



“Wipro Limited Q1 FY'26 Earnings Conference Call”

July 17, 2025



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Moderator: Ladies and gentlemen, good day and welcome to Wipro Limited Q1 FY'26 Earnings Conference Call.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" and "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Dipak Bohra – Senior Vice President (Corporate Treasurer & Investor Relations). Thank you, and over to you, sir.

Dipak Bohra: Thank you, Yashashri. Warm welcome to our Quarter 1 Financial Year 2026 Earnings Call.

We will begin the call with "Business Highlights and Overview" by Srinivas Pallia – our Chief Executive Officer and Managing Director, followed by "Updates on Financial Overview" by our CFO – Aparna Iyer. We also have our CHRO – Saurabh Govil on this call. Afterwards, the Operator will open the bridge for Q&A with our Management Team.

Before Srini starts, let me draw your kind 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.

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

Srini Pallia: Thank you, Dipak. Good evening, everyone. Thank you for joining us today.

Let me start with a quick view on Quarter 1 and the broader environment. We started the quarter facing significant macro uncertainty, which kept overall demand muted. Our clients prioritized initiatives with immediate impact family focusing on cost optimization and vendor consolidation. And at the same time, they accelerated their AI, data and modernization programs.

We saw a clear trend of mini-air projects moving to scale and production. We quickly aligned with these priorities, deepened our partnerships, and secured key deals. The large deals we closed this



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quarter and last quarter along with the strong pipelines put us in a good position for the second half of the year.

With that, let me now turn to our Quarter 1 performance. I will start with key financial highlights and then overview of our markets and sectors. Aparna will provide further details on the financials in her remarks.

Our IT services revenue for Quarter 1 was \$2.59 billion, quarter-on-quarter degrowth of 2% in constant currency terms within our guidance range. Our IT services margin was 17.3%, an expansion of 80 basis points year-on-year.

In our markets, Americas grew 1.5% year-on-year in constant currency terms. And we are continuing to see strong deal momentum here. APMEA's revenue stayed flat. Digital spending in India, Middle East and Southeast Asia kept the market resilient. Europe continued to face headwinds and clients remain focused on maintaining their competitiveness in this environment. Capco grew year-on-year, driven by strong performance in Latin America.

Turning to our industry sector, in BFSI, demand is strong and steady. Clients are modernizing their IT landscape with a sharp focus on AI-led efficiency and transformation. We also won two mega deals here, which I will discuss later.

In Consumer and EMR, we are seeing a more cautious mode. Retail, CPG and manufacturing have been most affected by tariffs. Even though discretionary budgets are tight, outsourcing renewables are creating new opportunities to gain wallet share.

In Technology and Communication, we are seeing a clear shift towards AI investments. Clients are looking to innovate and future-proof their software and platforms. We won a large deal here that has the potential to become a mega deal.

Healthcare continues to do well as clients invest in modernization and digital transformation. While payers are under cost pressures, the overall outlook for the sector remains positive. These priorities and shifts in client focus are evident in the strategic deals we have won in Quarter 1.

During the quarter, we reported bookings worth \$5 billion in total contract value, a growth of 51% year-on-year. Our large deal bookings reached \$2.7 billion, up 131% year-on-year. This includes 16 large deals this quarter, including 2 mega deals. Several of these wins were driven by vendor consolidation.



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We continue to build strong momentum. These deals reflect a good balance of extension of existing work and securing new business. They also highlight our capabilities, domain expertise and progress in AI.

Let me share three examples to bring this to life. My first example is a global banking leader that selected us as a strategic partner to transform technology across multiple business lines and enterprise functions. They chose us for our deep BFSI expertise and consulting-led approach. We will transform their digital ecosystem, modernize their cloud and data platforms, improve cyber resilience, and embed AI across the software development lifecycle, helping boost engineering productivity and reimagine core processes.

Second, a leading global semiconductor company signed a multi-year agreement with us to modernize its entire product lifecycle. Building on our longstanding partnership, we will drive into an engineering transformation from silicon design and system software to platform development and hardware validation. Our focus is on using AI and automation to accelerate development, improve quality, reduce cost, and enable agile practices.

Finally, we secured a mega deal with a leading North American bank extending a decade-long partnership. We will transform their technology across core banking, wealth management, and retail using our AI-powered global delivery framework. This includes modernizing their cloud infrastructure, strengthening cyber resilience and enhancing their digital ecosystem and enterprise applications. This will accelerate innovation, improve time-to-market, and deliver a more customer-centric experience for our clients.

In fact, these examples highlight a clear trend. AI is no longer a niche. It's becoming essential to how businesses operate at scale. At Wipro, we see AI as a force reshaping industry and amplifying human potential.

We at Wipro are building an AI-first, AI-everywhere enterprise focused on solving complex challenges, accelerating delivery, and reimagining operations at scale. By embracing autonomous and authentic AI, we are transforming business models and how organizations work.

In fact, our AI capabilities are integrated into both industry and cross-industry solutions. By combining domain expertise with AI, we are able to deliver value through solutions such as hyper-personalized wealth management and predictive industrial insights, to name a few.

So, far, we have deployed over 200 AI power agents using advanced technologies from leading hyperscalers. For example, these agents enable smarter lending, intelligent claims processing, and autonomous network management.



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We are equally focused on talent and training our team with the skills and mindset to thrive in an AI first world. Building on these strong foundations and our continued focus on five strategic priorities, we are well positioned for the future.

I would like to now discuss our outlook for the next quarter:

While we are cautious given the macro environment, our strong order book, healthy pipeline, and focus on consulting-led AI-powered solutions give us confidence in delivering long-term value to our stakeholders. Returning to profitable growth remains our priority.

Based on our visibility, we are guiding for a sequential growth of minus 1% to plus 1% in constant currency terms. With that, let me hand over to Aparna for a detailed view on our financials. Thank you again and over to you, Aparna.

Aparna Iyer:

Thank you, Srinu. Good evening, ladies and gentlemen. Let me give you a brief update on the financial performance for the quarter ended 30 June 2025. After that, we can open it up for questions.

Our IT services revenue for Q1 sequentially declined by 2% in constant currency, which is well within our guidance range. On a year-on-year basis, the revenue declined by 2.3% in constant currency terms.

Our operating margin for Q1 was at 17.3%, an expansion of 80 basis points on a year-on-year basis. As Srinu alluded, many of our large deal wins are in the nature of cost takeout or vendor consolidation. These deals typically come with upfront investments and will cause pressure on the cost. As always, we will continue to focus on operational excellence in order to offset these pressures.

Let me give you a color on our strategic market unit and sector performance:

All growth numbers that I will share will be in constant currency. Americas 1 grew 0.2% sequentially and grew 5.8% on a year-on-year basis. Americas 2 declined 1.7% sequentially and declined 2.7% on a year-on-year basis. Europe declined 6.4% sequentially and 11.6% on a year-on-year basis. APMEA has grown 0.6% sequentially this quarter, though declined marginally on a year-on-year basis.

Moving to sectors:

BF&SI declined 3.8% sequentially and also declined 3.5% on year-on-year terms. Healthcare grew 0.5% sequentially and has grown 3.5% year-on-year. Consumer declined 4% sequentially and declined 5.7% on a year-on-year term. Technology and Communication grew 0.4% sequentially and



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degrew 0.3% year-on-year. Energy, Manufacturing, and Resources declined 0.7% sequentially and 2.4% on a year-on-year basis. Capco continues to perform well, growing 6% on a year-on-year basis.

Let me share with you some of the other key financial parameters:

Our net income grew 10.9% on a year-on-year basis in this quarter. This was after absorbing for a one-time restructuring cost of INR 246 crores. Our EPS for the quarter at INR 3.2 grew by 10.8% year-on-year. Our free cash flow generation continues to remain robust. It was at 115% of our net income. This takes our gross cash, including investments, to be at 6.4 billion and net cash actually expanded quarter-on-quarter. In Q1, our net other income grew 62% on a year-on-year basis. Accounting yield for the average investments held in India was at 8.1% for Q1. Our effective tax rate was at 21.6% for Q1 '26. This is versus 24.5% that we had for the last year and same time last quarter was also 24.5%.

Our hedges continue to be in line with our policy at about \$2.5 billion of ForEx derivative contracts as hedges at the end of Q1 '26.

Finally, before I move to the guidance:

I would like to share with all of you that in our Board meeting today, the Board of Directors have declared an interim dividend of INR 5 per share. With this, we would have now distributed cash in excess of 1.3 billion in the last 6 months. As you know, we revised our capital allocation policy in January 2025 to increase the payout to a minimum of 70% of our net income over a block of 3 years. Thus, going forward, subject to the cash position and Board approval, our endeavor would be to pay these dividends twice a year, once along with the June results and then along with our December quarter results.

In terms of guidance, to reiterate what Srinu shared, we expect revenues from our IT services revenue business to be in the range of \$2.56 billion to \$2.612 billion. This translates to a sequential growth of minus 1% to plus 1% in constant currency terms.

With that, we can take questions. Operator.

Moderator:

Thank you very much. We will now begin the question-and-answer session. (Operator Instructions) We will take our first question from the line of Abhishek Kumar from JM Financial. Please go ahead.

Abhishek Kumar:

Yes. Hi, good evening. Thanks for taking my question, and congratulations on very strong deal wins. My first question is on the deal win itself. So, you know, on an LTM basis, the overall deal TCV has grown by 10%. But if I look at the smaller deals on an LTM basis, it's down 8% Y-o-Y. So, my



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question is, have we seen any kind of given, these large deals are longer in tenure, any material increase in duration? And therefore, how should we look at the ACV growth for us to really model growth going forward?

Aparna Iyer:

Thank you, Abhishek for the question. You are correct that our TCV has been growing much faster than the ACV. And this is also because the deal tenors have been going up. Our pipeline has a good balance of both vendor consolidation, cost takeout deals, which are typically longer tenor and deals that are coming in in the areas of data, AI, and modernization that Srinu alluded to. So, it is a good mix of deals.

But it is also true that today, if you look at just from a value standpoint, there is the large deals are dominating the pipeline in terms of how we won, because last year we won 2 mega deals. This year, we are starting with 2 mega deal wins in 1 quarter. So, therefore, in some sense, the TCV bookings led by our large deals is indeed growing much faster than the smaller and medium deals.

This is also true when you keep in the context that the discretionary spends have been big. And what is number 1 priority and agenda for our clients is also cost takeout. And in some sense, that also fuels what they would like to spend in newer areas. So, that's basically how I would like to characterize that.

Abhishek Kumar:

Sure, that's clear. The second question is on capital allocation. The last 2 payouts after the tax regime change has been in the form of dividends. So, have we decisively moved towards the dividend route and is buyback now not in consideration?

Aparna Iyer:

We raised our capital allocation policy from 45% to 50% of net income to upwards of 70% on a 3 year basis. And when we did do that, we had communicated that we continue to prefer dividends and buyback as a means of returning cash to our shareholders. For now, in the January quarter and this quarter, We have given out dividends. Buyback continues to remain an option and we could consider that at an appropriate time.

Abhishek Kumar:

Sure. Thank you, and all the best.

Aparna Iyer:

Thank you.

Moderator:

Thank you. We will take our next question from the line of Nitin Padmanabhan from Investec. Please go ahead.

Nitin Padmanabhan:

Yes, hi. Good evening. Good quarter. Aparna wanted your thoughts on the margins. Now you did mention that a lot of these deals are, obviously, will have some margin impact. So, considering that



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you will have an execution of a lot of these deals coming through, do you believe that current margins can hold on from where it is or how should we sort of think about margins on a going forward basis?

Aparna Iyer:

We don't guide for margins, Nitin. We have had a very good run on operating margin improvement over the last 8 quarters. We are very excited with the quantum of deals that we booked. These deals prove the capability of us, winning in large vendor consolidation. In fact, we shared that nearly a substantial portion of our large deals actually came from our top clients. So, we are very happy with the win.

Our focus and energy is going to be on conversion, right? A lot of these deals will ramp up over the next 4 to 6 quarters. These deals have a good balance of both renewing and an element of expansion. And the expansion will come through ramp up consistently over the next few quarters, right? So, all hands on the deck, that will mean we will have to make certain upfront investments. And these are larger deals and are like strongly contested. And therefore, the nature of the deals, the margin profile is weaker compared to the rest of portfolio. So, there will be some pressures. You have seen our ability to continuously improve our operating margins. Those operating levers will continue to remain at play. And that's what I can share at the moment.

Nitin Padmanabhan:

Sure. Fair enough. That's helpful. Thank you so much and all the best.

Aparna Iyer:

Thank you, Nitin.

Moderator:

We will take our next question from the line of Gaurav Rateria from Morgan Stanley. Please go ahead.

Gaurav Rateria:

Hey, congrats, Srini. Congrats upon good execution. My first question is on the kind of the deals. If you look at the last one year, you know, the areas where we have won the deals like the deal with the insurance on the claims side, the deal with the telecom player in the U.S., these are areas where Wipro had traditionally not been very strong or been present. So, what tweaks we have made to be able to win deals, which probably traditionally has not been very strong for Wipro. So, just trying to understand the initiatives taken around that.

Srini Pallia:

Thanks, Gaurav. This is Srini here. Thank you for the question. If you look at what we called out at the beginning of last year, we said we want to be consulting led and AI powered. What that meant, Gaurav, was as part of the strategy, we called out 5 sectors and within those sectors, specific industries where we want to be dominant. So, that means we invested in terms of creating domain expertise to like Aparna said, we have won these deals, these mega deals in some of our top clients. We also talked about as part of a strategic priority that we are going to invest into growing our large accounts.



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So, the 2 strategic priorities that we talked about, followed by the third one where we said we are going to build industry and cross-industry solutions. All the 3 strategic priorities really helped us to understand what the client was looking at, both in the context of business, in the context of experience that they were looking for their clients, and the way they have to modernize them and how to leverage AI to bring in efficiency, optimization and velocity. So, these deals are for me personally very exciting, Gaurav, and that's the reason I think we have been able to dominate in some of the deals that we talked about.

Of the 16 large deals, 2 of them were mega deals, 1 has the potential to be a mega deal and I talked about the 3 case studies. And if you look at it clearly, it has been AI-powered, it has been consulting-led, and it also understands the client's landscape. And we will continue to do more of this, Gaurav, as we move forward. And the last point is also being very proactive in terms of listening to the client and responding to their needs.

Gaurav Rateria:

Thanks for the detailed answer. The second question on you mentioned last time that there were certain pauses on large projects. You gave examples also on SAP project that were paused by the clients. Have you seen any update on that? Have things started to move and is this part of your guidance?

Srini Pallia:

So, Gaurav, if you look at the overall environment in the context of tariffs, in the context of geopolitics and the economy, I think there are certain sectors which have been really impacted. And we called out manufacturing, especially automotive and industrial. We also called out retail and CPG, which has a great impact due to over-reliance on the global supply chain.

And 1 of the projects that I called out last quarter was in 1 of the sectors, and as you know, tariffs are still being evaluated. So, the client has paused on that particular program at this point in time and they would want to have a complete clarity before they get started. So, those kind of projects, Gaurav, are still on hold. I am hoping that if things settle down in the next couple of quarters, hopefully, the client will come back to reinvest in those transformation programs.

Gaurav Rateria:

Thank you. Last question on margins. I understand the puts and takes you explained on margins, especially on the large deals' upfront investment, but fair to say that you aspire to be in the band of around 17% that you had been calling out in the past few quarters, keeping these puts and takes into mind. Thank you.

Aparna Iyer:

So, certainly that remains a band that is where we would like to operate, Gaurav. But having secured these deals, our focus and priority is going to be to ramp up these deals and execute and deliver them. And therefore, there will be certain investments. So, there could be certain quarters where we will



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have to make those investments. But you are right when you say that 17% to 17.5% band that we called out earlier remains a band that we would like to operate in.

Gaurav Rateria: Thank you.

Moderator: Thank you. We will take our next question from the line of Surendra Goyal from Citigroup. Please go ahead.

Surendra Goyal: Yes. Hi. Good evening. So, just 1 question on the deals again, like how comfortable are you that the 10% odd increase on trailing 12-month TCV will translate into a meaningful growth acceleration? And the reason I ask is like in FY '23 also, we saw TCV was up 28% year over year, but FY '24 and FY '25, we saw a revenue decline. And in that context, is it possible to provide any sense on the ACV growth even directionally?

Srini Pallia: Maybe I will give in my comment and ask Aparna to add to that. First and foremost, if you look at the opening remarks that I made is that we had a very strong bookings in Quarter 1. We have a very strong pipeline in Quarter 2. And I also said that our H2 will be much better than H1 and this confidence comes based on the bookings that we have done and the point that Aparna talked about, we are now staying very focused on execution. Some of these deals will get transition and get into steady state anywhere from 3 months to 6 months timeframe so that gives us the confidence to talk about the second half Surendra and maybe Aparna if you want to add more.

Aparna Iyer: Surendra, your observation is right. Sometimes these TCV and ACV have different growth trajectory given how long a tenure deal keeps getting signed and therefore what impact that has on conversion. The other factor that has come in the way of the conversion has been just the discretionary spend environment and therefore how there have been subsequent leakages on that count. For now, at least the discretionary spend environment seems to have stabilized. One was hopeful perhaps that the start this calendar year that it would improve, but for the moment I think the way we are looking at this financial year is going to be stable. If we keep that assumption in mind, you should be able to see a much better conversion of some of these bookings into revenue, Surendra and that's the endeavor.

Surendra Goyal: And any comments on ACV growth even directionally just for us to understand the trends a little better?

Aparna Iyer: I think the ACV growth this quarter has grown well on a year-on-year basis, that is where, so this is not coming only on the back of longer-term deals, and we feel fairly confident about these deals. And the (Overlap) 31.52 seeing also quite good.



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Surendra Goyal: Sure. And just one last question Capco you mentioned 6% Y-o-Y, could you share the sequential growth number there? Thanks.

Aparna Iyer: So, we are not calling out the sequential growth rate for Capco. It's a part of all the units. One additional point that we had called out in the media interactions today is that we have had a billion dollars of bookings trailing 12 months so it should give you good sense and even into Quarter 2, we are looking at a good momentum and trajectory as we start the quarter.

Surendra Goyal: Sure. Thank you so much.

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

Vibhor Singhal: Thanks for taking my question. Congrats on a solid performance and a very near term environment. So, my question was again on Capco. I think as you mentioned the Capco reported a decent single digit Y-on-Y growth. So, basically if you could basically take us through the overall environment that we are looking at, this is an environment in which the post tariff uncertainty one in which we have seen a lot of challenges and discretionary spends being put on hold. Capco by the nature of its business, probably reflects that and still we are seeing good growth. Do you see this basically momentum continuing? Any reasons that you see that we have been able to do well while others might be facing challenges? Any bit of color on that would be really helpful.

Srini Pallia: Vibhor, as far as Capco is concerned, just to add to what Aparna talked about in the context of year-on-year growth and also the billion-dollar booking that Capco did, we have seen Capco growth across the U.S. and APMEA on a year-on-basis and growth is driven across insurance, wealth and asset management and energy to be very specific where the growth came. Also, there has been a good momentum in both APMEA and LATAM especially in Brazil which is actually outside Capco's traditional geography. So, these actually helped us in the context of growth and opportunities that we see going forward for Capco.

Vibhor Singhal: Is the pipeline also looking good in Capco in the coming quarters?

Aparna Iyer: It continues to look good for the coming quarters, Vibhor.

Vibhor Singhal: Got it, that is really helpful, Aparna. My second question is basically on the overall basically the margins front. So, I think again a solid performance in this despite the revenue decline. So, I do not know if you have answered this, sorry I was able to join the call late, but in terms of margins, going forward do we expect to maintain the same trajectory of 17%-18% or given the kind of basically revenue that we have shown, there could be a possibility of maybe overshooting that range?



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- Aparna Iyer:** So, we do not guide for margins unlike some of our peers. We have in the past shared that there is an aspirational band of 17-17.5. If you look at quarter one, we have landed somewhere bang in the middle of that band. But looking forward, our focus is going to be conversion of some of these mega deal wins that we have had, large deal wins that we have had. And some of these large deal wins will come with upfront investment and lower margins, right? So, there are going to be pressures that are going to get created. We will have to offset them through better operational rigor and a lot of levers that are there at our disposal. But it is going to be a work that's cut out for us. And that's all I can share at the moment, Vibhor.
- Vibhor Singhal:** Got it, got it. So, just last follow up on that. So, I mean, with all the headwinds in place of these large deals ramp up and all, we still aspire to maintain our margins in the 17% to 17.5% band range?
- Aparna Iyer:** You know, I said that, this is what we have delivered in Q1. We have done well in order to improve our profitability. For now, our number one priority would be growth.
- Vibhor Singhal:** Got it, got it. I was just pushing my luck. Thanks a lot for taking my questions and wish you all the best.
- Moderator:** Thank you. Next question is from the line of Ravi Menon from Macquarie. Please go ahead.
- Ravi Menon:** Hi, thanks so much. And congrats on a really strong deal wins. You see, I am just a bit confused about the commentary in Americas. You sounded very optimistic about the pipeline there and the strength of demand. But when you went by the industry-by-industry segment, it didn't really, it sounded more mixed with manufacturing, retail, CPG, all. You're calling out some weakness there. So, could you talk a bit about the Americas and then also talk about the decline in Europe this quarter if that's very temporary and you're expecting a bounce back there?
- Srini Pallia:** Sure, Ravi. Let me take it one at a time. So, if you look at the sectors in the U.S., we have BFSI. And like I said, that BFSI, the current pipeline is very strong and steady. Having said that, in quarter one, we won 2 mega deals, which are very strategic for us as a client and also for the client, bringing in the power of AI and bringing in the power of execution capabilities, if you will. So, in that context, in the U.S., BFSI, I see a positive traction. Second is technology and communication, which is another sector of ours. There again, if you look at it, Ravi, we won a large deal, which is likely to be a mega deal. And we are staying focused on that because both technology clients and also communication clients, they are investing heavy in AI because they want to modernize their current software and platforms, which is one of our core. And also, it's also a strength because it's coming through our engineering domain. So, that sector will continue to be positive for us. Third, in terms of health care, health care, traditionally in the U.S., we played a big role in the payers, providers and life sciences, and that has continued to grow. And we see that to continue to grow. And also some of the industry



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solutions around payers that we have built actually is resulting in good differentiation and wins for us in the health care sector. Fourth, like you rightly said, consumer business has been a challenge. Within consumers, we have retail, CPG and travel transportation. But, if I look at the deal wins in quarter one, specifically in the retail segment, we have had some good, interesting wins. And I think we are staying close to what's happening in the U.S. economy, how the tariffs will play in and how this particular business will keep changing or evolving. The last one is energy manufacturing and resources. In that, you're right, manufacturing has been slow for us, and we continue to stay focused because especially in the automotive segment, I think, we have seen the challenges that companies are going through. But we are also looking at opportunities where we can help them in the context of cost takeouts. And that's something that we are proactively discussing with those customers. So, that's how the U.S. and the sectors are playing out, Ravi. Now, coming to Europe, right, you know, the pipeline continues to be strong in Europe. And in the BFSI sector, you know, specifically in Europe, we have a good pipeline. And having said that, the large Phoenix deal that we won in Quarter 4, we are going through the final planning phases. And actually, the revenue will start coming in Quarter 3. That can give a good momentum for us in Europe. Second, we also are staying focused on some of these deals, which are cost takeouts and vendor consolidation. And we have wins now, we have stories now, we have strength now. We will go back and bring that to bear in Europe. While the market in Europe is definitely uncertain. Obviously, we have a good view on what's happening in each of the countries and across the European Union. But what is more important for us is staying focused on those clients and do the turnaround for us in Europe, which has not been great in the last couple of quarters. But I am very confident with the team that we have put together, the energy and the enthusiasm they're bringing in and the pipeline they have, we will get there.

Ravi Menon: Thanks for the detailed explanation. I have a quick question on this restructuring cost of 2.4 billion. This is showing up, I guess, as an unallocated cost in the segmental reporting, right? And whenever we had something like this earlier, there was a detailed footnote explaining what this restructuring was due to and whether we are taking impairment charges. Could you talk a bit about what's the restructuring charge this quarter?

Aparna Iyer: The restructuring costs pertain to restructuring in Europe that we did. This is very limited to a few associates in Europe, and this is one-off in nature and unlikely to recur. And you're right, it is a part of the reconciling items and it's a part of our EPS and our net income.

Ravi Menon: Okay, thanks so much. Best of luck.

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



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Manik Taneja:

Hi, thank you for the opportunity. And once again, congratulations on some of the internals that you've shown. I had a question with regards to some of the challenges that we have seen in Europe while the Phoenix large deal will help us and possibly, you're talking about a strong pipeline there. But if you could talk about some of the customer specific challenges that you've had in Europe over the course of last several quarters, are they largely behind us? That's question number one. The second thing is that while we continue to essentially defend our business within our top customers, and it also reflects in the revenue performance within top customers, but our client metrics seem to essentially convey some sort of a weakness. If you could just elaborate as to what may be causing that. Those will be the two questions.

Aparna Iyer:

Sure, Manik. In Europe, we have said that it's a combination of both the macroeconomic environment, the discretionary spend environment, and a few clients' specific challenges. Client specific challenges are now behind us. To say when would Europe bottom out and start performing, we do feel confident that in the second half of this financial year, we should start seeing some stabilization and growth in Europe. One, certainly because of the Phoenix deal win. Also, because we feel some of these client specific issues are behind us. More to be done. More is desired. I think Srini has spoken about a good pipeline. We will continue to remain focused on converting those pipelines and also remain very close to our top clients in that region. What was your second question, Manik?

Manik Taneja:

I was also trying to probe you with regards to our client metrics performance.

Aparna Iyer:

I now recollect your question. Yes, in some sense, if you look at the total number of active clients that has come down over a period of time, again, reflects the discretionary spend environment. There's nothing strategic or intentional that we are doing in order to reduce any number of clients. We continue to also win the hunting logos, the big circle accounts where we would like to expand. That's something that we are doing, and we will continue to accelerate that momentum. We are also investing a lot in our large accounts. In some sense, you should look at our greater than \$50 million accounts, we have actually grown quarter-on-quarter. We should continue to see momentum in what we call as metal accounts, and you will see that performance reflected there.

Manik Taneja:

Sure. Thank you and all the best for the future.

Moderator:

Thank you. We will take our next question from the line of Kumar Rakesh from BNP Paribas. Please go ahead.

Kumar Rakesh:

Hi, good evening. And thank you for taking my question. I have just one question, more of a clarification. So, it seems like on margin earlier when you used to talk about that it will be in a narrow band, what you seem to be focusing more on driving top line growth. Earlier, Srini had talked about that the priority would be on profitable growth and you have spoken about that the second half



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performance would be stronger than first half. Will you say that would also be reflecting in the bottom line growth as well? Will that also be better than the first half than second half?

Aparna Iyer:

We do not guide for either the full year revenues or the profits, right? Yes, in the last few quarters, we have been talking about narrow bands. In the last eight quarters, we have consistently improved, right, our margins. And we have also created a good runway for us to invest back into our business. And the deals that we have secured are in our large client relationships and they will need certain investments that we will have to make up front. And we will go ahead and focus on growth and execution. Eventually, yes, this will result in profitable growth.

Kumar Rakesh:

Got it. Thanks, Aparna, for that. The only reason I was trying to ask this question was to understand what could be the bottom for margin if you are investing, is there something you would want to bet on. Earlier, we have seen during this period, earlier period when we were focusing on driving growth, margin had even fallen to 15% sort of a level. So, is there a scenario in which for a few quarters we could see similar contraction in margin by ramping up the deals and hence could have an impact --

Aparna Iyer:

Yes. Right now, we are not sharing any commentary on that. Like I said, we will now focus on this execution. We are in a good place as far as margins are concerned in Q1. We will take it from there. And we will certainly keep the market posted as some of these deals will start to ramp up, what we are able to offset, how we are able to look at some of those pressures being offset, and then we will keep you posted accordingly.

Kumar Rakesh:

Sure, that would be great. Thanks, Aparna.

Moderator:

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

Sudheer Guntupalli:

Hi, Srini, Aparna. Congrats on a good quarter and strong deal wins. First question, on the deal wins front, compared to the long-term trend line of mix between maximum deals and renewals, has this quarter seen any material divergence, maybe in terms of skew towards renewals?

Aparna Iyer:

No, I do not think so. In fact, we have a good mix of both renewal and with an element of expansion in both the mega deal wins that we spoke of. One large deal where we have a potential to make it mega has a substantial portion of new in it. So, I think when you look at overall large deals, I think the mix of renewals and new is quite evenly poised. And in some sense, we are excited about the bookings.

Sudheer Guntupalli:

Sure, Aparna. So, it is similar to what we had seen in the previous few quarters, right?



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Srini Pallia: So, Sudheer, just to reemphasize on the excitement that Aparna is talking about, these are all global companies. These are companies where we have a footprint. So, the good news is that we have secured our current book of work and now we are getting a new book of work. The focus for us is, how do we maximize the new book of work and we are working through the planning process, and we will stay focused on executing those deals. And it is a very, very intense focus on execution and delivering to our clients.

Sudheer Guntupalli: Got it, sir. And in your presentation, Srini, you mentioned that discretionary funds are coming back in pockets, even if it is not in a uniform fashion. So, can you elaborate on which pockets are those, which specific geographies and verticals apart from the BFSI which you spoke about?

Srini Pallia: So, Sudheer, broadly if you look at it, the discretionary spend is coming around data, AI and modernization. And to just give you a little bit of a color around that, for example, we have won a deal where we are transforming for a particular retailer, we call it fashion intelligence, right? AI will know what to sell and this is a large American fashion brand. They want to enhance sales by identifying and optimizing 40 product features per item. So, how do you display these features, right, whether it is in terms of the differentiation of the product, intelligently extracting and analyzing the impact on the market performance, and also helping their sourcing team on the strategic product decisions that they have to take to buy it. So, that is one example of a discretionary spend, which is of course integration of data and AI.

So, similarly, one of the Financial Services companies, we are working with them on the part of intelligent automation and what we call it a smart credit decision, right. Right now, the client has a lot of manual credit risk operations. They are looking at it, how can we make this more AI so that it is less error-prone and also it is more accurate, right, so that they can disrupt the existing workflows. So, these are the projects that are very important need of the business and that is a discretionary spend. I talked about entirely two different sectors, but just to give you a context around that, Sudheer.

Sudheer Guntupalli: Got it, sir. Thank you and all the very best.

Moderator: Thank you. Next question is from the line of Sandeep Shah from Equitous Securities. Please go ahead.

Sandeep Shah: Yes, thanks for the opportunity and congrats on deal wins action. The first question is, when we say when we execute these mega deals there could be margin pressure because of the upfront investment, so I wanted to understand the nature of the investment and the margin pressure. Is it more competitive pricing, because our EBIT margin is already lower than most of the other peers? So, I just wanted to understand. And second, these deals also involve some amount of higher pass-through sales or these are normal, traditional type of deals?



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- Srini Pallia:** So, Sandeep, first and foremost, none of the deals have a pass-through. Second, when Aparna said that we have to invest into these deals, this is the time for us to do the planning process because, let's say, when there is a vendor consolidation, the kind of the teams that we need to put together, both in terms of program management, program delivery, and bot management and so on and so forth, you have got to get the talent first, get them also acclimatized with the customer's environment and the process that they do. So, these are all the investments that Aparna is talking about, nothing to do with pass-through, Sandeep.
- Sandeep Shah:** And any comment on pricing? Are you believing competitive pressure is very high because of macro? Everybody is now behind growth, even in the large cap basket.
- Srini Pallia:** So, Sandeep, like Aparna said, right, some of these large deal wins are very competitive. There will be price pressures on that. What matters is, how do you transition and how do you execute these deals. And if you look at the current demand environment, I would say that each of these deals are extremely strongly contested. What's good news is that we have won despite that competition. And this is how industry has always functioned. So, we and everybody has to innovate. We have to generate more savings and continue to stay competitive.
- Sandeep Shah:** Okay. And Aparna, you also mentioned we have to offset this with the new levers, and you believe there are more levers. So, can you elaborate on the same? Because your margin execution has been really excellent, which has juiced out headroom in many of the margin levers. So, what are the pending levers which you believe can help you to offset some of these pressures?
- Aparna Iyer:** I think productivity and fixed price programs; they continue to be a theme. I know we talk about it all the time, but with newer technology, with a lot of AI focus, the productivity that we can drive is certainly a big lever. Secondly, even as we speak, there is margin improvement that we can make in some of our acquired entities and businesses. As they go from strength to strength, there will be improvement in margins that they are all executing to. Thirdly, if I had to look at it, we are continuing to optimize our G&A. Again, on the back of AI, on the back of a lot of process efficiencies that we are driving, that will continue to be a focus of simplification and reducing the number of layers. These have remained something that we continue to focus on some of those levers. Apart from this, the traditional focus will remain utilization we have invested in. Maybe we will need to continue to invest in utilization for a little bit more, but there are other factors like freshers hiring, rotation, pyramid optimization, all of which become easier as we grow and win more programs. And that's also something that will continue to operate as a lever. Over and above that, FOREX is something that has traditionally helped. That's something that is not within our control, but that is always something that has played out in the past as well.



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- Sandeep Shah:** Thank you and all the best.
- Moderator:** Thank you. Thank you. We will take our next question from the line of Ashwin Mehta from Ambit Capital. Please go ahead.
- Ashwin Mehta:** Yes, thanks for the opportunity. So, Srin, in terms of the competition that you've won these deals against, who were the incumbents here? Was it largely the Indian providers or these were mostly MNCs?
- Srin Pallia:** Ashwin, I never talk about competition or name them. All I can tell you, Ashwin, is these were well-fought deals, very satisfying at the end of the day, Ashwin.
- Ashwin Mehta:** Okay, thanks. And just one follow-up. So, given our commentary that Capco is growing at around 6%-odd from a YOY perspective but the BFSI portfolio ex of Capco seems to have declined by 6% to 7%. So, what is exactly driving that? Is it largely ramp downs at clients? Is it some share loss? So, any color here?
- Aparna Iyer:** I think these are largely ramp downs that have happened. We have spoken about even within BFSI, I think America is much stronger. Asia-Pacific has also had a much stronger growth in BFSI. The weakness is also largely emanating from Europe. And we are very confident based on the deal wins and the bottoming out of some of the client-specific issues that we can look to stability and growth. Srin has spoken about two mega deal wins in BFSI. Phoenix is certainly in the same space that we had won in Q4. So, second half onwards, things look more optimistic, all focused on execution.
- Ashwin Mehta:** And just a follow-up, in terms of the restructuring charges that we have taken, are they segment-specific or they're across the board in Europe?
- Aparna Iyer:** They're across the board in Europe but very contained. The number of employees that would have got impacted because of this is very, very small and not material in the context of the overall business.
- Ashwin Mehta:** Okay. Thanks a lot, and all the best.
- Dipak Bohra:** Yashashri, we can now close the call. I will just put a thank you note.
- Moderator:** Yes. Over to you sir.
- Dipak Bohra:** So, thank you all for joining the call. In case we could not take any questions due to time constraints, please feel free to reach out to the Investor Relations team. Have a nice evening. Thank you.



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Moderator:

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