



**July 15, 2023**

The Manager- Listing  
BSE Limited  
(BSE: 507685)

The Manager- Listing  
National Stock Exchange of India Limited  
(NSE: WIPRO)

Dear Sir/Madam,

**Sub: Transcript of the Analyst / Institutional Investor Meeting**

Please find attached herewith copy of the transcript of the Analyst / Institutional Investor Meeting held on July 13, 2023. The audio recording of the same is available at <https://www.wipro.com/investors/quarterly-results/>.

Thanking you,

**For Wipro Limited**

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# **Wipro Limited**

# **Q1 FY 2024 Earnings**

# **Conference Call**

**July 13, 2023**



# Management

## **Thierry Delaporte**

Chief Executive Officer & Managing Director

## **Jatin Dalal**

Chief Financial Officer

## **Saurabh Govil**

President & CHRO (Human Resources)

## **Stephanie Trautman**

Chief Growth Officer

## **Amit Choudhary**

Chief Operating Officer

## **Subha Tatavarti**

Chief Technology Officer

## **Dipak Kumar Bohra**

Senior Vice President, Corporate Treasurer & Investor Relations

**Moderator:** Ladies and gentlemen, good day and welcome to Wipro Limited Q1 FY24 Earnings 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 then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Dipak Kumar Bohra, Senior Vice President, Corporate Treasurer and Investor Relations. Thank you and over to you, sir.

**Dipak Kumar Bohra:** Thank you, Yashashree. Warm welcome to our Quarter 1 Financial Year 2024 Earnings Call. We'll begin the call with the business highlights and overview by Thierry Delaporte, our Chief Executive Officer and Managing Director, followed by a financial overview by our CFO Jatin Dalal. Afterwards, the operator will open the bridge for Q&A with our management team. Before Thierry starts, let me draw your attention to the fact that during this call, we may make certain forward-looking statements within the meaning of Private Securities Litigation Reform Act 1995.

These statements are based on management's current expectations and are associated with uncertainties and risks, which may cause the actual results to differ materially from those expected. The uncertainties and risk factors are explained in our detailed filings with 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. Over to you, Thierry.

**Thierry Delaporte:** Dipak, thank you. Hello, everyone. Welcome to our first quarter earnings call. Joining Jatin and me today, we have our Chief Growth Officer, Stephanie Trautman. We have our Chief Human Resources Officer, Saurabh Govil, our Chief Operating Officer, Amit Choudhary, and our Chief Technology Officer, Subha Tatavarti. I'll start today with an overview of our financials for the quarter, moving into some details of our business, the demand environment and some direction for the coming quarters. Then Jatin will go into greater detail of our operational metrics. And of course, we'll be happy to answer your questions after this.

So Q1 was another quarter of robust deal closures for us. In total contract value terms, we closed large deals to the tune of USD 1.2 billion, which is a 9% year-on-year growth and the highest bookings in eight quarters. During this quarter, we booked 10 deals in the greater than USD 30 million TCv range. Total bookings from a TCv standpoint stand at USD3.7 billion. We added two new accounts in the greater than USD100 million revenue bucket, taking the count of businesses that contribute more than USD100 million in revenue to 21.

So the number of USD100 accounts has more than doubled from 10 to 21 in the last two and a half years since we started on this transformation. All around us in almost every industry we see businesses that have been reducing discretionary spends in response to the weaker macro environment. That's had an impact on our revenues as well. In constant currency terms, Q1 revenue grew 1.1% year-on-year.

This translates into a growth of 6.1% year-on-year in rupee terms. That is very much within the previously guided range, but yes, we are seeing some softness in revenues. Despite that, we have

held margin steady. Operating margin for the first quarter was 16%. This is 112 basis points, to be precise, higher than our operating margin in the first quarter of last year. We maintained margin by mostly three points, improving productivity in our fixed price project, a better utilization of talent and finally, by managing our fixed costs. At the same time, we continue to invest in people and in technology to build a more agile and efficient organization.

This margin resiliency is especially significant. Wipro has undertaken one of the largest enterprise-wide transformations in the industry, starting November 2020. We're proud of the progress we've made since. The success of this transformation becomes clearer when you consider the magnitude of this change. And when you see that we have continued to perform while we continued to transform.

On one end, we were aligning to market needs and on the other, undergoing a deep internal transformation. Our focus on accelerating this transformation along with maintaining undivided attention on client experience and delivery excellence will progressively translate into improved growth and margins. We recorded an 11.5% growth in earnings per share, year on year. Cash flow has remained strong. Cash conversions stood at 130% of net income. And finally this quarter, we closed our largest ever buyback, allowing us to return USD1.5 billion to our shareholders.

Now, our industry, like every other, is undergoing a seismic shift with the advancement of artificial intelligence. AI can and will fundamentally change every aspect of business. Anticipating this revolution, Wipro had started investing and building AI capabilities over a decade ago already. We have delivered over 2,000 global AI engagements during this time. In fact, today we are using Generative AI for multiple use cases like enterprise knowledge mining, virtual assistants, content creation, automation in software development lifecycle and for synthetic data generation.

To accelerate innovations in this space, yesterday we announced a USD 1 billion investment in AI and launched a new AI-first innovation ecosystem called Wipro ai360. This ecosystem basically will bring together Wipro's full range of capabilities, including solutions, services, platforms, research and intellectual property, as well as partnerships and talent under one umbrella, with additional funding and resources to fuel our growth in this area. Also placing responsible AI operations at the heart of all our AI work.

Wipro ai360 is meant to empower our talent pool and be ubiquitous across all our operations and processes and our solutioning for clients. This AI-first approach will unlock more value, productivity and commercial opportunities for our employees as well as our clients. But first, we need to train our people in this fast-moving field. Over the next 12 months, we will train our entire workforce, nearly 250,000 employees, in AI.

From hackathons to challenges on our talent crowd platform-Topcoder to dedicated trainings, we will leverage our blockchain-based DICE ID platform to become the industry standard for AI skills credentialing. Demand for AI specialized talent will grow exponentially over the coming years, we know that and we'll be prepared. Subha is here with us today to share more on this. Now, I like to talk through our strategic market unit performances as always.

In America as one, order bookings in terms of total contract value grew 37% year-on-year. Revenues for the quarter grew 1.5% year-on-year in constant currency terms. This revenue growth was led by healthcare and medical devices at 9%, followed by consumer goods and life sciences at 7%. Hi-Tech and BFSI are the two sectors that were impacted the most due to softer discretionary spends. As a result, our Americas II market declined 2.7% year-on-year in Q1. Our European business unit delivered a year-on-year revenue growth of 4% in Q1.

This revenue growth was led by Southern Europe and Nordics, which grew 26% and 14% respectively in the first quarter. In our APMEA business, bookings in total contract value terms are looking healthy, with a 23% quarter-on-quarter growth. Revenues for the quarter grew at 3% year-on-year. Within this SMU, our India business grew 7% and our Middle East business grew 6.4% year-on-year. In Q1, we also completed the transition to the four global business line model that we had announced earlier in the year.

This evolution of our business model is actually already showing up as faster time to market, but also more inclusive one Wipro customer and delivery wins. Whatever challenges our clients may have, the solution exists within our global ecosystem. And we are tapping into the talent, the capabilities and the solutions from every corner of our firm. We are increasingly able to build bespoke solutions for clients and that's what is setting us apart.

Ultimately, our focus is, and always will be, on serving our clients with greater innovation, with attention to detail and with excellence. Great example of this is our recent win with a global digital interactive entertainment leader. Wipro will modernize their network infrastructure, delivering improved responsiveness and user experience. We will drive scalability to handle increased workloads and reinforce end-user security, all the while creating a platform that supports the client's expansion plans.

This project brings together Wipro's architecture, consulting, cloud migration, implementation and managed services capabilities. This win is also a good example of how Wipro can bundle solutions from multiple partners to deliver a wide range of capabilities that are tailored to our clients' needs.

In terms of the demand environment, in some ways, we are seeing tech investment normalize after the sharp acceleration in spending during the second half of the pandemic. More and more clients are expecting faster return on investments and optimizing costs through increased use of automation and vendor consolidation. In parallel, we continue to see solid demand in high growth areas like cloud transformation. Clients are seeking out Wipro's FullStride Cloud capabilities for the next phase of their cloud strategy. We are helping them run more efficient and agile businesses and capitalize on the emerging opportunities presented by artificial intelligence.

For example, a large global medical device and healthcare company has selected Wipro to transform their operations infrastructure into a modern, cost-effective and cloud-first model. Wipro FullStride Cloud will deliver a consistent and Omni Channel workplace for 120,000 employees in 160 countries. We will help this client achieve 40% automation, cost optimization and while simplifying their global operations.

Now, we are able to do all of this and more thanks to our 250,000 associates around the world. We want to see them succeed in their roles and their career. As part of our transformation, we've continued to work on various aspects of employee experience, with several new initiatives to streamline policies, to streamline processes, talent support and training and development opportunities. We also want to make sure employees' voice and concerns are heard.

Our 2023 employee engagement survey showed an overall engagement of 88%, which is higher than before and now benchmarks us to global standards on employee experience. We also named one of India's best companies to work for by the Great Place to Work Institute for the second year in a row. But that, to me, is table stakes. We must and we will continue to improve how we provide the experience by our employees. Because all of these efforts, attrition has continued to moderate quarter on quarter, coming in at an eight quarter low of 14% in the first quarter.

I'm confident that our long term business strategy is correct and well suited to ride the changes we predict in the industry. Most importantly, I believe our business strategy will keep us competitive and resilient in the future.

Final word, as always, on our guidance before I close. For the next quarter, we are guiding for a sequential growth of -2% to +1% in constant currency terms. We expect margins to be in a similar range as in the last few quarters.

With that, let me turn it over to Jatin for his comments.

**Jatin Dalal:**

Thank you, Thierry and good evening, good morning, everyone. I'll summarize our performance for Q1. We grew 6% year-on-year in revenue terms. We improved our operating margin by 112 basis points year-on-year. As a result, we grew 14% on operating profit terms. Our other income was one of the highest in recent quarters. We grew it 110% year-on-year. Our tax rate went up slightly higher and effective tax rate was 24%. As a result, our net profit year-on-year grew 12%.

Let me talk about cash flows and forex. We continue to convert our profits into healthy cash flows, our operating cash flow for the quarter was 130% of our net income and free cash flow at 126%. We had after completion of buyback USD 3.5 billion of gross cash and USD 1.7 billion of net cash in the beginning of this quarter.

Our forex, the realization rate was quite healthy and improved at 81.90 for quarter one and we had USD 3.6 billion of forex hedges at the end of the quarter. We will be very happy to take your questions from you.

**Moderator:**

Thank you very much. We will now begin the question-and-answer session. We have our first question from the line of Sudheer Guntupalli from Kotak Mahindra AMC. Please go ahead.

**Sudheer Guntupalli:**

Yes, thanks for the opportunity. Thierry, just a bit on the macro, unlike during some of the previous downturns, this time around, many of the macro variables are continuing to be surprisingly resilient, both in U.S. and in Europe, except for a brief period of panic around the regional banking crisis.

So based on your client conversations, what is the key concern or key variable that you are gathering? Could it be the end of the rate hike cycle or what else could drive a return of the spends? And if you were to second guess, how quick that could be?

**Thierry Delaporte:**

Yes, Sudheer, I really like the question you just asked. I think it's a real one. And so let me try to respond to that. Interactions with clients have more or less, I would say, a similar pattern, which is that on one end, there is no one question the fact that technology is critical to the success of the evolution of the company, whatever the industry is, by the way.

Second, I think it's the recognition of the fact that over the last years, there has been massive investment made in technology. Now, and so there's certainly the fact that, macroeconomy continues to shed a little bit of, mixed messages to, those industries and to the leaders across those industries.

And so at the end of the day, I've always been very confident on the fact that technology was, on top of each of these leaders' agenda and that, they have a lot of transformation programs in mind to drive and at the same time they are a little influenced. You know, I think it's even more than influenced. They are very aware of the fact that this climate of uncertainty is weighing on some potential decisions for company to continue the same volume of investment.

So they have made some choices and I think there's a certain level of cautiousness driven by the fact that the macro environment is still a little uncertain. So that's what I'm hearing. And that's probably, what we're observing is actually a reflection of that, Sudheer. I think that when we look at the type of deals we are winning, we are winning more deals than ever before. And that is being consistent for the last three or four quarters.

Every quarter, when we look at our TCV, performance is actually solid. And I think you all have this question about the conversion to revenue. The answer is, the reality is that while we close all these deals and they respond to ambition from clients, there's a reduction of what we all call the discretionary spend, which are typically smaller deals, shorter period and where it's probably easier for less strategy for clients to put a stop to it for some time. And so that's what we are seeing.

Second question is about the perspective? What about the second half of the year? Again, really reflecting on my discussion with clients. There could be a point in time where they feel, okay, we have this budget that we haven't spent yet. The year has unfolded being possibly better than feared, so it's time for us to resume the investments or the spend.

And we are getting prepared for that and whenever it happens, we'll be ready for that. But knowing if it is going to happen in a month or two or three or four that I don't know. I am being I'm staying cautious in the way I'm projecting an evolution of this market in which we've been for the last six months. And obviously keeping a very, very close focus on it, we'll see, but for the time being, I would say the market we see is not dramatically different from the market we saw three months ago. Back to you, Sudheer.



**Sudheer Guntupalli:** Yes, got it, Thierry. Just an extension of that, is the panic around the banking crisis completely behind us and going forward, do you foresee that there can only be an improvement in the demand situation from where we are, assuming macro variables remain reasonably stable?

**Thierry Delaporte:** I mean, there will be, again predicting the future, you know, we've been over the last two years a bit shaken up by some macro element that we could not necessarily predict and that have had a massive impact on a lot of what has happened after. So I'm, by definition, I'll be cautious on that. But I think that, a lot of banks still have, reasonably good fundamentals.

And they are very aware of the importance of technology for their own transformation. And so, yes, it will resume at some point in time. It will restart with a lot of, in particular, a lot of the consulting activities that have been reduced and where they will need to launch those large program aiming at improving the efficiency of the organization and their KPIs and ratios.

**Sudheer Guntupalli:** Got it, just one quick one. The USD 1 billion investment commitment in AI over three years, is it fair to assume it will be largely in the M&A route?

**Thierry Delaporte:** No, it's not fair. Actually, the majority of it will be organic. So this is organic, it is an investment that we are already engaging now and we will accelerate it steadily over the next three years -- not three quarters, three years. Yes, there is in there a bit of budget for M&A, but we do not suspend, if you like, the progression that we want to drive over the next three years to acquisition.

It will come as a complement or as an acceleration, but we are already in action now.

**Moderator:** Thank you. We have our next question from the line of Nitin Padmanabhan from Investec. Please go ahead.

**Nitin Padmanabhan:** Yes, hi, good evening. Thanks for taking my question. I had a couple. So first, Thierry, if you think about the cut in discretionary versus, let's say, the lower ACV of deals versus what we would have seen in the prior two years, which do you think is a more significant driver of the weakness? Is it equally weighted or is one higher than the other? So that's the first question.

The second is how are Capco and rising sort of faring in the current environment? And finally, Jatin, your thoughts on margins going forward and what you're thinking about, how are you thinking about compensation increases? Because we hear a couple of companies actually sort of pushing it out or sort of doing away with some of it. And so just wanted your thoughts on these three things. Thank you.

**Thierry Delaporte:** So Nitin, so the first question was, actually, I'm not sure I can easily answer your question, whether it's discretionary or ACV. By definition, what is ACV and not showing a difference with TCv is by definition short-term deals and that includes mostly discretionary spend. So I would say, you can call it the way you want. Those are short-term deals versus large deals, basically.

So that's, I don't know, Jatin, you have a better way to answer this first question? No. The second one is about Capco and rising. Same comment I would have made, I'm sure I have made a quarter ago. It's a consulting business. There's where there's a lot of discretionary spend. It's a little harder

these days that it was some quarters ago. It doesn't change at all the strategic nature of these deals.

And I think it is always been clear for us that these were investments for the future and not tactical. So you have -- we know consulting our early cycle type of business. So -- and that's what we are seeing. Having said that, actually, again, on the fundamentals are good. Second, I take the example of rising because that's the last addition to our organization when was that an year ago. Yes, about year ago. So a good go.

Frankly, the attraction it gets in our SAP business is beyond our expectation at the time of the acquisition. There's no doubt, whether it's in our, in the way we are able to develop, true strategic level of exchange with SAP, or in the way we are going for large transformation, large deals in SAP, that rising has been a great addition to the fab. So that's the second one. The third one, I'm always tempted to respond on margin. For some reason we always ask the CFO on margin. So go ahead. Go ahead, Jatin.

**Jatin Dalal:**

So, Nitin, first, what I want to share is in quarter one, despite a significant volatility in revenue, we have done well to stay flat on operating margins. And that was because of a variety of operational levers that we were able to manage very well, including improvement in utilization, which would have been, as you can imagine, quite difficult in such a revenue scenario.

As we enter quarter two, we definitely want to hold on to this trajectory and we will continue to leverage the efforts that we have taken in quarter one to continue with the same consistency in quarter two. As Saurabh mentioned in the press release, as we have spoken about it earlier today. We did our last salary increase in September of last year and we plan to do that for this year sometime in quarter three. So at least, for quarter two that's not something that, we are penciling in, at this point in time.

**Nitin Padmanabhan:**

Sure, Jatin. So on the utilization, you think, you have more room because it already seems to be maxed out. So would you need to start hiring in anticipation of demand, maybe six months down odd?

**Thierry Delaporte:**

So Nitin, next to me is Amit, our CEO, who is obviously driving utilization up, so Amit, over to you.

**Amit Choudhary:**

Thank you, Thierry, and thank you, Nitin. Yes, utilization clearly is going to continue to be a KPI that will keep driving. We are also looking at different components of utilization, not only the aggregate number in terms of location, in terms of seniority. So yes, there is still some room to drive our utilization up from where we are.

**Nitin Padmanabhan:**

Sure. Thank you, Thierry. Thank you, Jatin. Thank you, Amit. Very helpful. Thanks again and all the best.

**Thierry Delaporte:**

Thank you, Nitin.

**Moderator:**

Thank you. We have our next question from the line of Gaurav Rateria from Morgan Stanley. Please go ahead.

**Gaurav Rateria:** Hi, thanks for taking my question. So first question is for Thierry. The success of strategy pursued by us is pretty well reflected in our higher win rates, large deal closures, and even better TCVs. But when we really compare revenue growth versus some of the peers, there is still a divergence. So how do we really explain this? Is this more to do with the portfolio mix or any other factor that could explain this gap?

**Thierry Delaporte:** Gaurav as you can imagine, I run Wipro and I'm with this leadership team working on, driving, the performance of Wipro, in the right direction. We are focusing on our priorities. We are focusing on our journey. Just look at yourself, the profile of growth of Wipro over the last three years. The most important point is, has it been a change to the previous trend of growth of this organization. I'm not sure, I would, I'm not going to benchmark our performance every quarter against, every other company in our industry.

We have our own journey. We have our own gauge, our transformation. Three years ago, we are working on many different aspects of our progression, if you like. Growth has been solid, double-digit two years in a row. Yes, there is a slowdown. It's a reality for everyone, if you want me to refer to, to reflect on others as well. And that's, what I'm seeing.

Having said that, I believe that, we are every day becoming more impactful in the market. As you said, it's visible in the deals that we have closed, the large deals that we have closed. It's also visible in the way, we are growing our large account, and that is showing that, our account strategy has been paying off every single quarter for the last 10 quarters.

We have doubled the number of USD100 million accounts in two and a half years. And again, it's a testament to the ability of the company to grow, when we are focused, whether it is in terms of account, in terms of sector, or markets.

**Gaurav Rateria:** Great. Second question is regarding the investment committed for generative AI. How are we going to fund this investment? And if we can quantify, this would have any implications on our longer-term margin aspirations? Thank you.

**Thierry Delaporte:** Gaurav. So, funding is funded by the operations, to be clear. So this is in our plan. It's baked into our plan. To explain to you a few minutes ago that, there's a lot going on in terms of, improving the efficiency of our operations, of what we call our operational excellence, whether it's in the way we are, injecting more automation and AI into our delivery to be more efficient, or whether it is in the way, we are, streamlining of our operations, reducing the layers, and just being more nimble and more agile as an organization. All of that is driving operational improvements that we are re-injecting in our future.

We've never compromised on development or mid to long term strategy. We've never compromised on the obsession for our clients and for excellence in delivery. And AI, obviously, is an investment, but also a gigantic market for us. And so that's how we look at it. And so you should look and consider that, because we consider we are well positioned in that market, that it will trigger revenue growth and profitability over the next quarters

**Gaurav Rateria:** Thank you so much.

- Moderator:** Thank you. We have our next question from the line of Girish Pai from Nirmal Bang Equities. Please go ahead.
- Girish Pai:** Yes, thanks for the opportunity. Considering the demand environment, how would you characterize the competitive intensity that you see in the market today compared to, say, six months back?
- Management:** Competitive activity.
- Girish Pai:** Competitive intensity?
- Stephanie Trautman:** So, it is a very competitive environment as we look to renew our existing book of business and acquire new clients with new opportunities. Of course, we're finding ourselves in situations, where we really have to differentiate our value proposition and drive more value for our customers. We're winning against all of our competitors. If you look at our large deal wins, this quarter, it was pretty mixed in terms of, what we were winning and who we were winning against. So as Thierry mentioned, our strategy is really paying off. We're better poised to be highly competitive and a true transformation partner with our clients and that's showing up in our wins.
- Management:** Thank you, Stephanie.
- Girish Pai:** Is the higher competitive intensity impacting pricing as we speak right now, or is the customer able to extract sweeter deals from you in terms of larger productivity benefits down the road?
- Jatin Dalal:** Yes, hi, Girish. I hope you are well. No, the answer right now is yes, in the sense that there is nothing unusual that we see on large deals that we don't normally notice. Obviously, if there is a USD200 million or USD300 million deal, you would benchmark it with the best standards on productivity, best standards on pricing, but that is not out of ordinary behavior of dropping prices or giving deferrals in billing, etcetera. Those behavior, we have not yet observed that would worry us.
- Girish Pai:** Okay, lastly on generative AI, there's been mixed commentary around the evolutionary impact of this on at least certain service lines. What's your take on this and how early or late will this happen, if at all it happens?
- Jatin Dalal:** Yes, so Girish, your specific question is does generative AI already, is it already reflecting in reduction in revenue and potential headcount for the GBLs for our service lines?
- Girish Pai:** No, I'm saying, will the productivity gains that people claim or there's been claims around it, will that be entirely passed on to customers resulting in some kind of revenue compression in the times ahead?
- Jatin Dalal:** Yes, so Girish, we haven't seen that yet. But as you already know that, every competitive deal goes with a certain assumptions of year-on-year productivity numbers that are baked in and those numbers will continue gradually. They will continue to bake in the productivity benefits that Gen AI will bake in and I would request Subha to add from her perspective, how does she see this journey to unfold?

- Subha Tataavarti:** Thank you, Jatin. So Girish, we feel that Gen AI is a fundamental shift in how any business would do business or operate. So what does that mean? It means that, we will see greater and greater efficiencies and productivity in every sector and every vertical. And it will also translate into, how our business will run more efficiently moving forward as we begin to ramp up adoption of this technology across every business process, every technology stack and every offering and every interaction, we have with our customers. So yes, there will be productivity gains for our customers. We hope to drive it for them, but we also see significant productivity gains for our business as well going forward.
- Girish Pai:** Okay. Thank you very much.
- Moderator:** Thank you. We have our next question from the line of Abhishek Kumar from JM Financial. Please go ahead.
- Abhishek Kumar:** Yes, hi. Good evening and thanks for taking my question. I wanted to understand the assumptions that have gone into our guidance for the next quarter. Last quarter, if I remember right, we mentioned that, some of the clients had already intimated us about certain ramp downs and the impact was to be felt in one quarter. So our sense is that, that probably is in the base quarter now. So what is driving another, sort of at least at the lower end, another sequential decline for the next quarter? Have we seen more such intimations coming our way and project ramp downs continuing?
- Thierry Delaporte:** Abhishek, so if you look at the guidance for Q2, it's actually showing is, I would say, a slight improvement over Q1, right? And so, what I think we are saying is uncertainty remains. There's no deterioration. No, we stay a bit cautious because of the uncertainty. Right, and that's how we see the quarter two for us.
- Abhishek Kumar:** Sure, so in terms of how the last quarter turned out, was there any stabilization towards the second half of the quarter or the weakness of the system through the quarter?
- Thierry Delaporte:** This is a difficult question. I'm not sure I can answer. It's too early to tell, right? You cannot make a trend based on 20 days or 30 days. So I don't think, I'm in a position or Jatin or anybody here is to tell you that, based on the last 30 days, we can see a trend. I think it's, this is the reality with the context of uncertainty. It is precisely, it's a little bit erratic. And so, some industries certainly are more pushers than others. Banking, financial services, technology, you see that. technology has reduced.
- There are actually some technology companies that have been going through several waves of layoffs, so there's a bit of a slowdown on the technology side after several years of stronger acceleration of investments. Comms is another sector, where we are seeing that. Some other sectors, healthcare, energy utilities, are sectors that are actually probably investing more and less cautious, if you like. So this is the context. The reality is that, you're probably going to have to wait for some more months before really getting the confirmation that the market has rebounded for good.
- Abhishek Kumar:** So that's helpful, thank you and all the best.

**Thierry Delaporte:** You're welcome.

**Moderator:** Thank you. We have our next question from the line of Ravi Menon from Macquarie, please go ahead.

**Ravi Menon:** Hi, thank you for the opportunity. Thierry, I just want to understand your organization look for global business lines. If I look at it, consulting is still separate. So I thought that, this is a good opportunity to embed consulting more deeply and try to increase the cross-sell for that. Could you explain the rational logic behind the reorg?

**Thierry Delaporte:** Okay, all right. Ravi, so I'll try to, I have a one hour version of the answer, but I'll try to be concise. So back in late 2020, when we implemented our operating model with SMU and GBLs, we decided, because this organization had never gone through a metric setup, we felt that it needed to be extremely simple for it to be rapidly implementable.

And that's what we did. And that's why we went with two GBLs, iDEAS and iCORE. What possibly, we could not anticipate at that time is the speed of the growth we would experience in those two GBLs in two years, 45% growth met those two GBLs, massively bigger than what we had anticipated when we launched the model. In parallel, the level of maturity of our organization to work with SMUs and GBL working together in a very integrated model has dramatically progressed.

And finally, we have seen -- we have listened to our clients and we've seen a couple of things. One, the fact that we've done great in engineering and it was maybe time for engineering to just fly on its own a little more. Because we have a fabulous potential at Wipro to really be a leader in engineering even more.

Second was the fact that more-and-more our clients were expecting from us that we come to them with a comprehensive cloud strategy addressing both infrastructure and applications without disassociating between those two different dimensions. And I think, we felt that by combining those two components into what we call now a full stride cloud services would make us more impactful and more competitive and more just able to better respond to their expectations.

Third, as you said, we've made acquisitions in consulting. We also had a consulting business and by experience that consulting is, needs to be at the forefront of the market, so needs to be as close as possible to the accounts and to the clients. They also need to be very closely connected to the other GBLs because basically every global business line, every offering needs to work hands-in-hands with our consultants. But at the same time, they need to be managed differently because consultants operate under different operating model and different ways of working. And I have a deep understanding of this business and it is clearly the objective was to create this platform, this consulting platform for the future of Wipro.

And finally, our fourth GBL is what we call Enterprise Futuring. It's actually combining different type of businesses, DOP, data, and a digital experience that have as part of their evolution and applications, obviously, the necessity to leverage artificial intelligence in everything they do. And so those four GBLs have been put in place on April 1. It means that we are already in operation under this model for the last three months.

And it's impressive. I'm going to share with you something. It's been working so smoothly, this new model that I almost forgot to mention that we had just done it to the board few hours ago. It says a lot about how seamless this implementation has been and for sure, the intention is to increase our impact in the market with our clients and at the same time, streamline our operations and reduce the layers, if you like, between our teams operating and our clients.

**Ravi Menon:** Thank you for the detail, Thierry. And if I look at the kind of deals that you're announcing, it looks like you've actually started doing more complex deals and more, if I might call, outcome-oriented deals, where there is some risk transfer and you actually get paid for that transfer of risk along, and that allows you to, I guess, make better margins than a simple list and shift.

**Thierry Delaporte:** Completely agreed, and this is exactly our strategy that we've laid out three years ago and we're executing against that quarter-after-quarter.

**Ravi Menon:** Thank you so much and best of luck.

**Thierry Delaporte:** Thank you.

**Moderator:** Thank you. We have our next question from the line of Dipesh Mehta from Emkay Global. Please go ahead.

**Dipesh Mehta:** Yes, thanks for the opportunity. A couple of questions. First about if you can provide, Thierry, some update about the Global Account Executive Program and empowerment, which you earlier suggested is the key focus area. So if you can give some update where we are in that journey?

Second question is about the four service lines, which you said, if you can provide some update, I think, in terms of growth, how the traction is happening, which area is seeing more weakness compared to others? So if you can provide some sense about those four service lines?

Last question is for Jatin about EBIT margin aspirational. I think earlier we used to say, 17 is what we aspire to reach sooner. So if you can give some sense about how you expect that EBIT margin journey to play out? Thank you.

**Thierry Delaporte:** Okay, so I'm going to let Jatin address the questions three and then I'll come back for question one and two, okay?

**Jatin Dalal:** Yes, so Dipesh, clearly, we had mentioned that 17, 17.5 is a medium-term outlook that we have for our business but in that ambition remains. We will continue to work towards that. However, we need to manage the short-term, and in the short-term, there is volatility in the market and uncertainty in the revenue line, and that does impact our ability to drive the improvement that we want to drive.

I hope you appreciate that we have been able to deliver a very strong execution in quarter 1 that despite the volatility in revenue, we have delivered a flattish operating margin for quarter 1 and that journey and focus will continue to move towards that medium-term goal. It won't be an

immediate outcome that one would be able to drive towards, but I think, we have the right building blocks in place to move towards that goal. I will hand it over back to you.

**Thierry Delaporte:**

Yes. Jatin, thank you. So, the first question, the two questions, so the first one was around GAE program. So as part of our strategy back in 2020, we decided that we would have a very account-focused strategy. We would choose the industry we want to have a position in. We would choose the markets where we want to establish our position, grow and really invest long-term. And in these accounts, we wanted to grow these accounts, not only in volume, but also in value. So in impact, basically. With the clear ambition to be not only an IT provider, but actually a true transformation partner for our clients.

As part of this ambition, we have decided to invest in two total account executives, those GAEs. We renamed it to really send a signal inside the team that, as a GAE, you are a total leader of the account you're managing. You're the CEO of the account you're running. You're representing Wipro for the account and we must all align behind you in your account strategy. Frankly, this has triggered, that this has fueled growth over the last three years. You know, I said a few minutes ago that, the number of USD100 million account has gone from 10 to 21 in the last 2.5 years. And I think, it's a reflection of that.

We have now a lot more accounts of over USD 100 million, we have a lot more USD 15 million accounts, and we continue this strategy. In fact, we reduce the tail of accounts to have less accounts, but more impact in these accounts, we invest more. And as you said, we empower the GAEs, the account executive, to really drive and have the possibility to make decisions, invest, and grow those relationship, but also make sure that we are positioned as a true partner in those accounts.

And finally, as part of this program, I mean, we've on-boarded a lot of talent. We have today a significant diversity inside our organization and in particular in the account executive team as well which is driving a lot of positive impact inside our organization every day beyond those accounts.

The second point you had was the service lines. So the four service lines, the performance of the four service lines. Jatin, you want to say something?

**Jatin Dalal:**

Yes. So, Dipesh, as you know, we, like most of our competitors, we no longer publish the actual financial performance of this four service line. But suffice to say that except for consulting where we have talked about the impact or a slower growth that we have seen, the rest of the service line continue to perform very well and in line with the overall growth of the company.

**Moderator:**

Thank you. We have our next question from the line of Mukul Garg from Motilal Oswal Financial Services. Please go ahead.

**Mukul Garg:**

Yes, hi, thanks. Thierry, I just want to clarify regarding the billion dollar investments which you guys have announced in Gen AI. Can you give some sense on where the majority of this investment will be routed to? Is it something which you guys will primarily invest into tools which you will build out on using AI, or is this something where a big portion will kind of end up supporting employees who are trained in that and hence the compositions will be higher than what you are currently kind of



giving, or is there something else where this investment will kind of be consumed given the quantum of the number?

And second, Jatin, if you can just help us understand how to look at this investment, it will pass through your balance sheet, through capitalization, or will you be expensing this out in income statement? And if it is an income statement item, can this be an incremental expenditure on top of what you are currently doing?

**Thierry Delaporte:** So, we have a very comprehensive plan, of course, behind the USD1 billion, Mukul. And it includes, it's about investing into solutions, into assets, into accelerators, into capabilities, into methods, and it's across the organization. It's also about training. There's a lot of aspects of these investments and of course, as well, M&A. Jatin?

**Jatin Dalal:** And Mukul, I think just as Thierry described various streams of investment, I think, the accounting treatment will follow those streams for period cost, of course, that would be expensed, but large programs which could have future benefits to organizations over the years would be capitalized. And of course, M&A would be accounted as per the merger and acquisition accounting policy.

So it would follow the overall approach, but it is not incremental dollar spend in adding -- and all the expense lines will remain what they are as Thierry discussed or described earlier on this call. This would be funded through the gains on operations that we will make. So in that sense, it should not be seen or modeled as an incremental large P&L hit that you will take over the years?

**Thierry Delaporte:** No, it's absolutely. There's no, it's not outside of our margin profile for sure. I just want to add one thing. I realized I forgot two things. It's also about investing in research, in platform. And also, that we have Wipro Ventures. Wipro Ventures carries today about two-third of the investments of Wipro Ventures are in the AI field. So, we'll continue because it's incredibly important as well to continue to go after cutting edge startups through Wipro Ventures. Over to you, Mukul.

**Mukul Garg:** No, great. I think that's helpful and thanks for the color. Thank you.

**Thierry Delaporte:** You're welcome.

**Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference back to Mr. Dipak Kumar Bohra for closing comments. Over to you, sir.

**Dipak Kumar Bohra:** 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 to the Investor Relations team. Have a nice evening. Thank you.



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