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WIPRO LTD.

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Wipro Ltd (Wipro) is a global information technology (IT), services company. Wipro provides a range of IT services, software solutions and research & development services in the areas of hardware and software design to companies worldwide. It uses its development centers located in India and worldwide, quality processes and global resource pool to provide IT solutions and deliver time-to-market and time-to-development advantages to its clients. It also provides business process outsourcing (BPO) services.

Investor's Rationale

Topline grew 13.0% YoY on robust segmental revenues - Wipro registered a growth of 13.0% YoY in its consolidated net sales at ₹96.13bn in Q4FY'13, on the back of an increase in revenue from IT products and service segments by 12.9% YoY to ₹96.28bn in Q4FY'13 as against ₹85.27bn. Moreover, a rise in its consumer care and lighting segment by 15.1% YoY to ₹10.44bn also assisted in growth.

Bottom-line expanded 16.7% YoY backed by higher other income - The company's net profit posted a growth of 16.7% YoY to ₹17.29bn in Q4FY'13 on account of a 25.7% YoY increase in other income at ₹3.08bn. Lower growth in depreciation, interest and taxation charges against revenue growth pace, up by 0.4%, 5.3% and 4.4% respectively to ₹2.43bn, ₹0.4bn and ₹3.97bn also contributed to the rise. Consequently, NPM rose by 50bps to 17.4% in Q4FY'13 against 16.9% in Q4FY'12.

EBITDA margin dropped 111bps YoY due to a rise in purchases of stock-in-trade and employee expenses - Wipro witnessed a growth of 7.2% YoY in EBITDA at ₹19.56bn due to a fall in cost of materials consumed and sub-contracting/technical fees/third party application expenses (as a percentage of sales) by 219bps and 92bps YoY to 1.1% and 10.0%, respectively. However, EBITDA margin fell 111bps YoY to 20.4% from 21.5% as a result of a rise in purchases of stock-in-trade and employee expenses (as a percentage of sales) by 314bps and 204bps YoY to 6.6% and 3.5% respectively.

Added 52 new customers and 2,907 employees - The company has added 52 new customers in Q4FY'13. The IT Services segment had 1,45,812 employees as of March 31 2013, an increase of 2,907 people in the quarter. Moreover, the voluntary quarterly annualized attrition declined to 12.5% in Q4FY'13 compared to 12.9% in Q3FY'13.

Market Data

| | |
|----------------------------|-------------|
| CMP (₹) | 330.1 |
| Target Price | 380 |
| Stop Loss | 305 |
| Duration | Short-term |
| 52-week High-Low (₹) | 418.3/290.1 |
| Rise from 52WL (%) | 13.8 |
| Correction from 52WH (%) | 21.1 |
| Beta | 0.9 |
| 1 year Average Volume (mn) | 1.5 |
| | 3M- (17.4) |
| Stock Return (%) | 6M- (1.1) |
| | 1Y- (18.0) |
| Market Cap (₹bn) | 812.9 |
| Book Value (₹) | 121.8 |

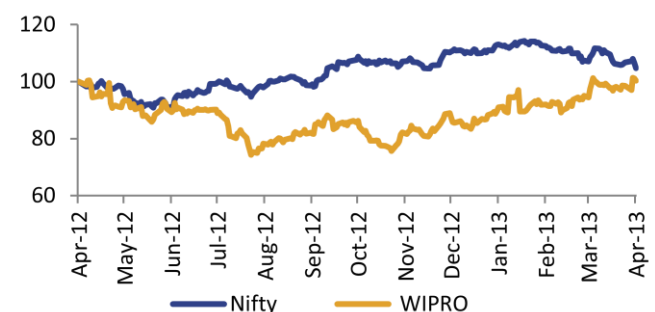
Shareholding Pattern

| | Mar'13 | Dec'12 | Chg |
|---------------------|--------|--------|--------|
| Promoters (%) | 78.28 | 78.29 | (0.01) |
| FII (%) | 7.3 | 7.02 | 0.28 |
| DII (%) | 3.32 | 3.06 | 0.26 |
| Public & Others (%) | 11.1 | 11.63 | (0.53) |

Quarterly Performance (Consolidated)

| (₹bn) | Q4 FY'13 | Q4 FY'12 | Q3 FY'13 | YoY Change(%) | QoQ Change(%) |
|------------|----------|----------|----------|---------------|---------------|
| Revenue | 96.13 | 85.06 | 95.88 | 13.0 | 0.3 |
| Op. exp | 76.57 | 66.81 | 75.37 | 14.6 | 1.6 |
| EBITDA | 19.56 | 18.25 | 20.50 | 7.2 | (4.6) |
| OPM (%) | 20.4 | 21.5 | 21.4 | (111bps) | (104bps) |
| Net profit | 17.29 | 14.81 | 1716 | 16.7 | 0.7 |
| NPM (%) | 17.4 | 16.9 | 17.4 | 50bps | 5bps |
| EPS (₹) | 7.0 | 6.0 | 7.0 | 16.4 | 0.6 |

One Year Price Chart





Indbank Merchant Banking Services Ltd.
I Floor, Khiviraj Complex I,
No.480, Anna Salai, Nandanam, Chennai 600035
Telephone No: 044 – 24313094 - 97
Fax No: 044 – 24313093
www.indbankonline.com

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