



Wipro Limited

Q4 FY 2021 Earnings

Conference Call

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Management

Mr. Thierry Delaporte

Chief Executive Officer & Managing Director

Mr. Jatin Dalal

Chief Financial Officer

Mr. Saurabh Govil

President & CHRO (Human Resources)

Ms. Aparna Iyer

Vice President & Corporate Treasurer

Moderator: Ladies and gentlemen, good day and welcome to the Wipro Limited Q4 FY'21 Quarterly Investor 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.

Aparna Iyer: Thank you, Stanford. A very warm welcome to our Q4 Earnings Call. We will begin the call with "Business Highlights and Overview by Thierry Delaporte", our CEO and Managing Director, followed by "Financial Overview by our CFO, Jatin Dalal." Afterwards, the operator will open the bridge for Q&A with our management team.

Before Thierry starts, let me draw your attention to the fact that during the call, we may make certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act 1995. These statements are based on management's current expectations and are associated with uncertainties and risks, which may cause the actual results to differ materially from those expected. These uncertainties and risk factors are explained in our detail filings with the SEC. Wipro does not undertake any obligation to update the forward-looking statements to reflect the events and circumstances after the date of filing. The conference call will be archived, and a transcript will be made available on our website.

Over to you, Thierry.

Thierry Delaporte: Aparna, thank you. Good morning, or good evening, everyone. And thank you for joining us today. It's definitely good to be able to speak to you again this quarter. I hope you have been staying safe. There are some of you may now be vaccinated, but if not, I really hope you have accessed the vaccine soon. In fact, talking about that, I'm happy to share that for our colleagues based in India, we will be organizing vaccination camps in our campuses as per the guidelines set by the government. And we will reimburse the cost of vaccination for not just our employees, but their families as well. Much needed relief in a tough year for everyone around the world. But thanks to the grit and perseverance of our entire team, we are stronger and more resilient than ever before.

As you would have seen, our Q4 performance was built on top of a momentum we saw in the last quarter. We have reported solid growth in revenues, healthy order booking and frankly, great execution resulting in robust margins. This sets the stage for the next quarter and the next financial year as well.

Now, let me give you some more details on the "Results," right. Let's start with the "Revenue." Revenue growth during the quarter was 3.9% in reporting terms, and 3% on constant currency terms, which is at the top quartile of our guidance range. I'm very pleased to tell you that this is the best fourth quarter results we have reported in the last 10-years. This was led by a good volume growth despite the steep decline in the first quarter of the fiscal year because of the pandemic, we bounced back to finish the year with only a marginal decline of 1.4% year-on-year.

Now, let's look at the "Demand." The demand environment right now is robust and our overall pipeline is pretty healthy. In fact, our total contract value of order book in the second half H2'21 grew by 33% year-on-year. That is the highest total TCV we've ever reported.

You may ask what has led to this performance. First of all, I would say there's an increased activity in the market that we have leveraged very well. Secondly, our numbers reflect the large deals we've been able to close; we have closed 12 large deals, resulting in a TCV of USD1.4 billion. This TCV includes a mega deal that we closed during the quarter in our Americas market, which should lead to revenue of over \$1 billion over the deal duration.

I previously talked about how M&A is going to be an integral part of our business strategy. And you see that in the last two quarters, we've announced acquisitions across several key markets, including the US, Europe, Latin America, Australia, India. These acquisitions have strengthened our local presence and our service offerings. During the quarter, we also announced our largest ever acquisition of Capco. This acquisition of Capco will strengthen very significantly our position in the global financial services market, it's very clear. We are quite excited to embark on some exceptional domain experts and leadership talent in that space. We remain hopeful of closing this transaction as early as possible. So, you would have seen that we announced the acquisition of Ampion, an Australian-based provider of Cyber Security, DevOps, and Quality Engineering Services. This acquisition will help us definitely expand our footprint in Australia and accelerate our growth in the Asia-Pac region. Our strategic mergers and acquisitions over the years have created a vibrant new age and diverse community of talent around the world. Some of you may have noticed that on April 1st '21, we retired some of our individual acquired brands, and we united seven such produce acquisitions, thereby, truly integrating everyone under one brand, one identity, and one mindset and ambition that now allows all of us to go to market as one Wipro.

First point is on margin. Our operating margin during the quarter was 21%. It's a 340 basis points increase year-on-year. Our operating metrics have shown consistent improvement with utilization and offshoring being at the highest ever.

I'm pleased to share that we released as promised salary increments and promotions, covering approximately 80% of our employees effective January 1, 2020.

We are pleased with our execution, which has also resulted in operating margin of 20.3% for the full year, an expansion of 200 basis points in the financial year.

Now what speaks of our focus is that we completed Q4 in an entirely new operating model. This was in fact, first quarter under the new organization structure that I had announced in November '20. So, essentially, we undertook the biggest ever transformation of the company, and saw little-to-no disruption in our market focus. Our results bear that out! Change takes time, but I'm pleased to share that we are now well settled in the new ways of working with the spotlight firmly on our customers' needs.

There is now a new cadre of leadership that has joined existing executive team. All key positions have been filled. I'm really proud to say that my senior team is truly diverse and brings to Wipro

the kind of inclusive leadership that is not so typical of our industry, historically. But it's imperative that we build local talent and improve ethnic and gender diversity. Of course, a lot more needs to be done, but I want to take a moment to note the progress we've made.

Now, let me add some color to the underlying business performance. All our members are in constant currency for ease of reference. Important to note there is significant traction across all our markets, which means our growth is broad-based and therefore sustainable. In America, we grew 3.5% sequentially. With most of the sectors showing strong growth, our deal closures will provide a solid platform for next year. In Americas too, we grow 4% sequentially, that led by a surge in volumes. The demand in the BFSI sector is strong across all service offerings. The manufacturing business is recovering, while our energy and utility business is likely to remain slightly volatile. Our European markets have delivered a sequential growth of 3.7% on the back of several large deal wins that we've had through the year; United Kingdom and Ireland, Benelux, Germany grew collectively by 5.6% sequentially.

Finally, our APMEA markets declined slightly. But frankly, that's due to conscious exit in some of the low-quality businesses in the Middle East market. But what I want to highlight is that all the other regions collectively have grown by 3.6% sequential.

Now, looking at our global business lines, the IDEAS global business line, which constitutes applications, data and engineering, grew by 2.1% quarter-over-quarter. This was led by a greater demand for service offerings, digital experience, and data and engineering services. Our older global business line iCORE grew by 4.3% quarter-over-quarter with all three service offerings, that is to say, digital operations platform, cloud infrastructure services, and our security practice growing well.

Another indicator of how broad based our growth was, is to note that our top five, top-10 customers are growing well ahead of the overall company.

Now, let me give you a sense of the kind of deals we are winning. That also gives you a picture of the current business landscape. One of the best examples is what we already announced, the five year deal with Telefonica/ O2, which was signed in February '21. As we look at our customers buying patterns, this deal truly represents a lot of what we are seeing across industries, and I will illustrate it through three examples. One, almost all customers believe that now is the time for radical renovation of their IT environment. While there are many strategies and approaches to a top to bottom overhaul of the IT space. The goals are similar to significantly change the speed, the efficiency, the cost, the effectiveness of how IT support business growth, innovation, and customer experience. Wipro is very well-positioned to serve customers across this spectrum of IT transformation.

Second, Cloud is at the center of customer conversations. Cloud is, in fact, becoming the computing platform for large percentage of infrastructure and applications in the future. Whether the conversations focused on cloud migration or cloud native applications, multi hybrid public or

private cloud, customers are seeking Wipro's partnership in cloud to help them shift their operating models as well as innovating across the enterprise value chain.

Third, we are co-investing in business value and outcomes to our customers, demonstrating our long-term commitment to them while supporting their funding model. Deals become more integrated, transformational and require greater innovation across the ecosystem, we expect more conversations in this area.

Another deal that we have won with similar contour is a European mapping and location data company, that has selected Wipro to partner in their cloud and digital transformation journey. As part of that engagement, we probably set up next gen high rig cloud operation centers and be futuristic as to the mapping domain. We will leverage our HOLMES AI robotics platform to enable a fully agile and DevOps organization, improving productivity and enhancing user experience for the customer.

And finally, on to our outlook for the next quarter. We are guiding for a revenue growth of 2% to 4% outside of Capco and Ampion. These will translate into a year-on-year double-digit growth of 11% to 13% for this quarter. This guidance reflects the environment we are operating in, our increased focus on the market and our improved execution rigor. We recognize that we are competing for quality talent and we are fully prepared to lead the war for good times. We are investing in building talent at scale. We have implemented several interventions to retain diverse talent as well. In parallel, measures are in place to ensure the supply chain does not slow down our pace of growth. This includes, but is not limited to 1. promotion cycles across bands, 2. skill-based differentiated bonus and 3. The roll out of the much-deserved salary increases for senior colleagues in June '21. Our margin in Q1 will reflect these investments for growth.

To summarize, we are pleased with the current business momentum and we are optimistic about strengthening that momentum going into the new financial year. All our key markets are growing on a year-on-year basis. And that's the solid foundation we are starting FY'22 on.

A final but very important point that I must make today is on the philosophy that we grow have been passionately practicing for the last 10-years that our business should not be detached from the evolving climate crisis. So, I want you to know that our growth ambition fully incorporates our decarbonization efforts and builds on our ESG roadmap. In the coming days, you will see us make some significant announcement on this front. More on that later, but now let me hand it over to Jatin for his comments on the financials.

Jatin, over to you.

Jatin Dalal:

Thanks a lot, Thierry and good morning, good evening to all of you who are joining our earnings call once again. A great pleasure for us to host you. Let me give you a summary of our performance. As Thierry spoke about, we delivered our Q4 in the top quartile of our guidance range at 3%. In reported terms, this was 3.9% sequential. And this comes on the back of two good quarters, where we delivered in Q3 3.4% sequential growth and before that- 2%. So, overall, we are tracking a good trajectory as we complete this financial year. Our operating margin in Q4 was

21%, which compared to 17.6% of Q4 of last year, was 340 basis points up. We feel quite well about the kind of execution that we were able to achieve in Q4 and deliver this operating margin. For full year, we delivered 20.3% operating margin for IT services. And this was a 220 basis points expansion for the full year.

For the full year, our ETR was 21.8%, the ETR was lower in Q4 because of couple of tax matters getting settled and we got some upsides on that. But we delivered 21.8% of ETR in the full year of '21 compared to 20.2% in fiscal 2020. Resultant, our net income for the full year grew 11% and our EPS growth for FY'21 was 14.6% YoY.

Let me speak a little bit about FOREX. We were able to achieve a healthy realization of 73.83 for every dollar in Q4. As we ended the year, we had about \$3.2 billion of FOREX hedges.

Let me speak about "Cash Flow." In Q4, our cash flows were a little lower, as you know, DSOs are significantly better in Q3, they go up slightly in Q4, typically, in the beginning of the year. There is a little more time taken to issue fresh POs and by the time you bill against those POs, the collections typically slip slightly into April-what should have come in March. So, therefore, typically in Q4, we have a slightly higher DSO compared to Q3. So, that has one impact. But I'm pleased to say that in this Q4, we have improved our DSO by about eight days compared to Q4 of last year. So, effectively year-on-year you would still see a strong improvement in cash collection.

Second thing is that because of the bank holidays and a few other things that impacts the cash payout, we have paid four salaries in India in this quarter. Of course, this doesn't impact P&L in any manner, but cash flow does get impacted. So, Q4 cash flow has been a slightly lower than what we would like. But I am very pleased to say that for the full year, we have had very robust cash flow generation. Our operating cash flow as percentage of net income is 137%. And our free cash flow as percentage of net income is 119%. You would have seen that our cash net of debt has come down at the end of March and compared to December end it was 5.2 billion, which is 3.6 billion at the end of March. And that is pretty much reflective of the buybacks that we have completed of \$1.3 billion in the course of Q4. Overall, we have a strong balance sheet, healthy P&L, and we look forward to FY'22. We have guided for 2% to 4%, as Thierry highlighted in his opening remarks, as the constant currency exchange rates provided in the press release.

We will be very happy to take your questions from hereon.

Moderator: Thank you very much, sir. Ladies and gentlemen, we will begin the question-and-answer session. The first question is from the line of Sudheer Guntupalli from ICICI Securities. Please go ahead.

Sudheer Guntupalli: Jatin, just a clarification; METRO AG, any change in the integration timelines? And of the 2% to 4% guidance for June 2021, what is the contribution you're expecting from Metro?

Jatin Dalal: Sudheer, thanks for your question. We are not breaking out a specific deal or a customer contribution to guidance, but certainly it's a deal where the principal component of ramp up is happening from 1st April.

Sudheer Guntupalli: My second question is to Thierry. In terms of the deal win if you can add further color on the renewals and net new deals and which areas are these into?

Thierry Delaporte: Sudheer, if I look at the performance or let's say the activity on the sales front, in the organization, one, we mentioned the fact that, if you look at our top deals, our key accounts, our large accounts, if you like, they are driving growth, they are growing faster than the average of the organization, which is what it should be. And so that's a reflection of the fact that in our existing account, we are expanding our position through new URLs, what we are doing in these accounts is certainly usually reinforcing our position, by expanding leveraging the different solutions and offerings we have inside the organization. So, increasing the number of our accounts that have more than one or two offerings and get from Wipro supporting them. Besides that, we have had a very solid and strong performance in generation of new opportunities in accounts, we don't have new accounts. And so I would say, frankly, you're right. To be able to drive growth, you really need to walk on two legs, we always say you need the hunters on one side, who are going after new accounts, and you need to have formers who are really growing existing relationship. And what we've seen over the last six months is that we've had some good wins, driven from hunters, so in new accounts, but over the last few months, the acceleration, existing account has picked up as well. And so that's, a reflection of the good activity in the market.

Sudheer Guntupalli: It has been some time since you had put the organizational changes into effect. And we have seen a lot of leadership additions and changes over the past few months in the organization. So, how do you think the employees of the company are taking these changes in terms of the satisfaction levels, about the organizational changes, any color on that will be helpful?

Thierry Delaporte: Sudheer, I organize a call with about 25-employees in the organization really selected based on their birthday. So, it is really people in the organization, often times at junior levels, with whom to get a feel, but also obviously connect and know them, but also get a feel for how things are perceived. And we are getting a lot of very good return on the direction taken. I think there's a great level of energy in the system of ambition as well. And I would say have confidence in the organization. So, people that are being really warm to the change. And to the new faces, I would say obviously as you said we've on boarded quite a significant number of senior leaders in our organization in very different force, the executive committee level five new members have joined the team over the last three months. And I think what's happening is really positive on one hand. They're very excited to join Wipro and get to know better the culture and the values of this organization, the spirit, that makes it so special. But they're also bringing a different perspective and seeing from different those organizations that they've worked with. And the way they are being welcomed by the Wipro organization is really good. I can tell you very pleased with the way those new people are integrating very rapidly and very actively in the organization.

Moderator: Thank you. The next question is from the line of Brian Campbell from Wedbush. Please go ahead.

Brian Campbell: A couple of follow up questions here; first, did you disclose the mix from digital during the quarter and the growth rates there?

- Jatin Dalal:** We have not shared that number as part of the communication that we have done.
- Thierry Delaporte:** Yeah, but let me take that one. So, I know that's almost companies continue to report on what is digital or what is not. And what we feel is that it's becoming a lot more and more blurred. And frankly, we are approaching percentages anyway where it's becoming the majority of the organization. So, it is not really serving the way the evolution of technology works. So, what we are doing is we have picked more specific offerings, that inside of you see the space around digital and cloud and so on, to really drive high growth. Now, to give you a view on the cloud, the cloud business for us, it's about a quarter of the revenue of Wipro, that's growing high double digits, right. If you look at cyber securities services growing double digits, if you look at digital customer experience, this is growing double digits. If I try to read the question correctly, there is no doubt that the pandemic has accelerated the transition or the rotation from I would say legacy solutions and offerings to digital and cloud and data. And that has been also one of the reasons why we are getting accelerated our growth frankly, because we are well-positioned in this space.
- Moshe Katri:** Okay. So, if I ask the question a bit differently, from your estimates, which part of the revenue base is not growing, or actually shrinking at this point?
- Thierry Delaporte:** What would be shrinking is, asset AV infrastructure business that is not in the cloud, that would be non-differentiated services, because by definition, there would be a cost pressure or need that would weigh on your revenue line. Those services are certainly being rapidly replaced by cloud data, engineering, security, and so on.
- Moshe Katri:** Okay. And then which part of the bookings for the quarter was actually from renewals? And maybe there is a way to look at this also from an annual perspective for the fiscal year, which part of bookings came from renewals versus new logos?
- Thierry Delaporte:** So, Jatin, you tell me if we have that. But what I can tell you is that the performance in bookings over the last six months does not come from, I would say, a pickup of renewals, an unusual pickup of renewals versus previous quarters. In fact, not the case. A lot of the growth we have seen is coming from new opportunities we have driven either proactively in our existing account, or with partners in other accounts. And so, frankly, I would tend to feel that at least I would say, and I would let you Jatin add, but I would say that there is not a bigger proportion of the bookings in the \$7.1 billion TCv sign that is coming from renewal than what we would have had typically in the previous quarters.
- Jatin Dalal:** Absolutely, Thierry. I mean, you articulated correct, in terms of the texture of this. And only additional data point, Moshe is, we have not broken down this overall TCv that we have booked, but we can talk about the \$1.4 billion of large deal that we have signed. And most of it is new and very little of renewal there to give you additional color as to how the business has come.
- Moshe Katri:** That's great. And then a final question for Thierry. Since you have announced the Capco transaction, did you have some more time maybe to look at it? Are you feeling more confident, less confident about the prospects here and any sort of incremental collar will be helpful? Thanks a lot.

Thierry Delaporte: So, Lance Levy and I are connecting continuously, okay, we are talking, we are obviously impatient to go through all the different steps to complete the process. We will, by the way, complete the process on time, within the timeframe that we had defined for it. The outlook, I cannot consider the deal is not done, I need to apply some reservation to the view, but it is positive, I can tell you it is positive, the trend is positive, the opportunities identified so happy to reconnect the Capco and the Wipro side of the BFSI business on specific accounts, as being there is a long list. As you can imagine, over the last month, as we are talking to clients and connecting with them, they are absolutely expressing impatience to start to engage with the Capco team and start to really reflect on what it means and how we can leverage our new position and our capabilities to serve them more. And so, to your point, which was, get a sense or the feeling for my level of confidence, one, and I know our chairman shared this view as well from a strategy standpoint, this was absolutely the right thing to do. And second, I think the process leading to the completion of the deal is running well, and so everything I have heard in terms of momentum and market impact at the moment on the Capco side is positive. So, hopefully soon more to come. But it is an exciting outlook for us.

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

Manik Taneja: My question is regarding the supply side environment, where you have spoken about giving hikes to the senior staff from June, just wanted to get some sense on the wage hike cycle for the overall staff for FY 2022.

Thierry Delaporte: I am sorry, I have not been able to understand your question. It is referenced to the supply side, but can you repeat?

Manik Taneja: Sure. Thanks, Thierry. So, my question is with regards to wage hike cycle for the overall staff for FY 2022. Any thoughts on when do we plan to roll out wage hikes for the entire staff? That is question number one. And the second question was with regards to pricing trends in the market. Just wanted to understand, are you seeing more progression towards skill-based pricing now, given the fact that customers have got much more accustomed to offshore delivery? And do you think that will be a margin lever for the industry as a whole over the next few years? Thank you.

Thierry Delaporte: Okay. So, let me take the question two, and Saurabh, I will give you the first one on the compensation evolution, the hike scene in organization. So, on the first one, which is the price evolution, so definitely I think it was very clear at the beginning of the pandemic that the shock on the overall performance of a lot of companies in different industries has led them to drive significant cost reduction program, even there. I do not think they are necessarily reduced spend in IT. They have certainly asked for effort and discounts and some super, at that time, but that was more to help on the short term. From an overall spend, I do not think there is going to be a slowdown, if anything, in fact, there is going to be an increase of the spend for technology over the next quarters. Pricing, I would say, what I would say is, I have seen times where there was a tremendous pressure on price. I do not think we are in this period. But I have never seen a period where there is no normal pressure. So, what I want to say is, of course, if you are working on solutions that are differentiated, prize, client is ready to pay the right price to get the right service, because transformation, what is at stake in the transformation is a lot more than what they potentially may say we need to be doing in the

technology spend. So, I think at the end of the day, to your question, I would say, yes, there is a pressure on pricing, but not more than what we have seen for many, many years, frankly. And second is, when you are on the right offerings, when you provide the right talent, the clients are willing to pay, the clients want to have the right talent, they want to have the best capabilities you can offer. And that is for sure a requirement. Saurabh, you want to maybe complement that one and take the first one?

Saurabh Govil: Sure, Thierry. Thanks. So, Manik, your question on overall wage hike for FY 2022, let me explain to you a bit. In Q4, effective 1st January of this calendar year, we have given hikes to 80% of our employees, the junior employees. And for the balance people, we are doing it effective 1st June, which is a normal cycle in Q1. We are also doing a couple of other things, one is that we are doing bonuses for skill-based bonus across the organization for the key skills which are hard skills in the market today, where you want to ring-fence our employees. So, that also we are doing. And we will have across the board, across the company promotion cycle happening in June. So, a number of interventions are happening for people. As regards the normal cycle for FY 2022, we have just given it three months back to our junior employees, we will take a call. As you know, we have called out that our supply chain will not be a constraint to manage the growth environment. And at an appropriate time, we will take a call when it is to be given. But our endeavor is to remain competitive and make sure we ring-fence the right skill, critical and right skill people in the organization.

Manik Taneja: Saurabh, thank you for that response. I guess in the press conference you mentioned that the wage hikes that were given by us in December were differentiated and ahead of industry. So, just wanted to get some thoughts there.

Saurabh Govil: So, yes, so what we have given to people in the January cycle, we believe that are increases for, A, we have differentiated our increases based on performance and criticality; second, on skill. And whatever increase we have given to people are much more aggressive than what we have seen in the industry. That is the point I wanted to make, what we have given people in January.

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

Dipesh Mehta: A couple of questions. First of all, just want to get a sense about the overall reorg and weather leadership team is in place, because last quarter you indicated by Q4 we will be largely done. So, if you can provide some update on it from leadership team perspective. And overall transition is largely behind us.

Second question on the progress made on global account activity, so empowered account manager related thing. That I think is one of the key focus areas, so the progress made so far and how we should look that playing out over next few quarters. And the last question is, I think you indicated some \$7 billion deal intake for fiscal. So, is it compatible with \$1.4 billion which we announced in Q4 or how one should look at that number? Thanks.

Thierry Delaporte: Okay. Understood. So, let me start on the first one, which is the organization. So, yes, on January 1st, we have rotated the organization from a global sector model with three dimension and about 27 P&Ls to an organization by geographies and sectors inside geographies with four P&L, and two

global business lines supporting those four P&L. So, that is a much simpler organization that has employed a significant redesign of the organization to work on the processes, to work on the role of everyone and obviously realign all people, including leadership to this new model. We have set the objective to be ready by January 1st.

And what we have said at the last communication a quarter ago is that we would consider that by the end of the quarter we would broadly be done with the transition if you like. The reality is that we have shifted to the new model on January 1st. And we have probably by the end of January, early February, we have been at pretty much full speed in the new model. So, the speed, I personally myself I have been also very impressed by the way the organization has adjusted to this new model. And our leaders jumped into their new role. And the reason for the success in my mind is that one, there is a clear spirit of One Wipro, so people want to work together and really share the successes and work together with our clients.

Second, there is an absolute focus on the market. And from that standpoint, I think it has been a success. We have seen it in the sales performance month after month. And so as expected, a lot less people, time spent on internal matters, less internal frictions between silos, less discussion about whose P&L this is, but a lot and maybe also, less but not maybe, but also less people focusing on corporations, if you like, and many more of our leaders in the market connecting with clients and focusing on closing deals and delivering deals.

So, that is on the organization. My view is, mid of April the organization changes behind us. Yes, there are here and there things that we need to adjust and improve, but that is absolutely normal. For us, the organization is up and running in the new setup, and it is working.

Your second point was on the account executive, so the global account executive, the GAE role that we have developed as part of this new operating model on January 1st. And I would say, certainly it is a journey, because for people it is a change in the responsibility, in the scope of operations, they have a lot more accountability, they are more accountable in front of the client, but also in front of the company, but then they are given more power to really drive this accountability. And I would say the progress has been really good. The fact that our account, our large accounts have been driving the growth of the organization in Q4 and will continue to do it in Q1 is a positive aspect of that.

I want to say one thing also on this account executive, on this GAE. The reaction or the response from our clients has been very strong as well, very positive, and that has definitely helped. Because when your clients are showing satisfaction in the change we are implementing internally, it gives a lot more sense to the change. And I guess, it is a lot easier to adjust to it.

Third is the clarification on bookings, understood your point. So, the \$7.1 billion is the TCW performance for H2. So, that includes Q3, Q4, and indeed this is the highest ever performance in TCW for Wipro in a semester. Okay, did I respond to all your questions?

Dipesh Mehta:

So, one clarification on the last part. So, large deal, \$1.2 billion and \$1.4 billion and this \$7.1 billion includes everything?

- Jatin Dalal:** That's right, Dipesh. So, \$2.6 billion is large TCV and total is \$7.1 billion.
- Dipesh Mehta:** And this is only for H2 we are setting, we are not setting for full fiscal?
- Jatin Dalal:** That is right. This is only for H2.
- Moderator:** Thank you. The next question is from the line of Nitin Padmanabhan from Investec. Please go ahead.
- Nitin Padmanabhan:** The first question is, would you be able to provide any tentative sort of assumptions that you might have in terms of when Capco and Ampion would sort of begin to revenue or when it would close?
- Thierry Delaporte:** We have said before the end of June, and it will be before the end of June. So, that before the end of the quarter they will be part of the family, we are confident that they will be part of the family. This is regulation steps, right. So, this is also a process where you have to go through different approval process in different countries, not something that we are running ourselves. But it will get completed before the end of the quarter.
- Nitin Padmanabhan:** Sure, fair enough. And secondly, just wanted to check, I think in the prior quarter when we recorded \$1.2 billion in deal and I think Metro-NOM was \$700 million, you had suggested that it is a sort of deal win that sort of may not be replicable considering we had a large deal within that. But this time you have actually sort of delivered \$1.4 billion. Now going forward, based on the pipeline that you see, do you think what you have achieved in the first half from these large deals, do you think that is something we should sort of expect from Wipro going forward on a consistent basis to see a pipeline and underlying momentum that would allow you to sort of at least be above \$1 billion consistently?
- Thierry Delaporte:** This is certainly the objective, that is why we are building this large deal team across Wipro with very, very tall talents, who will really bring their experience and knowledge going into large deals and help us craft those opportunities of deals and build a bigger pipeline, We have deals in the pipe and so we may continue to close several large deals, but it's still not the machine that we want to have that is producing systematically, a certain number of lawsuits per year. So, I think we are still in the acceleration process, we are not there to a point where we say, okay, the engine is working full speed and we will produce x number of deals per period. So, that is the best answer I can give you.
- Nitin Padmanabhan:** So, when you look at the deals that are out there, is cloud licensing incrementally becoming a larger proportion of deals versus what it was in the prior year?
- Thierry Delaporte:** Cloud overall is about a quarter of the business of Wipro and is growing several times more than the average of the company. So, it is going to get a large proportion of our business.
- Nitin Padmanabhan:** Sorry, apologies. I was referring to the cloud licensing revenue per se, which was actually split out into the product business. So, I was just trying to understand, if you look at the deals out there that are there in the pipeline, is cloud licensing incrementally becoming a larger proportion of the deal structures versus what was in the past?

- Thierry Delaporte:** It is, but I will not differentiate in terms of numbers. But we see that.
- Moderator:** Thank you. The next question is from the line of Sandeep Shah from Equirus Securities. Please go ahead.
- Sandeep Shah:** Just wanted to understand that post six months of new organizational level changes, closing two mega deals is impressive. So, Thierry, just wanted to understand, is it largely the operational simplification which is driving or is it something else in terms of some flexibility on contractual terms or other things which is also driving this kind of a mega deal win?
- Thierry Delaporte:** No. I mean, it is hard to respond to your question, because have we strategically changed our approach on legal terms or commercial terms? I do not think so. I think it is probably more that we are engaging more proactively with our clients on larger opportunities, just maybe something that we did not pay enough attention to in the past. And so, it is really more the result of us connecting at multiple level with our clients, leveraging our expertise of the industry and our understanding of their landscape and priorities and really be proactive in crafting this approach. To me that is where I see the inflection point.
- Sandeep Shah:** Okay, this is also. So, just a follow-up, how is the mega deal pipeline has been shaping up for you, more proactive approach with the client as a whole? And is it resulting into a material increase in your pipeline versus what it used to be earlier? And just a last follow-up question to Jatin, for the Capco sources of finance, any color what proportion could be through debt and what proportions could be through internal accruals?
- Jatin Dalal:** No, we are really looking at all options, and we will finalize what works best for us right now. So, we have not yet finalized what would be the proportion. That is the current position.
- Sandeep Shah:** Okay. The first question if you can answer.
- Thierry Delaporte:** Yes, I am getting there. So, on the large deals, so yes, as I said, we certainly see more large deals or larger opportunities than what we were looking at in the pipeline in the last six or nine months. What is certainly clear also is that we are having a lot more CXO engagement with our clients that probably we had before. And I think it is evident, it is obvious that these large opportunities are generated in these CXO interactions. And so, yes, we are seeing more opportunities in the pipeline. Is the pipeline big enough yet on large deal? For me, no, that is why we are building this big deal team because I know by experience that we can really take it to the next level and turn it into a very systematic approach with a strong machine. But it is starting to produce some results because, frankly, as you picked up, winning two very large deals in a row in two quarters, had not happened ever, I guess, at least for many, many years in the org. So, I think it is definitely the result of our focus on it in our go-to-market activities.
- Sandeep Shah:** Thanks for this. And if I can just pitch a last question, Jatin. On the margins entering FY 2022, some portion of wage hikes for seniors still pending for FY 2021 which will come in FY 2022. And on top of it there would be FY 2022 wage hikes, and on top of it there would be a consolidation of Capco

related margin headwinds. So, can you give us some sustainable range which we can model for FY 2022? So, that would be helpful.

Jatin Dalal:

Yes, Sandeep. Let me just share that there is obviously investments that we need to make in talent. And we spoke about it at length in place and here. We will also continue to make investment in solutions and frontline talent, creating world class GAEs for organization, so those are the investments we need to make. But we should be also mindful of some of the synergies and the benefits that the growth gets. And growth certainly provides operating leverage on fixed expenses. But more than that, it enables us to deploy our campus hire faster into projects, rotate our experienced hires faster into new opportunities. So, it is going to be, as we go through FY 2022, which would be certainly a very different years and what FY 2021 has been.

From our commentary standpoint, we do feel that what we had said at the time of our Analyst Day that the range that we were there then in, which was around 19%, 19.2%, was something that we believe is sustainable. And there will be, in addition, a dilution of Capco. And the impact on the year will depend on many things, including the date from which we consolidate them and sort of synergies that we are able to generate quickly on sales side, working together with Capco. But we have spoken about the dilution that we will need to take for the first year, not from the profitability of Capco, but principally the investment that we will make in terms of management incentive plan, as well as some of the acquisition accounting related intangible charge that we will have to take. Put together, that 2% dilution is what we see.

And our endeavor would be to, obviously, continue to work hard. You have seen the way we have executed in last few quarters. But right now, these are the two anchors that we have given in past, and we would like to stay with those two anchors.

Sandeep Shah:

So, just a clarification, you are saying after Capco also our margin can be close to 19%?

Jatin Dalal:

No, Sandeep. My point was that the range that we were operating in, in addition we will have an impact of Capco.

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 all for joining the call today. In case we could not take your questions due to time constraint, please feel free to reach out to the Investor Relations team. Have a nice day. Thank you and good night.

Moderator:

Thank you very much. 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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