



“Wipro Limited’s Q1 FY'21 Earnings Investor Conference Call”

July 14, 2020



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Moderator: Ladies and gentlemen, good day and welcome to Q1 FY'21 Quarterly Investor Conference Call for Wipro Limited. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal for 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 from Wipro. Thank you. And over to you ma'am.

Aparna Iyer: Thank you, Zaid. A very warm welcome to our Q1 FY'21 Earnings Call. We will begin the call with "Opening Remarks by Thierry Delaporte -- our Chief Executive Officer and Managing Director", followed by "Business Highlights and 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 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 made available on our web site. Over to you, Thierry.

Thierry Delaporte: Thank you, Aparna. Good evening, ladies and gentlemen. It is really wonderful to speak with all of you today. Last Monday, I joined Wipro as the Chief Executive Officer and I am excited to join Wipro and consider a great privilege to be asked to lead Wipro, such an exceptional global company with incredible legacy. I have known Wipro as one of the pioneering leaders in industry. And over the years, I have come to greatly respect and admire the company, its values, its people and its capabilities.

Above all, the Founder Chairman -- Mr. Azim Premji's extraordinary leadership of this company for over 50-years. And his equally exceptional generosity is engendering.

I have great respect for the work done by the Wipro Foundation for the underprivileged. And it is today 67% economic ownership of Wipro adds greater meaning to what we do.

I speak to you amidst a global pandemic which has few parallels in history. Safety of employees will be our paramount concern as we navigate these extraordinary times. The pandemic has brought about lasting changes in our ways of working. I have heard of remarkable stories from our customers, our partners and colleagues on how we have adapted to the new demands of today and the indomitable spirit, and dedication that we have shown in keeping our promise to customers and communities that we operate in.



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Although only started a few days ago, I have been spending time over the last few weeks with senior leaders and teams across units and functions to take a holistic view of our business and better understand our opportunities and challenges. This is definitely a defining period for industry and for Wipro. Disruption has always been a part of business. The challenges are new, but I know that Wipro with a long history of 75-years has overcome many challenges with tenacity and resilience. The culture of innovation posterior over the ages will help us pivot and transform.

Finally, I would like to state that profitable growth is our most important agenda. Despite the immediate challenges I have absolutely no doubt that we will emerge stronger. Over the next few weeks, working closely with the Chairman and also senior leaders, I hope to finalize the plan to drive improvements across all spheres in our quest to achieve industry-leading growth. So I look forward to meet you in person next time with more details on our strategy and vision for the organization.

With that I hand it over to “Jatin for his Comments on the Business Performance and Highlights for Q1 ‘21.” Jatin?

Jatin Dalal:

Thank you very much, Thierry. Good evening. It is great to talk to you all. You know it has been a tremendous quarter for all of us. I can talk on behalf of Team Wipro. When we started the quarter I think we had very-very little visibility as to what we are getting into. One of the toughest quarters as we started the journey.

I will give you a brief synopsis of what we have done in the course of the quarter and then we will take up the questions. I want to cover this highlights in three parts -- #1 is employee safety and wellness. #2 is on our financial performance and a little bit on demand outlook. And #3 is about an acquisition that we announced today.

So let me start very briefly about the way we have managed our operations. We have continued to work extensively from home and at any point in time we do not have more than 4,000, 4,500 people in our offices and we have been able to work seamlessly including delivering transition, including delivering to complex development projects including meeting all SLAs as per our requirements from home.]

Our teams have taken a greater onus on themselves to remain connected to make sure that we are available for each other. Our organization has come out with initiatives like “Fit for Life” which are employee health and wellness program including some sort of counseling support when somebody needs help and somebody to talk to. So that was on my first aspect.

Second aspect let me talk about the “Financial Performance”:

As you know, we deliver in a constant currency 7.5% decline and on a year-on-year basis we declined about 4.4% in constant currency. Our performance on margin was very satisfactory.



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We delivered an expansion of operating margin by 1.4 percentage points on a sequential basis and we delivered 60 basis points or 0.6% on a YoY basis.

If you see we have also done very well on cash conversion which is the third metric we track very closely. Our performance on our operating cash flow was 127% of our EBITDA and our free cash flow was 157% of our net income. As you know, we had one month extra salary last quarter and we had that benefit in Q1. But even if I take that away, I think the teams have done a remarkable job to remain very cost conscious and cash conscious in a tough quarter.

I will go a little down in the P&L:

You know we have a slight expansion of other income which was led by the larger corpus that we have of cash. And we have about \$4 billion of cash compared to \$3.4 billion that we had last quarter net of debt on our balance sheet. Our ETR was slightly higher at 22.1%. Our net income was year-on-year flat. And our EPS growth because we had a buyback as you know in September last year, our EPS growth was 5.7% year-on-year. Overall, we are quite happy with the way we came together and executed the quarter.

Now let me talk a little bit about the “Demand Environment”:

Demand environment is driven by what we call as three ‘C’. The first is Cloud. Second is Collaboration. And Third is Cyber. We are also seeing great uptick in offerings like VDI, SD-WAN excellent traction for our digital operations and platform offerings in this post COVID era.

From our sector standpoint, while we have had a tough Q1 probably across all sectors, but specifically we are seeing some stability returning in our consumer business unit, in our tech business unit and in our communications business unit. For others, we will watch it closely as to how the traction unfolds during the course of Q2.

Overall, from our perspective, we started the quarter with a certain trajectory, but we executed well on many fronts including on revenue front to be able to come at the end where we came.

Now let me talk a little bit about the acquisition that we announced today. It is a smaller acquisition, but it gives us a good access into Northeast Brazil, it gives us access into a new set of customers that we do not have in Financial Services, Retail, Public Sector and Manufacturing, Services. It is a profitable business which has been growing rapidly and above all it provides us a great opportunity in terms of sourcing this talent which is very capable and very-very cost competitive for our global business.

Overall, I think Team Wipro came together quite well in Q1. When I started I said that we have very low visibility as to what we are getting it to but I think we stayed together and delivered a good quarter for our partners and shareholders.



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So, with that we are very happy to take your questions.

Moderator: Thank you very much, sir. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Sudhir Guntupalli from Motilal Oswal Financial Services. Please go ahead.

Sudhir Guntupalli: Margin performance during the quarter especially at gross margin level was very impressive. In fact it was better than even pre-COVID quarters. What is your thought process on the sustainability of this cost structure or margin, so you look at it more like a one-time spike due to aggressive cost control or do you think this would be something which is sustainable going forward?

Jatin Dalal: Sudheer, thanks for your question Let me give you a little bit more color. I think there are three components to our margin expansion for Q1. One is the operation which is nearly 1% where we really went after the traditional levers, we manage to utilize our people very well, we really had a look at our variable work force, you have seen utilization improving, you have seen offshore rate improving. And of course there is a component on automation which is not visible to externally. That has also played up. So overall I think we did a very good job in terms of managing our workforce to our requirement in an environment where revenue was highly uncertain. That was one component. Second is, we of course kept a very tight watch of every incremental spend that we had to do. We also looked at existing spend and whether they were giving us the bang for the buck as they were giving us in pre-COVID time and if they were not then we have really looked at them whether those bang should continue. So that was roughly 1%. Another 1% has been FOREX. And we have taken a slightly larger provision for doubtful debt which is more called as expected credit loss which is driven by environment and not by a specific situation or a specific customer or any specificities for that matter which is about 0.5. So that is about 1.4%, sequential expansion that we have done. And as you can see, I think we have done well on operations. And therefore we believe that we should be able to keep our operating margin in a narrow band in Q2 also. Having said that, as Thierry articulated in his opening remarks, our focus remains profitable growth as an organization that we want to go after. And therefore if we need to make investments we will make those investments and that will always be our first priority and subject to that, yes, we will try and keep it in.

Sudhir Guntupalli: And in healthcare vertical, some of the large companies had actually reported very strong growth in this vertical, led by work-related, the contact tracing applications, etc., however, we did not seem to have gotten a similar benefit. Is this due to difference in our service offerings in the healthcare vertical? And broadly your thoughts on across other verticals wise outlook will be very helpful?

Jatin Dalal: I will start with the second part of your question and I would request Bill to take the first part, Bill is our Global Head of Health BU. So we do believe that we are seeing more stability in CBU, Technology and Communications in terms of where it can be in Q2. Other BUs, we also



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see overall stability but other BUs we will wait and watch how the environment sort of progresses. So that is the sort of commentary on other BUs and I now request Bill to respond on Healthcare.

Bill Stith:

Yeah, thank you. So first of all let me just remind that Q4 for us is a high volume seasonal business with especially in our Payer segment for open enrollment. So, we typically expect a little bit of pressure coming into Q1. Obviously, that was expanded during COVID where we saw mostly volumes dropping due to patients pushing out their lack of treatments which also translated into furloughs in a Payer-Provider segment. Medical Devices and Life Sciences also impacted on volumes based on inbound calls associated with the same procedures. Some I would say that our pipeline is strong. We won new deals both in existing and new rollovers. And we further expanded enabling our clients especially in VDI and Cloud region. We saw a lot of demand for delivery in our near shore locations of the Philippines. We are watching elections. Obviously, as you know that could have an impact especially in our ACA exchanges in US.

Moderator:

Thank you. The next question is from the line of Kawaljeet Saluja from Kotak. Please go ahead.

Kawaljeet Saluja:

Thierry, the first question I had was that what will be your key priorities for the first 90 or 120-days that as you go about getting Wipro back to the growth path or getting back to the industry growth, that?

Thierry Delaporte:

First of all, I must confess one thing. I have been a little bit cheating with the concept of first day because I have definitely been working before my first day last Monday. And so I have dedicated the last five weeks actually connecting with the leadership team, connecting with our Chairman connecting with the board members and so on. So I have already had a good time to really get a flavor for the business, the clients, our employees, better understand the power and the strengths of our culture, of our values and so on. Having said that obviously, starting now looking at the priorities for as you say the first 90 or 120-days, I look at it in different buckets. On the first one which is the operations. I am someone who likes to jump and dive into the tranches day one. And so it is literally starting to engage with our leaders in the operations every day and really be active on the day-to-day operations we have a quarter to deliver or Q3 and there is a great sense of attention paid to how we will be dealing with the health and the safety of our employees. So that is really specific to the current situation where we are in, but also to the fact that it is actually day-to-day operations for us. Yes, the world has changed. So those are the ways our day-to-day operations look like as well. Second aspect for me is connecting with our clients. I have really started to engage basically on day one and I am spending time with clients to listen to them, to meet them, to understand what we are doing and what their expectations are. So this is also incredibly important because I have great passion for clients, great passion for spending time with them and building partnership with them. And equally important as you can imagine is really connecting with our employees. So I have also started to engage and we will do a lot more of that. I am a people person, so I like to connect physically but it is okay in the current environment obviously we all accept the situation and may last. So,



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we are using the new technologies to really connect and actually it is working well, you can connect with people from different places, at the same time you can jump from one country to another in a few seconds and I have been connecting and will connect more with different parts, different groups, senior leadership, young professionals, women at Wipro are best talents and so on and so on. And then obviously while we are doing so, we constantly emphasize on let us grow and the appetite for deals and clients. I will work on the bigger plan to redefine or to confirm our strategy, our vision, our ambition for the years to come and where I can potentially contribute. To accelerate the growth, to build a crazy team, and continue to grow top talent to constantly challenge status quo inside the organization and see where we can be more nimble, more efficient, more productive, have less time, internal more, time for our clients and for employees and finally how we can streamline our processes and so on. So to respond rapidly to your question now, I would say, it is going to be a good balance between the need to dive into the operations and protect the safety and security of our people and at the same time work on a bigger plan. I do not want to jump on conclusions now, it is only day seven. But work on the bigger plan that I will come and share with you at some point in time.

Kawaljeet Saluja:

Just a follow on question, Thierry, on a slightly different note. While it is early days, what do you think Wipro could have done better, now, of course it is only seven days for you at Wipro, but you have come across Wipro as a competitor while you were at Cap, so what are your broad any thoughts if you can share?

Thierry Delaporte:

I can tell you one thing. This is exactly what I would not do, jump at conclusions and compare with Capgemini. I do not want to do that at all because I do not think it is right after seven days and I do not think it leads to anything. I still need to learn and listen and observe and get a better feel. There would be a point in time I would start to draw conclusions. What is clear is that the values of Wipro are completely unique. The sense of purpose of Wipro is completely unique. This is a global company. As you say that I have known Wipro for 20-years. I have been competing with competing with Wipro for 20-years. Won sometimes, lost sometimes. But truly a formidable competitor. And what I would say after seven days is yes, it is a global company with an even bigger hawk than what I thought before, the energy in the system, the passion of the employees for the company, the love they have for Wipro is for me outstanding. And I want to build on that in the years to come.

Kawaljeet Saluja:

Jatin, just a question on the margin. I am still trying to understand what drove the margin improvement given that the employee headcount decline was barely 1%, your utilization went up, effectively your volumes were flat, yet the revenues declined by 7%. With the 7% realization declined, I am still trying to reconcile as to how you were able to manage a profitability? And second is that I also saw that the employee cost on dollar basis declined by 9% on a quarter-on-quarter basis which means that variable compensation levers are quite aggressively. So I just wanted your thoughts on a couple of these aspects.



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Jatin Dalal:

Yeah, sure, I will speak about the first and I will also invite Saurabh to talk about the second one. So Kawaljeet, there are parts of that walk which are unfortunately not visible externally. As I mentioned in my opening remarks, we have looked at very aggressively the variable workforce of Wipro beginning from day one of the quarter. So we were able to leverage a lot of internal talent that actually was utilized, that is number one instead of variable talent. Second is that in some form, utilization is also factored of leave loss and leave loss as you can imagine has been relatively lower for the quarter. And of course that also plays into revenue, but that is one of the things which has kept utilization to come out even better than what it was in Q4. And your third point on realization. I would say that the entire 7% drop is definitely not the realization drop. There is a part which is realization and there is certainly a part which is volume and as you would also appreciate that in a time like this no company will have zero volume decline. So we also have had a share of our volume decline, and there is a part which is also realization. I want to talk a little bit on realization also, realization typically has as a few components. As you know that one direct component could be price discount, but I will come on to it at the end, but in a business which is run at 60% plus fixed price project, there are impact on realization because of the element based contracts that we have in our infrastructure business, where we are paid based on the elements that we are able to service. And you would appreciate that when elements go down, for example, a large manufacturing firm is not operating its plant, there would be a dip in the elements which are serviced by Wipro. But I cannot overnight reduce the staff from those projects, because they are all doing some specific work, serving specific element or deployed for a specific technology. So, element based contract has flown into it. Two, there is always a certain amount of change request, additional business that flows into existing fixed price business, which has impact on realization. This quarter it has had an adverse impact because there was a sort of, at least in the beginning of the quarter, as you can imagine, a lot of decision making was on pause. So fixed price project has got impacted by that. Of course, there has been an impact on pricing also, but I would say that has been relatively smaller. And I am confident that the variable part of the realization of fixed price project, we should see an uptick as the environment becomes to normalcy during the course of next couple of quarters.

On variable pay, I would request Saurabh to talk about it, but I would only make one comment that our operational savings has been significant in terms of the value and in terms of the might of execution compared to the leverage of variable pay. Saurabh, you want to add something to that?

Saurabh Govil:

Thanks, Jatin. So, exactly when we got into this entire thing in Q1, when the pandemic started and we were looking at revenue impact and costs. One of the things we had called out and which we try to do as far as possible was that we will minimize letting go people, given that there is a significant volume drop. And collectively the might of Wipro should come together in this time. Like in the previous year, for most of our people, we had given 100% variable pay, which was paid to them, the Q4 was 100% variable pay which was paid to all our employees in the middle of the entire pandemic in the month of May. The leadership took a bigger cut, but majority of



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the people have got reasonable variable pay. So as Jatin said, there has been a superior execution across all cost parameters, rather than looking at one specific area.

Moderator: Thank you very much. Next question is from the line of Rishit Parikh from Nomura. Please go ahead.

Rishit Parikh: Thierry, welcome on board. Just if we look at the outlook for some of the peers, they have started to talk about the sequential improvement in 2Q, right. I wanted to understand what are we seeing from a demand perspective and when do you see the recovery coming through? That's one. And on the deal discussion side, how the traction is improving across clients? And if you can just give a little more color on what is your perspective, that will be helpful. Thank you.

Jatin Dalal: Yes. So, we have said that we see stability in quarter two. However, you know that the situation is very fluid. So it is really, I would say, not in our place to say that this is the definitiveness that we see in the environment. But we certainly have much greater visibility than we had in the beginning of quarter one. But having said that, it's an evolving environment, both from demand side, our largest market is the United States, as well as on supply side where our largest delivery centers are in India. So I don't think we are in position to very accurately predict what is going to pan out. We will play it by the year, but we certainly see a greater stability in the current quarter compared to Q1. Second, from an environment standpoint, we certainly believe that we should see an uptick in performance in the BUs that I mentioned, SBU, tech, communication, health also should hopefully do better because some of the elective surgeries, etc., which got pushed out, probably they will come back, some of the volumes related to that could come back. And rest, we will play it by the year in the course of quarter two, Rishit.

Rishit Parikh: Okay. And just one last question from a BFSI standpoint. The weakness seems to be slightly more, but our presence is fairly decent, right, in that spirit. So just wanted to understand what you are seeing from a BFSI perspective? Because some of the competition is starting to see improvement in that portion, at least from the 2Q onwards.

Angan Guha: So Rishit, this is Angan, and I lead the financial services globally. So let me give you a little bit of a colour from a BFSI standpoint. So, Rishit, as you know, most of the banks have got in to this cycle with a pretty robust balance sheet, right, because none of the banks wanted to be in the same situation as they were during the global financial crisis. So obviously everybody is shoring up balance sheet strength. And what that has done is that has made the banks spend a lot lower than what they were spending earlier. So that is one. There are two big uncertainties, specifically with the unemployment at the rate it is, and US, like Jatin mentioned, being our biggest market, people are worried about delinquencies. That is one. And second, with almost zero interest rate or could even be negative, from a bank as well as the financial institutions perspective, they are very careful in terms of the uncertainties. And you would have seen the Gartner report, the Gartner has clearly stated that there will be a 4% decline in terms of the spending. But that said, there are also some green shoots, so we are seeing a lot of discussions around the ram side of the bank where people are spending to cut cost and we are participating



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very, very heavily in that part of the area. But the things are uncertain, so we will play it by the year, we will see how it goes. From a discounting perspective, I think we have done a good job in terms of Q1. But as things become more clearer, we will be able to give much better commentary at this situation.

Moderator: Thank you very much. The next question is from the line of Sandeep Shah from CIMB. Please go ahead.

Sandeep Shah: My first question is to Thierry. Just to understand, as you have said in your speech, as well as in the press release, that your agenda is on profitable growth. And you will also agree that Wipro has been lagging the industry growth rate. While peers who have faced the similar situations have actually, in the initial strategy, have compromised the margin to get the growth turnaround as a whole, while one of the peers wanted to do both hand in hand and was not able to do it successfully. So do you believe a profitable growth and a growth turnaround going hand in hand could be like a catch 22 situation and maybe a difficult task where you have to first compromise a bit of margin to get the growth turnaround? So your plan and strategy around the same.

Thierry Delaporte: Okay. Yes, it's a very fair question. In my answer, I will be a little bit academic because I think that as you can imagine, with the seven days under my belt, this kind of answers require specific to the situation of every business. But let's be clear on my priorities, I will drive an obsession for growth in the organization, obsession for growth for growing our top-line everywhere. But I mentioned profitable growth, because I don't believe that you can negotiate one for the other. There is a possibility that may be one quarter of two you get more of one and the less of the other, these can always happen, but on a long-term you need to drive both growth and profitability, and we can do it. We can do it. Growth, it starts with growth, that is also one important point. You can drive profitability through cost reduction quarter after quarter, but it's very difficult to drive growth if you are not investing. And so your point on catch 22. So it starts with growth, okay. My view is that, to drive growth its going to be about certainly high energy, absolute focus on that, ready to focus the investments to the accounts that matter to us, leveraging the offerings where we have strengths and the industries and the position we have in our industry. It will take some bets and we will take some bets and we will be bold in going after these bets. But the focus will be on growth, not to the expense of profit.

Sandeep Shah: Okay, fair enough. Thanks. And the second question to Jatin. Just about the margin savings which you would have done, this is also helped by work from home and the locked down. But as the growth comes back, what percentage of savings which you have achieved in 1Q and may be possible because of a full quarter impact in 2Q, would you retain when the growth comes back in a normal situation when you see lockdown situation is much more normal versus where it is right now?

Jatin Dalal: Yes. So, certainly there are certain expenses which will come back. Like for example, we are at a historically low value of travel, as you can see, in our financials. And that would come back as you climb back on activity. But at the same time, there would be certain expenses that we



have had benefits for like the half the quarter or one-third of the quarter in quarter one, that will give it full benefit in quarter two. So, there are some positive levers also there. The expenses that will come back with increase in activity, our endeavor would be that are commensurate with the additional opportunities and growth that we are seeing. So, in some form, you should get a lever from growth on those expenses. But, overall, we see that we should be able to focus our energies in second quarter also on what we can do, we remain focused on cost. Just it's not a one quarter journey, we will continue to question all incremental spend that are needed. And we have to be very clear, Sandeep, we have built a model for a different time and place, the operating model that was operating. And if we are not conscious of looking at every cost item and asking whether in the new world this is also required or not required, then we are not doing justice to that cost. So, we will continue to look at areas that we couldn't focus in quarter one, in quarter two also. So, I would really put it in three buckets, the cost that will go up, the cost which will give it full benefits, and also the third bucket where the cost that we have not been able to look at in a short term, can we look at it now. So those are the cost plays, and therefore I made a comment to Sudeep's question that we will try and keep it in a narrow band, of course, subject to the investments that we need to make. And I think there we can't compromise and what we need to invest for growth we announced one acquisition if we are to do we have to remain focused on strategic assets that we want to add, that could also be dilutive. So, those investments we will remain very open. But cost side we will try and continue to remain as close as possible to the line of execution.

Moderator: Thank you very much. The next question is from the line of Abhishek Shindadkar from Elara Capital. Please go ahead.

Abhishek Shindadkar: A part of the question was answered earlier, but would like to understand how did the demand or the deal bookings played out in June versus May and April? Any commentary or color in terms of the progression could be helpful. Thank you.

Jatin Dalal: I will request Bhanumurthy, our Chief Operating Officer to comment.

Bhanumurthy B. M: In terms of the order book, what we have seen is that during the latter half of the quarter, we see the deal momentum pick up. Our pipeline continue to remain very healthy. And you have seen that we also announced a couple of good deals in our press release itself. And what we are seeing is that the velocity of decision making is still not at the pre-COVID levels. However, our order book remains healthy. It has improved year on year, and our pipeline is robust. We are also seeing that in terms of demand, the nature of services that we have seeing, definitely we are seeing a good pipeline for our offerings on cloud, ensuring that our customer employees are able to work from home and remotely. Some of the infrastructure services and our digital operations and platform services, that we are seeing a good momentum in these services along with our engineering and security services as well. So we do see a good momentum on the order book side and our pipeline looks robust and healthy.



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- Abhishek Shindadkar:** Thank you. Just a clarification, you said the book has increased year on year. If you can also compare it to March or pre-COVID levels that would be helpful. Thank you for taking my question.
- Bhanumurthy B. M:** Yes. So like we discussed, we don't disclose the individual sides of the order book on the TVB levels, but I can tell you that the order book has imploded year on year competitively.
- Moderator:** Thank you very much. The next question is from the line of Diviya Nagarajan from UBS. Please go ahead.
- Diviya Nagarajan:** Congrats on the strong execution in a tough quarter. Most of my questions have been answered, so I am just going to ask Thierry a question more on a sector perspective, if I may. Thierry, in your experience on the services space, and specifically in the last few years, the changes that we are seeing in the IT services landscape, what would you think are the key trends that you think are going to accelerate because of what we are seeing in this downturn? And specifically, what has been your impression of the offshore sector as a whole in the last five years? And how the sector has handled this transformation?
- Thierry Delaporte:** Okay, thanks for the equation. So yes, I think we all recognize that we are in an industry where the reality of the day is not the reality of the day after, so things are changing rapidly. A couple of trends, one, we all agree on the fact that technology is more pervasive inside the organization, that every company is investing in technology, and therefore enabling technology to address business issues. What we have seen over the last years is that there is a growing component of this technology spend that is being done outside or not say outside, but that is being driven by the business. And it's not only triggered, if you like, by the IT departments, chief marketing officer are spending in technology, chief sales officer, head of operations, head of manufacturing, head of supply chain, different function leaders are spending in technology. And therefore, it's an evolution we need to adapt and obviously be the force of connection inside the companies between the business, and the IT is always required absolutely essential to drive scale and security to all these investments and orchestrate, if you like, the investment on those technologies. But I think it's clear that we have to be prepared to connect with CXOs and very different stakeholders inside companies to engage on strategy discussions where technology can play a role.
- Second, I think, it's very clear that the company that have not invested enough in their digital transformation over the last years have felt the pain during the crisis of the last weeks. And there will be an acceleration of their transformation over the next quarter. The level of adoption of cloud in the different markets is going to accelerate tremendously. And without not even talking about the potential of 5G for a lot of the technologies that we are talking about. So I think I would say that the winners in the industry will be the ones who have been able to adapt and shift the fastest to the evolution of this demand. And be able to come on one side and work with the clients, the partners to drive efficiencies, simplify organizations, reduce the cost of running operations and so on. And on the other side, reinvest at least part of the savings to new



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technology and new ways of working, helping creation of new revenue streams through innovation and technology. So it's going to be about being able to adjust, being able to accelerate and stay as close as possible to our customers and hear, and get a deep understanding of the challenges of each industry and be able to respond to it. Services need to be sector specific to address those needs, those requirements from our clients.

Diviya Nagarajan:

Thanks for that. Jatin, my question to your earlier comment that you have brought down your temporary workforce and replaced it with some of the slack that you had in the system because of this downturn. How would you kind of look at talent and building up the bench as demand returns? Would it mean that some of that temporary workforce comes back? Or do you think that you have enough slack in the system still, because utilization, as you said, has gone up a bit. So, does that mean that you will have to then increase hiring as demand comes up? How should we think about this equation?

Jatin Dalal:

So we have right now sufficient availability of talent in the company. Having said that, we always say that we will hire for revenue, so if there is a need to hire externally we will definitely look at it. But the action that we took was a very straightforward, I would say, straight forward method of transaction that when we saw the reduction in some of our revenues, some of our own employees became available for work. And if we had a skill set which was available with which we could service our customers, we did not need the cost of the variable workforce. And therefore, we sort of reduced that variable workforce and put our own employees to service those requirements. And if it goes up, then we have all the channels available for us to utilize that. Saurabh, you want to add anything to that.

Saurabh Govil:

Yes, just to add. One is that in the several geographies, the developed markets we have put some employees on furlough. And that's helped in our cost perspective. But our talent available for us and as and when demand comes we can quickly get them back without hurting anybody. So it's a win-win for the employees, for the company of not going and hiring people when the demand comes back or gearing ourselves for that. And the other one is also about crowd sourcing and the top gear platform and how you can utilize that. That's another advantage we are seeing, not a lot of traction on top gear. In the quarter we have seen a large demand on that one. So these two would be drivers in terms of looking at when demand comes back.

Moderator:

Thank you very much. Ladies and gentlemen, we will take our last question now, which is from the line of Mr. Girish Pai from Nirmal Bang. Please go ahead.

Girish Pai:

Just want to discuss the trajectory of recovery. You had your best quarter recently in 3Q FY '20 of about just a little less than 2.1 billion. By when do you think you will get back to that number, Jatin? That's question number one. Second question is regarding pricing, do you see that the worst on the pricing front is behind us in 1Q? Or do you see that kind of coming back again in the succeeding quarters?



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- Jatin Dalal:** Hi, Girish. Hope you are well. So, I think it will be too early for us to call when we will come back to a particular number. As the Thierry mentioned in his opening remarks and the subsequent question that we really need to find the stability, but our endeavor would be to reach there as early as possible, I mean, the focus would be on growth and focus would be on investment and focused effort to get the growth back. So not able to quantify that timeline, Girish. And your second question was, sorry?
- Girish Pai:** Pricing, do you see that it's kind of, we have seen the worst of that, or do you see that kind of coming? Because a customer it's too much of time to think about the spending plans, now that they are kind of coming back to office and decide on budgeting going forward, do you think you will actually see more pricing pressure going forward?
- Jatin Dalal:** Yes. So Girish, I was just saying that we have worked very closely with our customers. And I would look at pricing more as a realization for us. And as I had shared earlier in our discussion that some of the realization which has got impacted, should start returning. Yes, pricing will remain a theme in a tough year, but our endeavor has always been to work with our customers, to reduce the total cost of ownership for our customer and not necessarily make it a win-lose equation, but really work towards a win-win for our customers, as well as for us.
- Moderator:** Thank you very much. Ladies and gentlemen, that was our last question for today. I now hand the conference over to Ms. Iyer for closing remarks. Over to you, ma'am.
- Aparna Iyer:** Thank you all for joining the call. In case we could not take any of your questions, please feel free to reach out to our investor relations team. Have a nice day. Thank you.
- Moderator:** Thank you very much, members of the management. Ladies and gentlemen, on behalf of Wipro Limited, that concludes today's conference call. Thank you for joining us. And you may now disconnect your lines.