

Nov 8, 2013

Wipro Ltd.

BSE Code: 507685 NSE Code: WIPRO Reuters Code: WIPR.NS Bloomberg Code: WPRO:IN

Wipro Ltd (WIPRO) is a global information technology, consulting and outsourcing company with 145,000 employees serving over 900 clients in 57 countries. The company posted revenues of \$6.9 billion for the financial year ended Mar 31, 2013. Wipro is globally recognized for its innovative approach towards delivering business value and its commitment to sustainability. Wipro champions optimized utilization of natural resources, capital and talent.

Investor's Rationale

Revenue rose 19% driven by strong growth in IT Services segment

– Wipro Ltd posted 19% growth in revenues from continuing operations at ₹109,907mn in Q2 FY14. IT Services revenue surpasses ₹100 bn in quarterly revenues at ₹100,679mn, posting strong YoY growth of 20%. While in constant currency, the revenue from this segment rose 3.2%, strongest growth in the last 7 years and this growth was above the midpoint of company's guidance. Further, IT Services Operating Margins improved by 2.5% to 22.5% - the highest Operating Margins in 3 years – due to operational efficiencies and currency benefits, which offset the impact of wage hikes and thus resulted in strong improvement in Operating Margins.

Q2 profit rose 28% on higher revenues, forex gains

– Wipro's net income from continuing operations rose 28% to ₹19,424 mn on the back of 19% growth in revenue and 17% growth in forex exchange gain. Earnings before interest and tax (EBIT) grew 27% sequentially (31% YoY) to ₹2,2640 mn and EBIT margin jumped 250 basis points QoQ (180 bps YoY) to 22.5% in the quarter gone by.

45 new clients added

– The company added 45 new customers during September quarter as compared to 28 clients in June quarter. There was net negative hiring in the quarter, resulting in a total headcount of 147,216 as against 147,281 in Q1FY'14 and 140,569 in Q1FY'13. Employee utilization improved by about a percentage point.

Broad based growth across verticals; Healthcare grew the highest at 5.5%

– Wipro has achieved a broad based revenue growth across all industry verticals during Q2FY'14. Healthcare, Life sciences and Services segment leads from the industry verticals with 6.4% sequential growth on constant currency followed by Global Media & Telecommunication with 5.6% and Finance Solutions with 2.8% sequential growth.

Market Data

Rating	BUY	
CMP (₹)	481	
Target Price	570	
Stop Loss	450	
Duration	Short-term	
52-week High-Low (₹)	519.8/314.9	
Rise from 52WL (%)	53.0	
Correction from 52WH (%)	7.26	
Beta	0.57	
1 year Average Volume (mn)	2.0	
	3M-	7.4
Stock Return (%)	6M-	37.1
	1Y-	28.5
Market Cap (₹bn)	100.64	
Book Value (₹)	151.3	

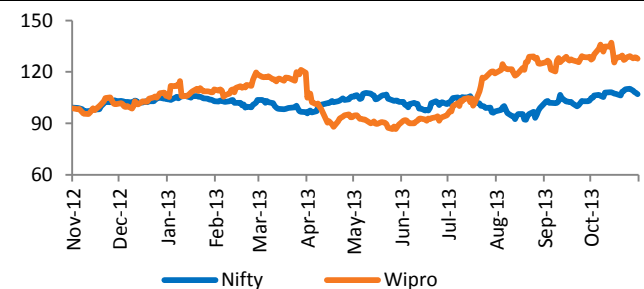
Shareholding Pattern

	Sep'13	Jun'13	Chg
Promoters (%)	73.51	73.54	(0.03)
FII (%)	8.82	7.29	1.53
DII (%)	4.68	4.58	0.10
Public & Others (%)	12.99	14.59	(1.60)

Quarterly Performance (Consolidated)

(₹Mn)	Q2 FY'14	Q2 FY'13	Q1 FY'14	YoY Change(%)	QoQ Change (%)
Sales	109,907	92,350	97,332	19.0	12.9
Op. exp	84,869	72,454	77,129	17.1	10.0
EBITDA	25,038	19,896	20,203	25.8	23.9
OPM (%)	22.8	21.5	20.8	124bps	202bps
Net profit	19,424	15,105	16,318	28.6	19.0
NPM (%)	17.1	15.9	16.2	129bps	94bps
EPS (₹)	7.9	6.6	6.6	19.5	18.8

One Year Price Chart





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