

## Wipro

### Performance Highlights

(₹ cr)	2QFY16	1QFY16	% chg (qoq)	2QFY15	% chg (yoy)
Net revenue	12,514	12,371	1.2	11,684	7.1
EBITDA	2,729	2,606	4.7	2,482	9.9
EBITDA margin (%)	21.8	21.3	51bp	21.2	56bp
PAT	2,235	2,188	2.2	2,085	7.2

Source: Company, Angel Research

Wipro posted a 2.1% qoq growth in IT revenue to US\$1,832mn for 2QFY2016 (V/s an expected US\$1,826mn). In Constant Currency terms (CC), the company posted a 3.1% qoq revenue growth. On the EBITDA front, margins came in at 21.7% V/s an expected 21.3%. The EBIT margin came in at 19.0% V/s (18.7% expected), a qoq expansion of 44bp. The IT services segment posted an EBIT margin of 20.7% V/s 21.0% in 1QFY2016. Thus, the net profit came in at ₹2,235cr (V/s ₹2,223cr expected), a growth of 2.2% qoq. The company has guided towards sales of US\$1,841-1,878mn for 3QFY2016, a growth of 0.5-2.5%. The guidance factors in fewer working days in 3QFY2016 and slow ramp-up of clients. **We currently have a Buy rating on the stock.**

**Quarterly highlights:** Wipro posted a 2.1% qoq growth in IT revenue to US\$1,832mn for 2QFY2016 (V/s an expected US\$1,826mn). In CC, the company posted a 3.1% qoq revenue growth. In rupee terms, the company posted a 1.2% qoq revenue growth to ₹12,514cr V/s an expected ₹12,703cr. On the EBITDA front, margins came in at 21.7% V/s an expected 21.3%. The IT services segment posted an EBIT margin of 20.7% V/s 21.0% in 1QFY2016. In terms of the operating matrix, the net utilization level came in at 77.2% V/s 79.4% in 1QFY2016 and the attrition rate was 16.8% V/s 16.4% in 1QFY2016. The company added 1 client in the US\$50mn+ bracket and 3 in US\$10mn+ bracket, during the quarter.

**Outlook and valuation:** The Management remains confident of revenue growth pick-up, citing momentum in large deal closures and win rates, uptick in discretionary spending, strong business pipeline and with demand from the US sustaining. We expect USD and INR revenue CAGR for IT services to be at 10.0% and 11.8%, respectively, over FY2015-17E. **We recommend a Buy.**

### Key financials (Consolidated, IFRS)

Y/E March (₹ cr)	FY2014	FY2015	FY2016E	FY2017E
Net sales	43,427	46,955	52,414	58,704
% chg	16.0	8.1	11.6	12.0
Net profit	7,797	8,653	9,483	10,449
% chg	17.5	11.0	9.6	10.2
EBITDA margin (%)	22.9	23.1	23.7	23.8
EPS (₹)	31.5	35.1	38.4	42.3
P/E (x)	18.2	16.3	14.9	13.6
P/BV (x)	4.1	3.5	2.9	2.6
RoE (%)	22.6	21.1	19.5	18.0
RoCE (%)	17.1	15.3	15.1	14.7
EV/Sales (x)	2.9	2.6	2.2	1.8
EV/EBITDA (x)	12.9	11.6	9.7	7.9

Source: Company, Angel Research; Note: CMP as of October 30, 2015

## BUY

CMP	₹573
Target Price	₹719

Investment Period	12 Months
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### Stock Info

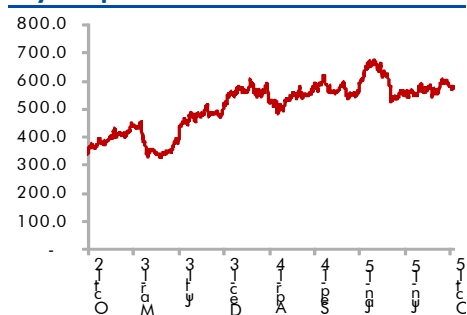
Sector	IT
Market Cap (₹ cr)	141,602
Net Debt (₹ cr)	(20,014)
Beta	0.6
52 Week High / Low	677/513
Avg. Daily Volume	121,503
Face Value (₹)	2
BSE Sensex	26,657
Nifty	8,066
Reuters Code	WIPR.BO
Bloomberg Code	WPRO@IN

### Shareholding Pattern (%)

Promoters	73.4
MF / Banks / Indian Fls	7.1
FII / NRIs / OCBs	13.8
Indian Public / Others	5.7

Abs.(%)	3m	1yr	3yr
Sensex	(3.8)	(2.5)	44.6
Wipro	2.2	2.5	65.0

### 3-year price chart



Source: Company, Angel Research

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**Exhibit 1: 2QFY2016 performance (Consolidated, IFRS)**

Y/E March (₹ cr)	2QFY16	1QFY16	% chg (qoq)	2QFY15	% chg (yoy)	1HFY2016	1HFY2015	% chg (yoy)
<b>Net revenue</b>	<b>12,514</b>	<b>12,371</b>	<b>1.2</b>	<b>11,684</b>	<b>7.1</b>	<b>24,751</b>	<b>22,820</b>	<b>8.5</b>
Cost of revenue	8,229	8,142	1.1	7,779	5.8	16,371	14,990	9.2
<b>Gross profit</b>	<b>4,284</b>	<b>4,096</b>	<b>4.6</b>	<b>3,905</b>	<b>9.7</b>	<b>8,380</b>	<b>7,830</b>	<b>7.0</b>
SGA expense	1,556	1,490	4.4	1,423	9.3	3,045	2,798	8.8
<b>EBITDA</b>	<b>2,729</b>	<b>2,606</b>	<b>4.7</b>	<b>2,482</b>	<b>9.9</b>	<b>5,335</b>	<b>5,032</b>	<b>6.0</b>
Dep. and amortisation	353	337	4.7	308	14.6	690	591	16.8
EBIT	2,376	2,269	4.7	2,174	9.3	4,645	4,441	4.6
Other income	619	529	17.1	544		1,042	989	5.4
PBT	2,995	2,798	7.0	2,718	10.2	5,687	5,430	4.7
Income tax	654	595	9.9	620	5.5	1,243	1,214	2.4
<b>PAT</b>	<b>2,341</b>	<b>2,203</b>	<b>6.3</b>	<b>2,098</b>	<b>11.6</b>	<b>4,444</b>	<b>4,216</b>	<b>5.4</b>
Minority interest	5	16		14		21	28	
<b>Adj. PAT</b>	<b>2,235</b>	<b>2,188</b>	<b>2.2</b>	<b>2,085</b>	<b>7.2</b>	<b>4,423</b>	<b>4,188</b>	<b>5.6</b>
<b>Diluted EPS</b>	<b>9.1</b>	<b>8.9</b>	<b>2.1</b>	<b>8.5</b>	<b>7.2</b>	<b>18.0</b>	<b>17.1</b>	<b>5.6</b>
Gross margin (%)	34.2	33.5	77bp	33.4	81bp	33.9	34.3	(45)bp
EBITDA margin (%)	21.8	21.3	51bp	21.2	56bp	21.6	22.1	(50)bp
EBIT margin (%)	19.0	18.5	44bp	18.6	38bp	18.8	19.5	(69)bp
PAT margin(%)	17.9	17.9	(1)bp	17.8	2bp	17.9	18.4	(48)bp

Source: Company, Angel Research

**Exhibit 2: 2QFY2016 – Actual vs Angel estimates**

(₹ cr)	Actual	Estimate	Variation (%)
Net revenue	12,514	12,703	(1.5)
EBIT margin (%)	19.0	18.7	(52)bp
PAT	2,235	2,223	0.6

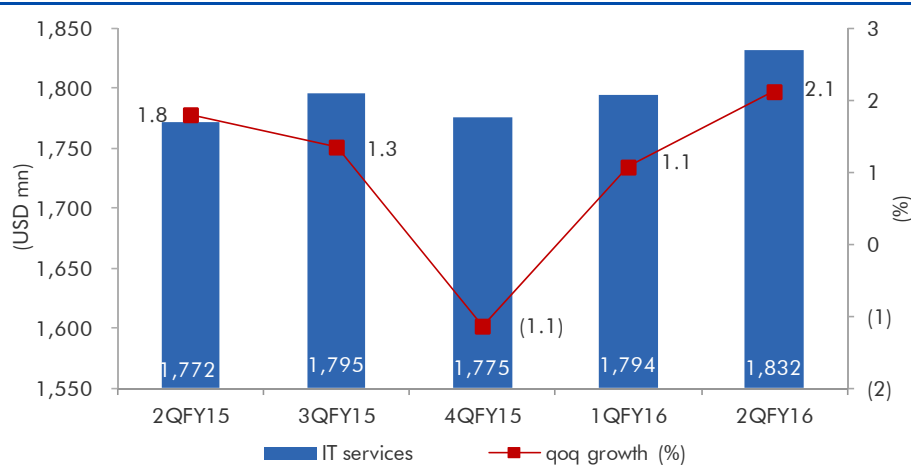
Source: Company, Angel Research

**Lower-than-expected results**

Wipro posted a 2.1% qoq IT revenue growth to US\$1,832mn V/s an expected US\$1,826mn. In CC, the company posted a 3.1% qoq revenue growth. In rupee terms, the company posted a 1.2% qoq revenue growth to ₹12,514cr (V/s ₹12,703cr expected). The revenue guidance for 2QFY2016 was of US\$1,803-1,839mn. Thus, the results have come at the upper end of the guidance. In rupee terms, the revenue came in at ₹12,514cr V/s an expected ₹12,703cr and V/s ₹12,371cr in 1QFY2016.

In CC terms, the company posted a 3.1% qoq revenue growth in 2QFY2016. On CC basis, the key verticals Healthcare, Life Sciences & Services, Global Media & Telecom, and Energy, Natural Resources & Utilities, posted a 4.2%, 4.4% and 0.3% qoq growth, respectively. Other domains like Retail, Consumer Goods & Transportation, Manufacturing & Hitech, and Finance Solutions posted a growth of 3.5%, 3.6% and 3.1% qoq, respectively.

In terms of geographies, the USA posted a 3.6% qoq CC growth, while India & Middle East business and APAC & Other Emerging Markets posted a 2.7% qoq and 5.1% qoq CC growth, respectively. Europe, on a CC basis, grew by 1.4% qoq.

**Exhibit 3: Trend in IT Services revenue growth (qoq)**


Source: Company, Angel Research

Industry wise, Wipro's Global Media & Telecom vertical grew by 4.4% qoq in CC terms. The revenue from the anchor industry vertical, Financial Solutions, grew by 3.1% qoq in CC terms. Revenue from Healthcare, Life Sciences & Services grew by 4.2% qoq in CC terms while that from Energy, Natural Resources & Utilities grew by 0.3% qoq in CC terms. Manufacturing and Hi-tech posted a 3.5% qoq growth in CC terms while Retail & Transportation posted a 3.5% qoq growth in CC terms.

**Exhibit 4: Revenue growth (Industry wise – CC basis)**

	% to revenue	% growth (qoq)	% growth (yoy)
Global media and telecom	13.4	4.4	6.2
Financial solutions	26.7	3.1	10.8
Manufacturing and hi-tech	18.7	3.6	10.7
Healthcare, life sciences and services	11.4	4.2	8.7
Retail and transportation	15.1	3.5	16.4
Energy and utilities	14.7	0.3	(2.9)

Source: Company, Angel Research

Services wise, Wipro's anchor service line - Business Application Services (contributed 46.8% to revenue) and Technology Infrastructure Services (contributed 28.0% to revenue) registered a rise in revenue of 0.7% and 1.8% qoq, respectively. Analytics and Information Management (which contributed 7.5% of sales) grew by 3.3% qoq. Product Engineering and Mobility (which contributed 7.9% of sales) grew by 4.9% qoq. Other services, consulting, R&D and BPO posted a qoq growth of 13.8%, 4.1% and 7.1%, respectively.

**Exhibit 5: Revenue growth (Service wise)**

Service verticals	% to revenue	% growth (qoq)	% growth (yoy)
Technology infrastructure services	28.0	1.8	6.3
Analytics and information management	7.5	3.3	8.4
BPO	9.8	7.1	9.7
Product engineering and mobility	7.9	4.9	17.2
ADM	46.8	0.7	(2.0)
R&D business	10.5	4.1	11.6
Consulting	1.9	13.8	(3.4)

Source: Company, Angel Research

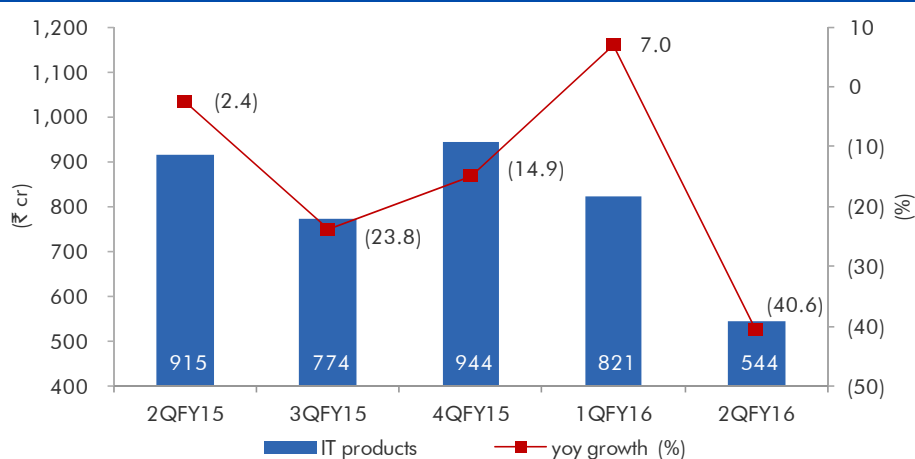
Geography wise, the developed economies - America and Europe, grew by 3.6% and 1.4% qoq in CC terms, respectively. India posted a 2.7% qoq growth during the period.

**Exhibit 6: Revenue growth (Geography wise, CC basis)**

	% to revenue	% growth (qoq)	% growth (yoy)
America	53.0	3.6	9.1
Europe	25.2	1.4	1.1
India and Middle East	10.6	2.7	23.8
APAC and other emerging markets	11.2	5.1	10.5

Source: Company, Angel Research

The IT products segment reported a 40.6% yoy dip in revenue to ₹544cr, during the quarter.

**Exhibit 7: IT products – Revenue growth (yoy)**


Source: Company, Angel Research

## Hiring and utilization

Wipro reported a net addition of 6,607 employees in its IT Services' employee base, which now stands at 168,396. Voluntary attritions (annualized) in the global IT business increased considerably, but remained stagnant on a net basis at 16.4%. The Management indicated that it has taken necessary steps to curtail attritions and expects them to decline going ahead. Also, the Management noted that the company is going measured in terms of hiring due to hyper automation process going on in the company in the run services, resulting in higher productivity. The utilization rate of the global IT business moved down by 180bp sequentially to 69.5%. Going ahead, an improvement in utilization level will be an important margin lever.

### Exhibit 8: Employee pyramid

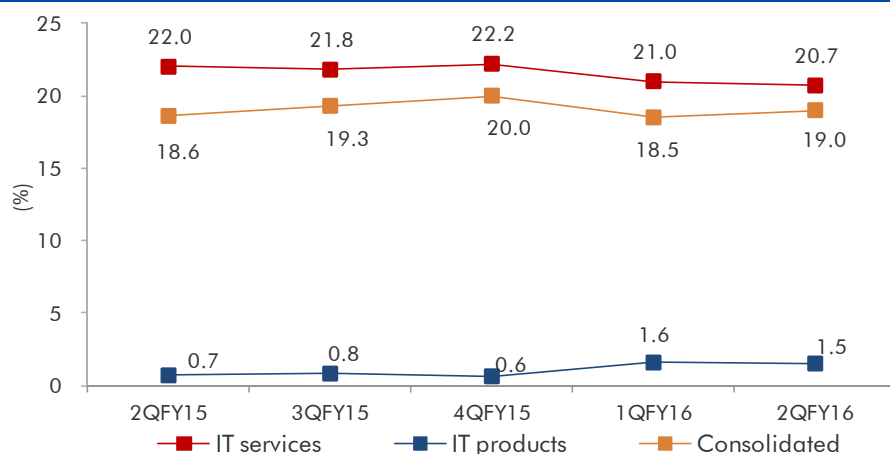
Employee pyramid	2QFY15	3QFY15	4QFY15	1QFY16	2QFY16
Utilization – Global IT (%)	70.0	68.5	70.5	71.3	69.5
Attrition (%)					
Global IT	16.9	16.5	16.5	16.4	16.4
BPO	12.0	13.1	13.3	12.0	10.2
Net additions	6,845	2,569	1,351	3,572	6,607

Source: Company, Angel Research

## Margins dip

The company posted EBIT margins of 19.0% (V/s 18.7% expected), a qoq expansion of 44bps. The IT Services segment posted an EBIT margin of 20.7% V/s 21.0% in 1QFY2016. The expansion in the company's overall margins was mainly on back of currency impact.

### Exhibit 9: Segment-wise EBIT margin trend



Source: Company, Angel Research

## Client pyramid

Wipro added 67 new clients in 2QFY2016, with its active client base standing at 1,100. The company's focus on account mining continues to yield results with top clients driving growth. Wipro continues to see good demand in the market place.

### Exhibit 10: Client metrics

Particulars	2QFY15	3QFY15	4QFY15	1QFY16	2QFY16
US\$100mn plus	10	10	11	10	10
US\$75mn-\$100mn	5	6	4	4	7
US\$50mn-\$75mn	15	15	16	15	14
US\$20mn-\$50mn	55	53	55	55	54
US\$10mn-\$20mn	65	69	64	59	69
US\$5mn-\$10mn	75	73	81	81	90
US\$3mn-\$5mn	67	74	80	69	77
US\$1mn-\$3mn	232	226	231	218	212
New client addition	50	44	65	36	67
Active customers	1,018	1,018	1,054	1071	1100

Source: Company, Angel Research

## Investment Highlights

**Moderate outlook:** For 2QFY2016, the company has given a revenue guidance of US\$1,821-1,857mn, implying a US\$ qoq growth of 0.5-2.5%. The Management remains confident of the revenue growth pick-up sustaining, citing a pick-up in large deal closures and win rates, uptick in discretionary spending, strong business pipeline and sustained momentum in demand from the US. We expect USD and INR revenue CAGR for IT services to be at 10.0% and 11.8%, respectively, over FY2015-17E.

**Deal pipeline looks robust:** The company sees itself better placed than this time last year to latch on to opportunities in the market and remains focused on improving traction from its top 125 clients. As per the company, it is seeing a broad based pick up in discretionary spending across verticals in the US, which should help drive a better performance in the geography. In addition, the company remains confident of its growth prospects with increased penetration in Europe. Wipro has chosen a growth strategy of focusing on a selected few segments in terms of industry verticals and services. Wipro is now better positioned than it was three years ago to capture upsides from overall market improvement and can reduce the gap in revenue growth with its peers.

Further, the company has bought the information technology (IT) services business of the Canadian logistics and utilities firm, Atco, for US\$195mn. The deal, which comes less than a year since Wipro bought US-based Opus Capital Markets Consultants Llc for US\$75mn, is one of the company's largest acquisitions in recent years, and comes bundled with a 10-year, US\$1.1bn outsourcing contract with Atco. The outsourcing contract—one of the largest ever for Wipro—is expected to result in annual revenue of about US\$112mn.

## Outlook and valuation

Wipro has been showing a decent performance in the past couple of quarters by rationalizing costs. We have factored in a FY2015-17E EBIT margin at 19.9% considering that most headwinds are already behind for Wipro and hence believe that this can be achieved if the company improves its operational efficiency. The stock is currently trading at 14.9x FY2016E and 13.6x FY2017E EPS, ie at a discount to its peers. **We recommend a Buy on the stock with a target price of ₹719.**

### Exhibit 11: Key assumptions

	FY2016E	FY2017E
Revenue growth – IT services (USD)	8.0	12.0
USD-INR rate (realized)	62.5	62.5
Revenue growth – Consolidated (₹)	11.6	12.0
EBITDA margin (%)	23.7	23.8
Tax rate (%)	22.0	22.0
EPS growth (%)	9.6	10.2

Source: Company, Angel Research

### Exhibit 12: One-year forward PE chart



Source: Company, Angel Research

### Exhibit 13: Recommendation summary

Company	Reco	CMP (₹)	Tgt. price (₹)	Upside (%)	FY2017E EBITDA (%)	FY2017E P/E (x)	FY2015-17E EPS CAGR (%)	FY2017E EV/Sales (x)	FY2017E RoE (%)
HCL Tech	Buy	870	1,132	30.2	23.5	13.8	10.6	2.0	19.8
Infosys	Buy	1,136	1,306	15.0	28.0	19.5	8.9	3.1	19.7
TCS	Buy	2,497	3,165	26.7	28.7	19.9	13.9	3.5	42.2
Tech Mahindra	Buy	539	646	19.9	17.0	20.5	8.0	1.5	18.6
<b>Wipro</b>	<b>Buy</b>	<b>573</b>	<b>719</b>	<b>25.4</b>	<b>23.8</b>	<b>13.6</b>	<b>9.7</b>	<b>1.9</b>	<b>18.0</b>

Source: Company, Angel Research

## **Company background**

Wipro is among the leading Indian companies, majorly offering IT services. The company is also engaged in the IT hardware (10% of sales) business. Wipro's IT arm is India's fourth largest IT firm, employing more than 1,68,000 professionals, offering a wide portfolio of services such as ADM, consulting and package implementation, and servicing more than 1,000 clients.



**Profit & Loss account (Consolidated, IFRS)**

Y/E March (₹ cr)	FY2013	FY2014	FY2015	FY2016E	FY2017E
<b>Net revenue</b>	<b>37,426</b>	<b>43,427</b>	<b>46,955</b>	<b>52,414</b>	<b>58,704</b>
Cost of revenues	26,067	29,549	30,846	35,642	39,919
<b>Gross profit</b>	<b>11,359</b>	<b>13,878</b>	<b>16,108</b>	<b>16,773</b>	<b>18,785</b>
% of net sales	30.4	32.0	34.3	32.0	32.0
Selling and mktg exp.	2,421	2,925	3,063	3,512	3,933
% of net sales	6.5	6.7	6.5	6.7	6.7
General and admin exp.	2,203	2,354	2,585	2,830	3,170
% of net sales	5.9	5.4	5.5	5.4	5.4
Depreciation and amortization	1,084	1,111	1,282	1,363	1,526
% of net sales	2.9	2.6	2.7	2.6	2.6
<b>EBIT</b>	<b>6,735</b>	<b>8,600</b>	<b>9,179</b>	<b>10,430</b>	<b>11,682</b>
% of net sales	18.0	19.8	19.5	19.9	19.9
Other income, net	1,626	1,501	1,990	1,808	1,808
Share in profits of eq. acc. ass.	0	0	0	0	0
Profit before tax	8,360	10,101	11,168	12,238	13,490
Provision for tax	1,691	2,260	2,462	2,692	2,968
% of PBT	20.2	22.4	22.0	22.0	22.0
<b>PAT</b>	<b>6,669</b>	<b>7,840</b>	<b>8,706</b>	<b>9,546</b>	<b>10,522</b>
Share in earnings of associate	-	-	-	-	-
Minority interest	34	44	53	63	73
<b>Adj. PAT</b>	<b>6,636</b>	<b>7,797</b>	<b>8,653</b>	<b>9,483</b>	<b>10,449</b>
<b>Diluted EPS (₹)</b>	<b>26.8</b>	<b>31.5</b>	<b>35.1</b>	<b>38.4</b>	<b>42.3</b>

**Balance sheet (Consolidated, IFRS)**

Y/E March (₹ cr)	FY2013	FY2014	FY2015	FY2016E	FY2017E
<b>Assets</b>					
Goodwill	5,476	6,342	6,808	6,877	6,234
Intangible assets	171	194	793	793	793
Property, plant & equipment	5,053	5,145	5,421	5,721	6,021
Investment in equ. acc. investees	-	268	387	387	387
Derivative assets	5	29	74	74	74
Non-current tax assets	1,031	1,019	1,141	1,141	1,141
Deferred tax assets	424	336	295	295	295
Other non-current assets	1,074	1,430	1,437	1,430	1,430
<b>Total non-current assets</b>	<b>13,233</b>	<b>14,762</b>	<b>16,354</b>	<b>16,716</b>	<b>16,373</b>
Inventories	326	229	485	480	480
Trade receivables	7,664	8,539	9,153	10,216	11,441
Other current assets	3,107	3,947	7,336	7,336	7,336
Unbilled revenues	3,199	3,933	4,234	4,234	4,234
Available for sale investments	6,917	6,056	5,391	5,391	5,391
Current tax assets	741	977	649	900	900
Derivative assets	303	366	508	508	508
Cash and cash equivalents	8,484	11,420	15,894	23,237	32,948
<b>Total current assets</b>	<b>30,740</b>	<b>35,469</b>	<b>43,649</b>	<b>52,300</b>	<b>63,237</b>
<b>Total assets</b>	<b>43,973</b>	<b>50,230</b>	<b>60,003</b>	<b>69,017</b>	<b>79,610</b>
<b>Equity</b>					
Share capital	493	493	493	493	493
Share premium	1,176	1,266	1,403	1,403	1,403
Retained earnings	25,918	31,495	37,225	44,946	54,378
Share based payment reserve	132	102	131	102	102
Other components of equity	717	1,047	1,545	1,545	1,545
Shares held by controlled trust	(54)	(54)	-	-	-
Equity attrib. to shareholders of Co.	28,381	34,350	40,789	48,489	57,921
Minority interest	117	139	165	165	165
<b>Total equity</b>	<b>28,498</b>	<b>34,489</b>	<b>40,954</b>	<b>48,654</b>	<b>58,086</b>
<b>Liabilities</b>					
Long term loans and borrowings	85	1,091	1,271	1,271	1,271
Deferred tax liability	85	180	324	324	324
Derivative liabilities	12	63	16	16	16
Non-current tax liability	479	345	670	670	670
Other non-current liabilities	339	417	366	366	366
Provisions	1	1	1	1	1
<b>Total non-current liabilities</b>	<b>1001</b>	<b>2096</b>	<b>2647</b>	<b>2647</b>	<b>2647</b>
Loans and bank overdraft	6,296	4,068	6,621	6,621	6,621
Trade payables	4,807	5,226	5,875	6,914	7,744
Unearned revenues	1,035	1,277	1,655	1,655	1,877
Current tax liabilities	1,023	1,248	804	1,077	1,187
Derivative liabilities	98	250	75	75	75
Other current liabilities	1,099	1,439	1,222	1,222	1,222
Provisions	117	137	152	152	152
<b>Total current liabilities</b>	<b>14,474</b>	<b>13,646</b>	<b>16,403</b>	<b>17,716</b>	<b>18,878</b>
<b>Total liabilities</b>	<b>15,475</b>	<b>15,742</b>	<b>19,050</b>	<b>20,363</b>	<b>21,525</b>
<b>Total equity and liabilities</b>	<b>43,973</b>	<b>50,230</b>	<b>60,003</b>	<b>69,017</b>	<b>79,610</b>

**Cash flow statement (Consolidated, IFRS)**

Y/E March (₹ cr)	FY2013	FY2014	FY2015	FY2016E	FY2017E
Pre tax profit from operations	6,974	8,935	11,168	12,238	13,490
Depreciation	1,237	1,111	1,282	1,363	1,526
Expenses (deferred)/written off	(10)	(13)	(13)	(13)	(13)
Pre tax cash from operations	8,201	10,033	12,438	13,588	15,004
Other income/prior period ad	1,001	1,165	1,990	1,808	1,808
Net cash from operations	9,202	11,198	14,428	15,396	16,812
Tax	(1,835)	(2,260)	(2,462)	(2,692)	(2,968)
<b>Cash profits</b>	<b>7,367</b>	<b>8,938</b>	<b>11,965</b>	<b>12,704</b>	<b>13,844</b>
(Inc)/dec in current assets	47	(2,653)	(8,181)	(8,651)	(10,937)
Inc/(dec) in current liab.	2,706	(828)	2,757	1,313	1,162
Net trade working capital	2,752	(3,482)	(5,423)	(7,338)	(9,775)
<b>Cashflow from oper. actv.</b>	<b>10,119</b>	<b>5,456</b>	<b>6,542</b>	<b>5,366</b>	<b>4,069</b>
(Inc)/dec in fixed assets	(391)	(1,203)	(276)	(300)	(300)
(Inc)/dec in intangibles	1,570	(889)	(600)	-	-
(Inc)/dec in investments	(2,398)	594	(119)	-	-
(Inc)/dec in net def. tax assets	(164)	87	-	-	-
(Inc)/dec in derivative assets	341	(24)	-	-	-
(Inc)/dec in non-current tax asset	(2)	12	7	(7)	-
(Inc)/dec in minority interest	32	22	9	10	10
Inc/(dec) in other non-current liab	(49)	90	273	-	-
(Inc)/dec in other non-current ast.	104	(122)	(122)	-	-
<b>Cashflow from investing activities</b>	<b>(957)</b>	<b>(1,667)</b>	<b>(826)</b>	<b>(297)</b>	<b>(290)</b>
Inc/(dec) in debt	(2,166)	1,006	180	-	-
Inc/(dec) in equity/premium	(4,544)	(123)	314	4,036	6,949
Dividends	(1,736)	(1,736)	(1,736)	(1,762)	(1,017)
<b>Cashflow from financing activities</b>	<b>(8,446)</b>	<b>(853)</b>	<b>(1,242)</b>	<b>2,274</b>	<b>5,932</b>
<b>Cash generated/(utilized)</b>	<b>717</b>	<b>2,936</b>	<b>4,474</b>	<b>7,343</b>	<b>9,711</b>
<b>Cash at start of the year</b>	<b>7,767</b>	<b>8,484</b>	<b>11,420</b>	<b>15,894</b>	<b>23,237</b>
<b>Cash at end of the year</b>	<b>8,484</b>	<b>11,420</b>	<b>15,894</b>	<b>23,237</b>	<b>32,948</b>

**Key Ratios**

Y/E March	FY2013	FY2014	FY2015	FY2016E	FY2017E
<b>Valuation ratio(x)</b>					
P/E (on FDEPS)	21.4	18.2	16.3	14.9	13.6
P/CEPS	10.6	8.6	7.9	7.1	6.4
P/BVPS	5.0	4.1	3.5	2.9	2.6
Dividend yield (%)	1.0	1.0	1.0	1.1	0.6
EV/Sales	3.4	2.9	2.6	2.2	1.8
EV/EBITDA	16.1	12.9	11.6	9.7	7.9
EV/Total assets	2.9	2.5	2.0	1.7	1.3
<b>Per share data (₹)</b>					
EPS (Fully diluted)	26.8	31.5	35.1	38.4	42.3
Cash EPS	54.1	66.3	72.1	80.5	89.5
Dividend	6.0	6.0	6.0	6.1	3.5
Book value	115.3	139.5	165.7	196.8	220.0
<b>DuPont analysis</b>					
Tax retention ratio (PAT/PBT)	0.8	0.8	0.8	0.8	0.8
Cost of debt (PBT/EBIT)	7.7	9.1	8.7	9.0	8.8
EBIT margin (EBIT/Sales)	0.0	0.0	0.0	0.0	0.0
Asset turnover ratio (Sales/Assets)	0.9	0.9	0.8	0.8	0.7
Leverage ratio (Assets/Equity)	1.5	1.5	1.5	1.4	1.4
Operating ROE	23.5	22.8	21.3	19.7	18.2
<b>Return ratios (%)</b>					
RoCE (pre-tax)	15.3	17.1	15.3	15.1	14.7
Angel RoIC	29.2	32.6	28.8	31.1	33.3
RoE	23.3	22.6	21.1	19.5	18.0
<b>Turnover ratios (x)</b>					
Asset turnover(fixed assets)	0.9	0.9	0.9	0.8	0.8
Receivables days	77	68	69	69	70
Payable days	67	67	67	67	67

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Disclosure of Interest Statement	Wipro
1. Analyst ownership of the stock	No
2. Angel and its Group companies ownership of the stock	No
3. Angel and its Group companies' Directors ownership of the stock	No
4. Broking relationship with company covered	No

*Note: We have not considered any Exposure below ₹1 lakh for Angel, its Group companies and Directors*

<b>Ratings (Based on expected returns over 12 months investment period):</b>	Buy (> 15%)	Accumulate (5% to 15%) Reduce (-5% to -15%)	Neutral (-5 to 5%) Sell (< -15)
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