



Wipro Limited
Q2 FY17 Earnings Conference Call

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Edited Transcript

Management:

Mr. Abidali Z. Neemuchwala - CEO & Member of the Board

Mr. B.M. Bhanumurthy – COO & President

Mr. Shaji Farooq – President - Banking, Financial Services & Insurance

Mr. Saurabh Govil – Chief Human Resources Officer & President

Mr. Jatin Dalal – Chief Financial Officer & Senior Vice President

Mr. Aravind Viswanathan, Corporate Treasurer & Vice President

Moderator: Ladies and Gentlemen, Good Day and Welcome to Wipro Limited 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 for an operator by pressing '*' followed by '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Aravind Viswanathan. Thank you and over to you sir.

Aravind Viswanathan: Thank you, Zaid. A Warm Welcome to our Q2 FY-'17 Earnings Call. We will begin the call with the Business Highlights and Overview by Abid, our Chief Executive Officer and Member of the Board followed by financial overview by our CFO Jatin Dalal, afterwards the operator will open the bridge for Q&A with our management team.

Before Abid 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 the detail 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 thereof. The conference call will be archived and a transcript will be available on our website.

Ladies and Gentlemen, let me now hand it over to Mr. Abid.

Abidali Z. Neemuchwala: Thank you, Aravind and Good Morning and Good Evening to all of you. It is again a pleasure to speak to you. I will begin with comments on the performance of Q2 and talk a little bit about the demand scenario in the IT Services industry as we see it and then have a detailed update on the execution of the Six Strategic Theme that I have been talking about since the last two quarters now.

We have delivered a revenue growth in constant currency at about 0.9% closer to the top end of our guidance. IT Services margin for the quarter was 17.8% which is flat on a sequential basis. The operating margin was maintained in spite of the headwinds we had from the merit salary increase of incremental two months that comes in Q2 for Wipro and this was enabled by strong operational improvements primarily on the theme that we have been talking about which is execution discipline on levers like offshoring and utilization, but more importantly, the hyper-automation led productivity.

From a demand environment perspective, the IT Services continues to evolve fast, the tech spend continues to transfer from the RUN bucket where there is a lot of focus on cost efficiency, vendor consolidation, hyper-automation, simplification into the CHANGE bucket which primarily is Digital spend, cognitive and artificial intelligence-led transformation of the business model in as- a-service or transaction-based, outcome-based pricing models and we just see acceleration of that trend to continue.

This transition in client spends is happening at an accelerated pace. And the companies, we believe, who will make bold bets to differentiate and capitalize on these opportunities will win. I believe that Wipro is prepared to make those bold bets and execute on the strategy well. Our early investments in creating a separate Digital unit; merging Consulting with it, doing the Designit acquisition for the design and the creative part, our BPaaS focus with the HPS acquisition, investment in Wipro HOLMES, our Artificial Intelligence and Cognitive platform are all steps that we have taken in that direction and executed on it. This differentiated value proposition is being appreciated by our clients and we are seeing some not only good wins but also good execution on those wins.

Of course, I am very excited about the acquisition of Appirio that we announced yesterday, which is a leader in the cloud applications especially across Salesforce and Workday implementation services. Appirio's leadership in transforming customer and worker experiences combined with Wipro's global scale, industry focus, strong customer relationships and our broader application portfolio and understanding of the customers' current landscape creates, for Wipro, a practice with critical mass, leadership amongst our Indian heritage peers and for our customers an ideal digital partner of the future to enable our customers to win in the digital economy.

I had talked about the client themes, then I will cover those briefly, so the first one out of the six is "Digital." We are pleased to see that our investments in Digital have been gaining traction with our clients and delivering results. Last couple of times, I have talked about the traction in the Banking, Financial Services industry and the Consumer industry. This time let me give you an example in the Manufacturing industry. We are partnering with a global contract manufacturing company which is implementing 'SmartFactory', a factory enabled by advanced automation, machine learning, IoT and Data Analytics. Wipro is responsible for enabling the connected journey and in the first instance data from the shop floor is being leveraged for knowledge and process automation involving Cognitive, involving Artificial Intelligence and Machine Learning and some of the technologies that I talked about.

During the quarter, we continued to progress in terms of employee transformation, as you know, we targeted to train 20,000 people in Digital Technologies in this entire year, and in H1 alone we have trained almost 17,500. So I am confident that through the entire year we will be way beyond the 20,000 target that we had and this is enabled by the futuristic training tools and methodologies that we put in where training becomes a self-service for employees and we see a lot of enthusiasm by Wiproites in terms of taking that up and transforming themselves.

From revenues perspective, in Q2 Digital Ecosystem revenues constitute now about 19.6% of our overall revenues. So the overall growth is quite good and the revenues from the Consulting Ecosystem now constitute about 5% of our overall revenues. I am quite pleased with the accelerated pace of traction that we are seeing in both these areas which we started measuring and sharing over the past couple of quarters.

The second theme is “Client Mining.” Client Mining continues to be a key focus area for strategy for us. Again, with a leading European technology company with our integrated services offering we were able to consolidate our share of the wallet in a rebid process that was aimed at vendor consolidation and it leveraged all of the solutions and tools that we have in the client mining space. From results perspective the average revenue per client which was about \$6 million in Q4 went up to \$6.4 million in Q1 and is about \$6.6 million in Q2. So we are seeing good traction on that and this is supported by deep relationship building, investment in the accounts of client partners, architects and teams which also is reflected in both our customer satisfaction and the recognition we received from our customers.

Last quarter I talked about receiving the award from our top client, this quarter I want to talk about two awards from leading global retailers -- one is a ‘Long Partnership Award’ for a decade-long partnership where the relationship moved from the traditional IT relationship into the digital enablement and domain-centric and the second award is the ‘2016 Strategic Partner of the Year Award’ from amongst all the IT and various other vendors that this large global retailer has.

Let me give you an example of one of the engagements that we have done in Retail where Wipro deployed an Integrated Retail Solution across 550 stores for a global retail major enabling central visibility of inventory, price differential, cash and sales forecast. The Retail solution led to decommissioning of 10 legacy applications and the simplification of the landscape was the value proposition that we had gone into this and it also helped outcomes like resulting an increase in in-store customer satisfaction and inventory turn.

In beginning of the year I had also talked that enhanced mining needs a huge investment in the delivery leadership transformation and we had launched a program called “ADROIT” where we wanted to cover the top 1000 delivery leaders across the firm. We have cumulatively trained 488 people who have got trained and certified through 23 programs in the first half of the year.

The third theme that we have talked about is the Non-Linearity and we continue to drive non-linearity through significant investments in intellectual property in the form of products, platforms, frameworks and solution.

We now have about 70 engagements across diverse industry segments deploying HOLMES. The idea is to touch our top-100 customers with deployment of HOLMES either in the IT operations which could be Applications, Infrastructure or BPS or through the domain business process implementation, and recently, we added use cases in the mortgage insurance industry and in oil exploration business, in our ENU vertical as well as in corporate actions and settlements space in the Capital Markets verticals.

Let me talk of one solution which is our Medicare Advantage Suite based on the SaaS model. We have several dozen clients already on this and this platform is being modernized for Cloud and Analytics; it covers enrollment, eligibility, verification and claims processing of medicare providers across multiple states in the US. In Q2, we executed three more client contracts of the Medicare Advantage Suite. So the focus on selling led by IP has been taken very well by the

sales team and we are seeing some very good traction. Overall, we continue to invest in intellectual property through protecting it through patents and we filed 97 new patents in Q2 alone taking our patents to over 1100 total patents.

Next theme I want to talk about is Hyper-Automation and we are rapidly deploying both Robotic Process Automation and the cognitive Bots as part of our Holmes platform. We have deployed now about 143 unique Bots and this has been done across about 75 customer engagements and we have been able to take more than 2,000 core IP activities to be automated. So 143 is a unique number of Bots but they have been deployed across 2,000 activities in a repetitive manner. On the BPS front, there are about 24 Bots that we have which have been deployed across 35 customers to automate about 450 process tracks. While we plan to release 4,500 people across the year through Hyper-Automation, we have already been able to release about 3200 in Q2*, and we have been able to successfully retrain and redeploy Wiproites who have been released from these engagements to feed some of the growth requirements that we have.

Again, let me give you an example of the deployment of Wipro HOLMES. For a large European technology company to reduce the number of tickets and the ticket cycle time in their help desk process automation where the value proposition that we went into the deal and successfully executed on was to deliver a truly customer focused and end-user experience-based IT support transformation.

The next theme is about Localization. We continue to focus on Localization. We have included US as a focus area- our Mountain View, Atlanta- and we launched the Dallas local delivery center where we have been able to do Digital and Agile project delivery from. We continue to make good progress in UK, Germany through the acquisition Cellent, Canada, in Singapore, Latin America and the Kingdom of Saudi Arabia, where we now have about 200 women in our center delivering engineering services in the Kingdom as manufacturing companies invest for their offset requirements in Saudi Arabia.

Let me talk about the Innovation and Partner Ecosystem during Q2. Wipro Ventures completed yet another investment in the Israel-based Intsigts Cyber Intelligence Limited. Intsigts basically have developed sophisticated cyber threat intelligence platform, which provides not only advanced warning and customized insights about potential cyber-attack, but also recommends real-time remedial action. Overall, we have now made eight investments and already committed a spend of around \$22 million from our Wipro Ventures capital fund and on an average we continue to look at about 5 to 8 startups a week and we have developed a core competence from a venture capital perspective to both technologically evaluate and take some of these innovations into our customers. Today, we have 10 plus POCs running, leveraging these investments across multiple customers. The pipeline of the opportunities that we are seeing is quite healthy.

I also want to talk about the Horizon Program which is internally commonly known as the H2 H3 Program which is promoting intrapreneurship or enabling Wiproites to come up with ideas that we find again on the same lines of Wipro Ventures and incubate disruptive ideas to drive

entrepreneurship within our employees. We have invested in 75 such ideas and 4 in the last quarter. Areas around Software-defined, Open Source platform, Managed File Transfer as-a-service and so on and so forth which is scaling well and has started delivering revenues as part of the CHANGE agenda that we are driving for our clients.

So I am happy to note the recognition that some of our strategic partners have given which have been our traditional partner ecosystem in the technology area, user tethered Enterprise, Microsoft, Sales Force, IBM have recognized Wipro in various areas of focus in delivering some of the joint go-to-market plans that we have committed with them to bring value to our joint customers.

Last quarter, I had mentioned about the launch of TopGear the crowd-sourcing initiative or the Wipro private crowd platform that provides virtual and physical environments not only for our employees to gain hands on experience on various technologies that are in high demand, but also define the future of work or the Uberization of IT that we believe is going to be the next disruption in the IT industry. Since its launch in Q1, 22,000 unique Wiproites have experienced Top Gear and done at least one engagement on it in our journey towards creating a new culture in the organization for learning and solution building.

The very interesting thing also is that it has been leveraged to develop about 100 solutions that are under creation within Wipro which is Wipro IP. The Appirio acquisition gives us access to Topcoder, which is a crowdsourcing platform that already has a large community of about a million members crowdsourcing. So while TopGear was primarily focused on what I would call as the private crowd, Topcoder accelerates that transformation into the public crowd if you will and Appirio themselves leveraged Topcoder for pre-sales, design POC development of the delivery that they do to the customers. So that is a great acceleration of future of work as we believe will happen in the IT industry.

So in closing I would like to say that this is a fast evolving environment, we need to continuously evolve constantly. There is a lot of external uncertainty that we continue to deal with, but we are focused on staying the course on our strategy and we are executing very well. We are investing where necessary in the future - both Buy and Make as you saw through my comments are options that we are open to, to execute on our strategy and we are seeing good traction on both. Where we find a good asset we buy and integrate and make the success out of it and where we see a capability that we can internally invest and build we continue to do that very well and we do not hesitate in making the investments. Our strategy continues to find strong resonance with our clients and I am confident that we will build momentum towards a stronger sustainable and profitable growth.

With these remarks I would like to hand it over to Jatin for a slightly deeper dive on our Financial Performance.

Jatin Dalal:

Thank you, Abid. Good Day, Ladies and Gentlemen. As always it is pleasure to speak to you. Before I speak on the Financial Performance of the quarter, kindly note that for the convenience

of our readers our IFRS financial statement released today have been translated into dollars at noon buying rate in New York City on September 30th, 2016 for the cable transfers in Indian rupees as certified by the Federal Reserve Board of New York which was \$1 equal to Rs.66.58. Accordingly, our Q2 revenues of our IT Services segment that was \$1916.3 million or in rupee terms Rs.131.4 billion appears in our earning release as \$1973 million based on the convenience translation.

Let me first talk about the consolidated Wipro Limited Results: Gross revenues for the quarter-ended September 30th grew by 10% year-on-year at Rs.137.7 billion. Net income for the quarter was Rs. 20.7 billion.

IT Services revenue for the quarter grew by 0.9% in constant currency which was close to the top end of our guidance. Revenues in US dollar terms, however, were affected by a depreciating pound sterling leading to reported dollar revenue of \$1916.3 million, a sequential decrease of 0.8%. Margins in IT Services segment were 17.8% flat as compared to the margins of Q1. The margins were maintained in spite of headwind from an incremental 2-months impact of salary increase by strong operational improvements in automation-led productivity, offshoring and utilization.

You heard Abid give an Update on Automation. Allow me to talk about Utilization and Offshoring: We increased gross utilization by 134 basis points to 71.2% and it is among the highest utilization we have achieved in recent quarters. The revenue mix from offshore efforts has also increased this quarter by 0.5% to 46.1%.

Let me now talk about Foreign Exchange and Effective Tax Rate. On the FOREX front, our realized rate for quarter was Rs.68.55 versus a rate of Rs.67.89 which was realized for Q1. As of the period end, we had \$2.3 billion of FOREX derivative contract as hedges. Going forward, we see currencies remaining volatile especially pound sterling in the quarter to follow. The effective tax rate for Q2 was 22.2%.

Now let me talk about cash flows. For the quarter we generated robust operating cash flow of Rs.26.4 billion, which was 127.5% of our net income and free cash flow of Rs.19.5 billion, which was 94.5% of our net income. As you can see, these are very good measures. For the first half of the current fiscal, the operating cash flow was 99% of net income as compared to 85% of net income during the first half of the fiscal 2016. Net cash on the balance sheet as at September 30th, 2016 was Rs.189 million or \$2.8 billion.

As you might have read, we announced the acquisition of Appirio a global cloud services company yesterday. The purchase consideration of acquisition is USD500 million. Appirio is headquartered in Indianapolis with an employee base of 1250 and their calendar year 2015 revenues were \$196 million.

Let me talk about the Outlook: For the quarter ending December 31st, 2016 we have guided for revenue growth in IT Services of 0% to 2% sequentially in constant currency. The exchange rate

is mentioned in the press release. We expect to consummate the Appirio acquisition in Q3 and hence revenues from the acquisition are included in our guidance.

We will be happy to take questions from here.

Moderator: Thank you, sir. Ladies and Gentlemen, we will now begin with the Question-and-Answer Session. The first question is from the line of Moshe Katri from Wedbush Securities. Please proceed.

Moshe Katri: Couple of questions on Appirio. So based on my calculations, if we exclude Appirio from your guidance for the next quarter, your sequential growth going to be anywhere between I do not know 0% to (-1.6%), is that kind of ballpark correct? Then Appirio had some issues in terms of the Crowdsourcing business; making it work. I do not know if they were ever able to make this work. How do you suggest fixing that as part of Wipro?

Abidali Z. Neemuchwala: Hi, Moshe! I will start with the first question and then I will request Bhanu to take the second question. So, Moshe, as we have shared we announced the acquisition yesterday and we will close the acquisition during the course of the quarter and based on what we think would be a reasonable time period for customary closing conditions and regulatory approvals we have factored in the guidance the revenue coming out of Appirio. As you know we have never broken our organic and inorganic revenues from a guidance stand point. So I am unable to share or confirm an organic revenue number there, but we have made a reasonable estimate of what we will get out of Appirio and that has been baked in the guidance range that we have shared with you.

B.M. Bhanumurthy: So Moshe this is Bhanu here. This is regarding the question you asked about the Crowdsourcing platform. We already have an internal platform that we utilize for doing work internally. Abid referred to that in his opening remarks, that is called TopGear. What we believe is that first of all the Topcoder business for Appirio is just small part of the business, and second we could leverage that for our internal use as well as for some of our customers and it will actually augment the platform that we already have.

Abidali Z. Neemuchwala: Moshe, we believe is that crowd-sourcing for customers is right now, I would put it on late horizon 2 to early horizon 3 kind of activity, because it is like what Cloud was in 2008-2009 that security, data privacy, intellectual property protection and lot of other questions are yet to be answered. But our experience from Top Gear has told us that it is a significant advantage for what I call as Private Crowd; for Wipro I should be able to use it and this gives us a lot of early experience both for both private crowd and public crowd and that is what that excites us about the platform.

Moshe Katri: What are you doing just to make sure that the Appirio's top talent does not kind of bail out before or after the acquisition, may be you can give us some color on that?

Abidali Z. Neemuchwala: So we created what I would call as a playbook for acquisition integration, the most recent one which has been about a year old I will talk about which is Designit, where we decided to leverage the brand to attract the skills that we want to attract and continue to command the pricing and the customer differentiation that it has, and we have over the 1-year successfully executed on it, at the same time able to get those capabilities into some of our large accounts and key clients portfolio. That model has worked quite well for us. We replicated that kind of integration for HPS and the whole idea for Appirio is also that that Appirio will be our Cloud application services practice, we are reverse integrating whatever about \$40 million practice that we already had into Appirio and we will be delivering through Appirio keeping some of the cultural aspects of Appirio intact while there will be a higher level of financial integration or there will be a very concerted effort on go-to-market so that we are able to accelerate the pace of taking that capability across our customer portfolio, at the same time maintaining the uniqueness of this. Obviously as you would imagine, talent is what we get as part of all of these acquisitions and we have developed a good playbook around some of the earn-outs that we provide to the management team and we have replicated into same for Appirio as well. Essentially, we believe that providing the right environment continuing to maintain the brand and the culture which has made it successful and providing the larger growth opportunities by opening the full canvas of Wipro in terms of its global customer reach and combining it with some of the services and capability that we already have. For example the managed service and support capability that we have for ERP and enterprise applications could further enhance the Appirio share of the market as it can get and we planned to execute on that strategy. So we feel very comfortable in terms of retaining the talent and being able to give opportunities for growth to not only back talent, but also to be able to transform some of the Wipro talent into this new technologies and Designit is a good example. If you remember about a year back when we acquire Designit, it had about 300 creative designers. While we were able to hire 20 or 30 internally at Wipro, we reverse integrated it them into Designit. Today as of last count about 450 designers are within that Designit umbrella which is about a 50% growth of that. Primarily, very low attrition of the existing talent and ability to build on top similar skills and attract some of the best talent within the market through that brand. So we feel quite comfortable in replicating that acquisition, integration strategy for HPS, for Appirio and other acquisitions that we did.

Moderator: Thank you. The next question is from the line of Pankaj Kapoor from JM Financial. Please proceed.

Pankaj Kapoor: I had just a few questions again on Appirio. So if you can just give me what the share of revenues for the Top Coder would be. Any idea on that?

Jatin Dalal: Pankaj, the biggest benefit of Top Coder is what the opportunity it brings to us in terms of crowd-sourcing. The revenue is not large, but the capability is very powerful and that is what it seems. It is a very small percentage of the total revenue that we have disclosed.

Pankaj Kapoor: And from the margin perspective, is it fair to assume that this will be may be given its onsite centric and consulting kind of a work, it would be more of a high single digit kind of a margin profile for Appirio?

Jatin Dalal: Pankaj, the margins are very similar for the companies in this space which are growing rapidly and investing in building their capabilities and investing in SG&A that is needed to continue to build the growth momentum. I would put it slightly differently. I think they deliver tremendous value and that value is reflected in the business model that we are able to see in the P&L. So overall, I would say yes, margin would be akin to company of this nature, but the overall value proposition is quite powerful the way it is represented as a business model.

Pankaj Kapoor: And I understand that they have some offshore presence currently right, they have a center I believe in Jaipur if I am not mistaken. So I was wondering if they have a slightly different profile of margins, so that is fine and lastly in terms of the senior management team, what is the kind of a period that you have for them to be with the company, the lock-ins or in terms of retainer ship structure that you have. Any sense of the timeline like it is 3 years, 4 years or lesser than that?

B.M. Bhanumurthy: Pankaj, the plan is to have them forever by ensuring that we grow the business and give them opportunities to grow with us.

Pankaj Kapoor: And lastly Abid, maybe you can answer this that we are trying to, of course, build our digital footprint actively and I think inorganic appears to be quite a key component of this. Designit has been one good acquisition and this also appears to be fairly interesting acquisition. So while I understand you have a structure in terms of ensuring the integration of Wipro service lines with the acquired entity service lines and all, but how about the cross-selling of services between these entities themselves. What is the plan in terms of ensuring that there is active synergy is flowing in between say Designit and Appirio also, not just between Designit and Wipro and then Wipro and Appirio. So what kind of overall game plan do you have as you go ahead in terms of building out this digital portfolio?

Abidali Z. Neemuchwala: So let me answer it in a slightly different way. The way we operate Wipro is we operate it across about 27 verticals that we have or we operate it across the 6 major geographies that we have or we operate across the 6 service lines that we have and there are sufficient forums that provide the ability for each of one of these operating units to synergize with each other. For example, some of the customers that we have in the Manufacturing SBU, leverage our healthcare and life sciences SBU quite effectively to be able to provide services to some customers who are not only traditional technology manufacturing, but also have medical devices and diagnostic component. So the world going forward is going to be a much more matrix where there is a need, vertical becomes a horizontal, service line is a horizontal and there is an interplay of integrated services across multiple horizontals and this is the DNA that we are transforming the company into and some of the steps that we took in August to October last year through the initiatives which we named as DRIVE internally to enable the might of Wipro to come together, the integrated services that I talked about in some of those quarters have now become a way of life in Wipro. So I would not have a different strategy, for example for Appirio and Designit to come together, it is exactly the same strategy through which any one operating unit of Wipro comes along with the other operating unit and provides an integrated service which is relevant to the context of the customers. Let me give you a couple of examples from the existing acquisitions. HPS is an acquisition we did recently as you know and through our IFOX acquisition, we had

acquired the Medicare business and we have been able to effectively create integrated offering of under 65 and over 65 which is an innovation in the industry and has been cross-sold very well to not only some of our existing Payer customers, but also positioned to some of the new clients as well as a powerful offering impact by bringing the two capabilities together, bringing Wipro HOLMES on top of it for mining and analytics of data across these two platforms where data can be effectively monetized by our customers. So this is a way of life and I would say that as an organization, we are getting better and better. We are not perfect, that is not how historically we have operated. I am very encouraged by the momentum and the value that operating leaderships see in cross leveraging. I can go on with examples after examples. For example, lot of technology customers who sit in the technology vertical, today are disrupting the financial services industry and for them, actually our payment domain becomes a horizontal rather than a vertical. So it is happening across the board and we have a concerted effort. It is part of all of those training and stuff that we are doing for teams to be able to leverage the might of Wipro through the One Voice sales transformation program and the ADROIT delivery transformation program where our leadership across the organization has a minimum level of understanding of organization-wide capabilities and then we have processes in solutioning by bringing all the service line capabilities under Bhanu, our Chief Operating Officer to be able to integrate those before we take it to the customer rather than the customer having to integrate some of these capabilities from within Wipro or across their multiple providers. And another example that we talked about last time is a bank in UK which selected us their digital transformation partner replacing two of their incumbents, one in the design space which was a niche company and one in the technology delivery space which was one of the traditional competitors and we could integrate both of them and reduced handoff for the customers and provide more outcome focused model for the customers. This is becoming a way of life. It needs continuous focus and investment and that is what we are doing through training of our sales and delivery teams.

Pankaj Kapoor:

Sure, that is quite comprehensive.

Moderator:

Thank you very much. The next question is from the line of Keith Bachman from Bank of Montreal. Please proceed.

Participant:

Can you talk about some of the dynamics are you seeing within the BFSI segment right now?

Shaji Farooq:

So these are the trends that we are seeing right. We continue to see a very strong shift in spend from RUN to CHANGE in BFSI. The CHANGE engagements in particular are driven by Digital, Agile and DevOps initiatives. Our strong capabilities in these areas have positioned extremely well for winning in this space and we continue to see acceleration and wins across the entire BFSI client portfolio and also in anticipation of the shift, we have already scaled up and we will continue to scale up strongly the unique skillsets that are required to service this space. The next thing we are seeing is that there is an increasing shift towards IT plus BPO platform-led deals particularly in the Securities and Capital Markets and Insurance space. This is an exciting trend that can result in annuity revenues through long-term contracts. And finally, our revenue growth in the RUN side where we are seeing a shift, in our view will be driven by winning highly competitive consolidation deals. Profitability in the RUN part of our business will rely on

implementing hyper-automation driven efficiency and productivity realizations. Our win rate in such consolidation deals continues to remain strong. So basically these are the key trends and digital is happening, it is real and is definitely top of the agenda for all CIOs in the BFSI space.

Participant: Is there any challenges that you are particularly finding that is impacting the growth for why would not be at higher level like the rest of the company average?

Shaji Farooq: See, the challenges really come about because of the fact that the shifts are happening even at our client base. So the end state looks very promising in fact. I think we will see some choppy growth particularly as these shifts happen and as these consolidation deals happen and in fact as you also have realized as you win these consolidation deals, we go through some very elongated transitions. And when we do these transitions, we actually are adding people, but we are not recognizing revenues yet because the nature of the contracts because transition in these deals we do not charge exclusively for transition in these deals, so that again causes a choppiness, but in fact if you look at the addition of headcount in these areas particularly in consolidation deals, it is actually increasing very rapidly and that bodes well for our future growth.

Participant: Just more general to the entire company, you are seeing any changes in the pricing environment over the last quarter or so and as you look forward?

Abidali Z. Neemuchwala: Pricing, I will let Jatin speak, but I do see pressure on the overall cost of ownership on the RUN side of the house that customers are demanding and given that competition and the provider space overall is aggressive. There is a total cost of ownership challenge and however, the strategy and focus as Wipro that we are driving is while we provide the services to the customer at the price point that make the customer win, internally we drive the levers that we required to drive especially hyper-automation and the operating discipline to be able to realize revenue per employee or in the pricing that the we think we are comfortable with in terms of our aspirations and our plans.

Participant Okay, great and one more from me on a margin front. You had painted the picture on the last call that you are going to see all the benefits from the productivity of having the wage impact for Q3 and some of it probably true again. My question on the margin front is a) was there any impact from foreign exchange in the quarter that was here to help you? b) how much of the pickup in margins are you directly expecting to where the productivity to be able to offset all those wages as we move forward?

Jatin Dalal: So in quarter 2, we did not have any material impact of foreign exchange on our operating profit line. However, in quarter 3, the currencies are volatile as we have spent 20 days and we will watch it carefully. Sorry, can you repeat your second question I missed it.

Participant: The part B of that is as we look forward and as productivity, offshoring, utilizations starts offsetting all your wage increases, how much margin increase should we be looking at as we look forward for Q3, Q4 etc.?

Jatin Dalal: We do not guide on margin, let me first talk about quarter 2. Quarter 2, we had two months' incremental impact of salary which we were effectively able to mitigate through the variety of levers that we spoke about which was automation and offshoring and utilization and that I think was quite satisfactory from our execution standpoint. Now as we enter quarter 3, we have investment in form of Appirio that we have made and it will have its impact on margin depending as we consolidate the quantum of revenue into the quarter and second is I would look at the volatility in currencies which could potentially have a headwind to the margin. Apart from this two, we do not see any large headwinds or any other headwinds on the horizon and we will continue to invest our efforts on utilization, offshoring and automation and see how much of that is offset. The other factor is of course our furloughs and related impact on revenue, but that has been factored in the revenue, so I would not separately call those out.

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

Sandeep Shah: When I look into the guidance for 3Q, my sense is it is one of the weakest 3Q guidance in the last several years because generally 3Q turns out to be better seasonally for Wipro despite furloughs as a whole. I think there are several transformational deal wins which we have spoken about last quarter in the Europe BFSI, this quarter about Manufacturing and Retail which you have spoken about. So lot of things has been changing on the transformational side in terms of the wins; however, our organic growth does not pick up. So what is your postmortem analysis because you are also in the system now more than one year? So what is your analysis? When do you believe that this is the bottom and the organic growth will pick up besides the client specific issue which we keep talking about?

Abidali Z. Neemuchwala: So Sandeep, if you look at our performance in Q2 across verticals, the good news is the growth is very secular on a constant currency basis, although the currency impact across verticals are different because of the GBP and hence it does not become visible in the reported currency, but constant currency except for manufacturing and technology, every other vertical has had a positive growth momentum. That to me is quite encouraging and in the Manufacturing and Technology also, we had a little more challenge on the Technology side of the portfolio compared to Manufacturing. So that gives me positive confidence, but we do continue to live in an environment where level of surprise does keep hitting us like there is an uncertainty because of Brexit and its impact, although we have not seen impact except for the GBP depreciation, we have not seen direct client impact on that, but there is a level of spending slowness that we see due to that kind of uncertainty. The US elections have led themselves to certain uncertainties on spend especially for Wipro because ENU has been a large portfolio for us while oil prices have achieved, what I would call as a level where companies are willing to plan and spend. I do not think you will see the spend before our Q4 and their new calendar year for budgets to become available. And it is a little bit of an unexpected slump in Retail and the overall consumer business for us which was going quite strong in general and we continue to have good deal wins and consolidation wins, but in Q2 typically there is a higher spend because normally retailers freeze spending in Q3, given that it is their season of highest revenue generation and they do not encourage lot of IT changes and deployments, but this time we saw headwinds in Q2 itself. So

those levels of uncertainties do get built in the guidance that we give out while we continue to execute very well. We have a healthy pipeline. We have a healthy fulfillment rate internally for the skills that are in demand in our customers. So as long as we see demand, we have very good confidence to be able to fulfill that the guidance that we give as you know takes into account what we see on the day that we give the guidance and that does have the reflection of what we can see with certainty.

Sandeep Shah: Okay, just a follow-up on the Energy and Utility, I think in your earlier comments you said that all depends upon the stability of the crude oil and if you look at off late, there is not much volatility. So do you still believe that the bottom has not reached and it will not be still a recovery phase, it would be still a stable to a declining phase?

Abidali Z. Neemuchwala: I am more optimistic than I ever was in the last 3-4 quarters on our ENU vertical which also includes the constant currency growth sequentially of about 1.3% on our ENU vertical this time. So as you rightly pointed out, I was a bigger votary of stability in price because the stability allows the organizations to plan their spend and once they plan their spends, we do end up being, in a lot of cases, the choice of the vendor they go with. So I think that if the prices stay in this range bound manner of oil and if there are no further uncertainties on political front or geo front in the oil sector, I think we will see an uptake in terms of services and spend. They have a level of pent-up demand in digital transformation as I talked about one of the examples where we have been able to apply HOLMES in some of the upstream oil production space. We have a very strong domain consulting practice; we have a very strong presence in the sector across the various stakeholders of the sector. So I think if we do not see further surprises in terms of their business environment, I would exhibit a level of optimism that I have not exhibited in the past in our ENU vertical.

Moderator: Thank you. The next question is from the line of Nitin Jain from Credit Suisse. Please proceed.

Anantha Narayan: This is Anantha actually. Abid, just if you look at the acquisition strategy over the last couple of years, it has been a lot more aggressive than that of many of your Indian peers and many of them actually look quite interesting and promising as well, but you know overall growth has been so weak compared to the same peers. I know you do not break out your revenue growth into organic and via acquisitions, but what would you attribute this weak growth as the acquisition has been a positive contributor or some of these actually dragged down revenue?

Abidali Z. Neemuchwala: Very good question Anantha. My view about Wipro is that there are 3 parts to our overall strategy. The part #1 is the change in transformation that is happening in the market. The part 2 is some of the Wipro specific, I would not go into big details because we have talked about over the past 3-4 years, but now the Wipro specific challenges and headwinds that we had which did not allow us to have industry leading performance in the past few years and the third is some of the ongoing external uncertainties that show up which is more across the industry and in some cases we get impacted a little bit more like in the oil and gas, in some cases we get impacted a little less like in Brexit. I think so the dynamics to answer your question is across all the three and if you look at the six strategic themes that I have been talking about and we as the

management team have been executing on it addresses all the 3 quite adequately. It takes care of some of our historical challenges whether it is client mining, integrated services, consultative selling etc. which I could call it as a little more Wipro specific. It addresses the change in shift happening in the market place which primarily you see a track of M&A doing that because there is already a lot of work at hand for us to do within Wipro in getting to what we would call as a norm that we have in parallel pursued a strategy of M&A for going beyond the norm to be future ready and that you see as part of the acquisition and then obviously like the entire industry, uncertainties that creep in we try to address it on a very nimble-footed basis and that is also a behavioral change and a culture change that I think we are successfully undergoing as an organization where we are agile and responsive to market changes and like technology changes we are able to predict or if not predict, at least react swiftly to some of those. So that it does not have a more than what I would call as reasonable impact on either capacity built and hence margins or capturing demand as an availability to sell and have the expertise to fulfill and deliver it. So slightly complex answer to this, but the way I look at it, it is about 3 moving parts and to get to industry leading growth and margins, we need to work on all the three together and I feel very comfortable because of the management team, - our strategy addresses that and our execution is focused on all the three parts.

Anantha Narayan:

And just sir follow-up of it, would you say that you are satisfied with these acquisitions are panned out for you?

Abidali Z. Neemuchwala:

Yes, I would say I am quite satisfied with the acquisitions that we have done. Thereon from a business plan perspective there are on plan. Designit is slightly above plan. We have been able to do more synergies than we had originally planned. HPS has had a little bit of current uncertainty again given the US elections as you are aware. Some of the Payers who are our customers have either decided to or threatened to withdraw from the public exchange domain which HPS addresses. So this being the enrollment season, our Q3 which is the October-November-December is the open enrollment season and there is a level of uncertainty on that depending on how things pan out and US election has some bearing on that as well, but for that I think the synergy there has been very good. We have been able to penetrate some of our existing customers with HPS offerings. We have been able to integrate some of the other services with HPS and most importantly, we have been able to build a business model of BPaaS Business Process as a Service or business process of the cloud which we are extending to some of the other service offerings and some of the other IP and from that perspective, HPS has been a very successful acquisition. Cellent which has local market presence in Germany has panned out well. We have been able to cross sell in that, but which by nature of the geography, some of the geographies like Continental Europe and Japan and other states are slightly longer. So the time horizons are longer. So while I can talk about Designit where we were able to more quickly accelerate the synergy benefits. So Cellent again as per plan is factored into, taking a longer time to be able to deliver all the benefits, but it is on plan broadly is what I would say and Appirio is of course quite new but I am very excited about that as well.

Moderator:

Thank you very much. Ladies and gentlemen that was the last question. I now hand the conference over to Mr. Aravind Viswanathan for closing comments. Over to you sir.

Aravind Viswanathan: 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 day.

Moderator: Thank you very much members of management. Ladies and gentlemen on behalf of Wipro Limited that concludes today's conference call. Thank you all for joining us and you may now disconnect your lines.

*Errata. The audio mentioned 3200 in H1 erroneously