

Wipro set to outpace rivals this fiscal year

In a first, the IT firm is poised to post the fastest annual revenue growth

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Wipro Ltd is set to report the fastest annual revenue growth among India's top five software services firms this year.

Wipro's performance will be the first for the company in the nearly three-decade history of the Indian outsourcing industry, where it competes with Tata Consultancy Services Ltd, Cognizant Technology Solutions Corp., Infosys Ltd, and HCL Technologies Ltd.

An industry-leading 12.2% sequential revenue growth in the June quarter has set up the Bengaluru-based company, spearheaded by chief executive Thierry Delaporte, firmly on course for the rest of the year.

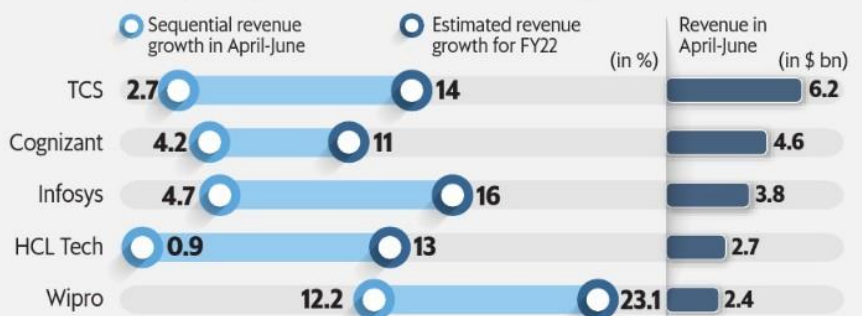
Wipro does not give a full-year forecast. Instead, it has predicted a 5-7% sequential revenue growth in constant currency terms this quarter.

Assuming the company does not report any sequential revenue growth in the third and the fourth quarters, Wipro will still end FY22 with a revenue of \$10.01 billion, a 23.1% rise from last year's \$8.13 billion, according to *Mint's* calculations.

"We have guided for revenue growth of 5% to 7%. Even at the lower end of this guidance, we will cross the \$10 billion annual revenue run

ON YOUR MARKS

An industry-leading 12.2% sequential revenue growth in the June quarter has set Wipro up firmly on course for the rest of the year.



Note: % growth is in dollar terms, except for Infosys and Cognizant whose revenue estimates are in constant currency terms. Cognizant, Infosys and HCL give full-year guidance, while Wipro gives only quarterly guidance. Even if Wipro does not report any sequential growth in the third and fourth quarters, it will grow 23.1%. HCL Tech's and TCS's FY22 growth estimate is based on estimates of eight analysts.

Source: Mint Research

TURNING THE CORNER

THIS quarter, Wipro sees up to 7% sequential growth in constant currency terms

WIPRO may end FY22 with \$10 bn revenue, a 23% jump from last year

THE firm has struggled to keep pace with its peers in the last decade

SARVESH KUMAR SHARMA/MINT

rate, which we are very excited about," Delaporte said in a post-earnings call with analysts on 15 July.

"While we do not guide for the full year, you know that the Q1 performance and the Q2 guidance sets us up for well ahead of double-digit growth for the full year, even excluding Capco," he said. Wipro bought London-based Capco for \$1.45 billion to bolster its presence in the banking and financial services business in March.

Double-digit organic growth is important as Wipro has struggled to keep pace with its larger peers in the last decade, especially over the last few years. A case in point being in 2018 when the company did not see any organic growth.

Wipro's share performance in the past 14 months is reflecting its improved financial performance. The shares nearly tripled between

TURN TO PAGE 6

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FROM PAGE 1

29 May 2020—when it announced Delaporte’s appointment as the new CEO—and 30 July this year. Shares of Infosys, HCL, TCS and Cognizant have given returns of 133%, 89%, 60% and 37%, respectively, during this period.

Cognizant has reported the fastest full-year revenue growth in 14 of the last 22 years since it went public in 1998. The Teaneck, New Jersey-based company said last week during its second-quarter earnings that it expects to grow at the most 11% this year. Cognizant follows the January to December calendar year, while Indian IT firms follow the April-March financial year.

Bengaluru-based Infosys has forecast its full-year revenue to grow between 14% and 16% in constant currency terms.

Meanwhile, HCL said it expects double-digit revenue growth. However, a muted performance in the June quarter means the Noida-based firm

will grow at best in the low teens, according to estimates from eight analysts. TCS, the largest IT firm, does not give any quarterly or yearly guidance. But a 2.7% sequential growth in the first quarter means full-year revenue is expected to grow at best 14%.

An aggressive acquisition strategy, along with setting in place a simplified organization structure, assembling a new team, including hiring senior executives from companies like Accenture, and a slew of other initiatives such as empowering client account partners, has helped Delaporte steer



Wipro chief executive Thierry Delaporte.

Wipro well until now.

But both analysts and company executives maintain that it will be early to say if Wipro has indeed turned the corner.

“Wipro’s revenue fell about 1.5% (in the year ended March 2020) when both Infosys and HCL managed to grow topline. TCS’s revenue marginally declined (0.7%). All the companies were impacted because of covid. So a two-year CAGR revenue growth will be a better way to compute how the companies have fared. Most importantly, to know if Wipro’s turnaround is complete will be to see how it

Double-digit organic growth is important as Wipro has struggled to keep pace with its larger peers in the last decade

grows next year,” said a Mumbai-based analyst at a domestic brokerage, on condition of anonymity.

“The CEO has not said all company-specific issues have been resolved. We are

cognizant of pockets of slow growth and a few other challenges, and we are working,” said a senior executive, who reports to a member of the executive board and to Delaporte. The executive did not want to be named as he is not authorized to speak to reporters. “But we have started well and are hopeful we will be able to sustain this momentum”.



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