a structured large deal with Olam. We did have one month's revenue that came through. The other one that you're referring to in terms of Alpha Net is more of like a tuck-in within a large client, where we are looking at consolidating vendors out. We are not calling out the impact of that specifically. It was not very material.

Sandeep Shah: Okay. And just the last question, you also said that going forward margins may keep increasing despite investment. So do you believe we may again by Q4 be in the target range of 17, 17.5?

Aparna Iyer: Sandeep, we our endeavor is to continuously improve margins from where we are. Like I said, we rolled out a hike, and therefore the margins had come down, and the operational improvements will continue to kick in through the quarters, and that does help the margins go up. We'll also have to invest for growth.

There are two areas. One is, of course, in terms of you know, the AI-Native Unit that we've called out, that will be a place where we will continue to invest. And we will invest in our clients and our business as and when need be. So yes, I do think that you know, from a we would like to get back to the band as quickly as possible, but we're not putting a timeline out there.

Sandeep Shah: Okay, thanks and all the best.

Aparna Iyer: Thank you, Sandeep.

Moderator: Next question is from the line of Girish Pai from BOB Capital Markets. Please go ahead.

Girish Pai: Yeah, thanks for the follow-up opportunity. Srini, this is more to do with the industry, not so much about Wipro. What do you see as an outlook for demand over the next 12 months? Is it better than what you saw in the last 12 months? That is question number one. Second, the deflationary pressures, how long do you think this will continue? Are we in the early stages or the middle of the deflationary cycle or we're at end?

Srini Pallia: So Girish, like I said, there is no change in the demand environment. However, the client discussions today are increasingly about accelerating AI adoption, AI deployment, and also innovation, many of our clients are innovating leveraging AI. The idea for them is to clearly create long-term business value and also look at the return on investment.

So, from that perspective, the demand environment continues and AI continues to accelerate, and we see a lot more opportunities around AI. However, cost optimization and vendor consolidation continue to be other drivers for our clients.

In this context, what I would say is I would look into our pipeline today. The pipeline for quarter three, quarter four, and year ahead, it is extremely strong, and like I said, quarter 3, we should

have a very good bookings based on what we see and some of the deals that could not be closed in or the papers could not be signed in last quarter, they will also move in.

So net-net, I would say we also need to look at from sector-to-sector. Like I said, BFSI, I was optimistic. Now if you look at Tech, which I just said that BFSI and Tech could be the 2 sectors who could compete for the growth for at Wipro. And within Tech space, there are multiple opportunities that we have. Some of them are AI moving beyond software and becoming part of the infrastructure, products, and also physical operations of the business.

So, if you look at AI data centers or AI factories or AI foundry services, and also in this segment we are seeing good traction, that's why I called out physical AI, and autonomous business aspects, because we are helping bring AI into machines and physical operations by applying AI to machines and the real-world operations, if you ask me.

This will help our clients not just from a productivity, but also safety and responsiveness. So this is another sector we continue to grow in addition to BFSI. I talked about EMR. It was a good quarter, and we're seeing very strong traction, especially in the energy segment within EMR, and while EMR has overall growth sequentially and we see this traction with some of the wins based on the previous quarter.

So again, this is another segment that we continue to see traction, because we did take some time to start bringing growth back here, and now the growth has come in. So it goes, Girish, goes by sector-to-sector and also goes by market-to-market. If you look at US economy, very strong, and I think we continue to see strong pipeline out there.

Europe, despite what's going on, some of the countries there, the clients are definitely looking at not just the cost optimization, vendor consolidation, they are also relooking at their AI strategy, Sovereign AI, specifically in the context of the geopolitics.

Girish Pai: And the question on deflation, where are we in the cycle?

Aparna Iyer: So, we've spoken about this in the past, Girish. Typically, our contracts are about 2 to 2.5 years in terms of the average tenor, right? And we've been in this cycle for at least last 2 years and or thereabouts, 1.5 to 2 years. So in some sense, a lot of the contracts that we've had have been refreshed and renewed. So in some sense that we should be at that inflection curve in a few quarters. That's the way we read it.

Girish Pai: Okay, thanks.

Aparna Iyer: Thank you.

Moderator: Thank you. We'll take our next question from the line of Vibhor Singhal from Nuvama Equities. Please go ahead.

Vibhor Singhal: Yeah. Hi. Thanks for taking my question. Two quick questions from my side. So, Srini, on the I don't -- I'm sorry, I got disconnected in between, so I'm not sure if you answered that before. On the healthcare side, just wanted to pick your brains on we saw a weakness in this quarter, and it's been kind of continuing for some time for us.

Healthcare is a vertical where I think a lot of companies in our space are very excited about, and they're opening up their new basically verticals in terms of healthcare, which suggests to suggesting to us that there is very little outsourcing penetration in this segment.

So how do -- what does our takeaway in this sector, reasons for our slightly low, I understand, lower growth or decline in this quarter, and how do you see the vertical going over the next few quarters?

Srini Pallia: Sure, Vibhor. I think one -- thanks, Vibhor. As far as health as a sector, especially in the US, it is impacted by policy changes, and large US payers despite this, very intensely focused on cost takeout and also operational efficiencies, because the membership growth is slowing down, and their margins are remaining continues to remain under pressure.

Thereby, payers are tightening discretionary spend and prioritizing AI, automation, and in fact, some of the compliance aspects of it, and also productivity-led transformation initiatives. If you look at regulatory mandates, like this program interoperability, especially in the Medicare, Medicaid aspects, the prior authorization reforms.

I think, these are also getting into the mix as far as we are concerned. However, in a from a context of Wipro, we have built our end-to-end platform-based services, which again obviously resonating well with our customers, and this is a major differentiator, because we are able to bring in ACA, Medicare, and Medicaid together in a under a single platform.

We are also seeing demand from first-time outsourcers in the healthcare segment now who are looking at outsourcing IT services to especially because of the sustained cost pressures that they are going through. We expect health to benefit on account of seasonality in quarter 3, though not to the extent seen previous years, Vibhor.

Vibhor Singhal: Got it. Got it, Srini. That's really helpful. And just one last question on the deal win side. So, I think the deal win in this quarter, I know you alluded to that in the opening remarks. So, was it purely because of the -- I mean, some slippages that we saw in this quarter towards the end maybe which could possibly come in the next quarter or as I think we've kind of heard a lot of companies pointed out that in this quarter, we had some pull back in clients and some slow decision-making because of the Gulf War. So if you could just throw some color on that, that will be really helpful?

Srini Pallia: Sure, Vibhor. We had confirmed orders in quarter 2. Unfortunately, some paperwork did not get signed. So those deals, we will pick it up in quarter 3. So, they're not going anywhere, there is no impact on that aspect. So it is good news that they're getting signed now.

Also, like I said, the pipeline for quarter 3 is very robust. We are very optimistic on the deals that we have at this point in time, and these are all good deals and should give us the revenue once we close this deal, should give us revenue upside in quarter 4 as well. So the focus right now for us is to close this quarter 3 deals. And all I can tell you is that it is robust and it is positive.

Vibhor Singhal: Got it. Got it. Great. Thank you so much for taking my question, Srini, and wish you all the best.

Moderator: Thank you. Next question is from the line of Ashwin Mehta from Ambit Capital. Please go ahead.

Ashwin Mehta: Hi, thanks for the opportunity. Just a follow-up to what Vibhor asked. So you've seen health exchange enrollments drop by almost 18% in June. We typically used to do this business, so just want to get a sense on how big is this business in our healthcare vertical, and how do you see this playing out in the December quarter, because typically that's where the peak enrollment season kicks in?

And the second question was in terms of, like we're talking about positivity in terms of deal flow in the next quarter. So in that context, the 6,500-plus people being cut in this quarter, any particular segment or where these cuts have happened, any color on that? And given the improved deal flow, do you think the fourth quarter will be a positive growth quarter for us?

Aparna Iyer: Okay, Ashwin. Thank you for your question. So let me take some of invites? And then if I've missed anything, you just alert me again. In terms of the bookings, and therefore will our quarter four outlook be better? That is the visibility that we have at the moment. We are very confident about the deal pipeline flow, and like Srini said, expecting to close some of those deals in the early half of this quarter, and that should increase our confidence of you know, increase the confidence for the outlook for Q4 for sure. Your other question was around…

Srini Pallia: This was around health enrollment. As far as we are concerned, we don't call out that specific number, Ashwin. We just give the overall health numbers. And like I said, that we had we did have an impact because of some of the policy-related changes that happened to some of the payer US payers.

And the idea here is to look at proactively creating some of the new -- newer deals, and first-time outsourcers were also considering taking the especially because of the cost pressures, they would like to outsource. So the deal pipeline continues to build up here. So from that perspective, I think, we should see good time sooner than later. And if you remember, Ashwin, last many quarters, health has been -- has done very well for us, and we have significant capabilities and competencies in this sector.

Ashwin Mehta: Okay, thanks. And just a follow-up, in terms of the head count cuts this quarter, what was the driver for that?

Saurabh Govil: From the headcount, if you look at it, year-on-year it's flattish. So and particularly in this year this quarter, if you look at it, first half, we didn't go on campus. So, that's the thing. We will be going to campuses to hire given the volume growth in the second half. So I think it'll even out as we move forward. We're also driving productivity from AI projects. So that is also coming in…

Ashwin Mehta: Okay, thanks a lot and all the best.

Saurabh Govil: Thank you.

Moderator: Next question is from the line of Dipesh Mehta from Emkay Global. Please go ahead.

Dipesh Mehta: Yeah, thanks for the opportunity. Couple of questions. First about, just to get sense about furlough. How do you expect furlough to play out this year? Second question is about the two deal which you referred, which got delayed in terms of signing. Whether we close both the deal in terms of signing this quarter or it is yet to be signed kind of thing?

And last is about let's say if I look overall vertical perspective, except Health, broadly, we are seeing growth momentum, recovery, and on the positive side. Health also, we are hopeful of things to improve. Considering broad-based growth returning, are we confident let's say sequential growth resuming for us in maybe a couple of quarter down the line, if you can provide that sense? Thank you.

Aparna Iyer: So, in terms of the furloughs, they are they come every quarter three for us, and that's the seasonality that plays out, both in terms of lower number of working days and the furlough. They're not unusual. They will be they are expected to be broadly in line with what was there last year, that's at least what we've baked into the guidance, and we will try and optimize from here on.

Your second question, Dipesh, was on the large deal wins, whether they've been already closed. Like Srini said, they are in the process of being signed, and we're confident of securing both the deals, and we will share that with you when we meet next in January. Your other question was on when we can whether -- we can be confident of sequential growth in quarters to come.

That is the endeavor. We would certainly we are trying to grow the business consistently, sequentially in terms of the organic growth, and that will be the endeavor. You know, we don't guide for the year. We guide only for the quarter, but based on the pipeline and the confidence that we have, we will share more with you when we meet in January.

Dipesh Mehta: Understood. Thank you.

Moderator: Thank you. We'll take our last question from the line of Gaurav Rateria from Morgan Stanley. Please go ahead.

Gaurav Rateria: Hi, thank you for taking my question. Srini, just wanted to understand, you know, various service lines that we have, at what stage of the journey we are in in terms of transformation led by the AI infusion that we are doing across the board?

Srini Pallia: Gaurav. If you look at from a strategy perspective, we called out consulting-led, AI-powered Wipro. Second, we called out Wipro Intelligence Stack as from an execution perspective. There, we had three categories. Build AI, which is supported by our WEGA platform. This is around the software development life cycle, product development life cycle.

We called out Run AI, which is more run and operate, which is WINGS platform that we have. This helps our clients to improve their productivity, velocity, and experience as well. And then, we called out Reimagine AI. In Reimagine AI, there are three big components. One is AI consulting and advisory.

One of the examples I talked about is the win that we had through Capco in one of the large BFSI client, and you actually followed it through downstream revenue. Second, we I talked about new AI services where we are investing, and that continues to grow for us, because these are the services that were not existent a few quarters back, but they are really picking up, because AI is also evolving.

The adoption and deployment of AI is also a priority for our clients. So this part really helps them. And the third piece is our AI-Native Unit, where we're building industry and cross-industry platforms, specifically in pure industry segment, whether it's to do with aviation, to do with healthcare, to do with telecom, right, and to do with mortgage, to do with insurance, and so on and so forth.

These are platform play, it's like software as a service or such a combination of platform plus services, and we're seeing a very good traction here, because we are reimagining the end-to-end process with AI for our clients, and this platform actually fits in where they can actually transform their business processes. Net-net, I think AI is really helping us in the context of pipeline and also in the context of winning them in the marketplace.

Gaurav Rateria: Got it. Got it. The second question is, you know, this 3Q guidance has have an impact of probably furloughs and some client-specific challenges that are, you know, flowing through in 3Q as well. Is there also an element of the deals getting pushed out, which kind of haven't has an impact on the guidance in 3Q, and if the deal wins get bunched up in 3Q, could that have a positive influence on the 4Q revenue conversion metrics?

Aparna Iyer: Yes, Gaurav. The short answer to that is yes, it will have a positive impact on the quarter four outlook for revenue. To your other point on whether the quarter three guidance includes the impact of some of these large deals getting pushed. You know, we guide in a range, right?

Obviously, the and what you should look at the guidance factoring and the majority, I mean, what is really largely leaving this is basically the furloughs and lower working days. And outside

of that, you know, we will we'll have a range to operate, and assuming we are able to convert some of these deals, you know, that should also help in in-quarter execution of quarter three.

Gaurav Rateria: Got it. Thank you so much. All the very best.

Moderator: Thank you. I now hand the conference back to Mr. Abhishek Jain for closing comments. Over to you.

Abhishek Jain: Thank you all for joining the call. In case we could not take any questions, please feel free to reach out to the investor relations team. Have a nice day.

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