

## Wipro

### Performance Highlights

(₹ cr)	3QFY16	2QFY16	% chg (qoq)	3QFY15	% chg (yoy)
Net revenue	12,861	12,514	2.8	11,993	7.2
EBITDA	2,648	2,729	(2.9)	2,676	(1.0)
EBITDA margin (%)	20.6	21.8	(121)bps	22.3	(172)bps
PAT	2,234	2,235	(0.1)	2,193	1.9

Source: Company, Angel Research

Wipro posted lower than expected numbers on all fronts for 3QFY2016. IT Services posted a 0.3% sequential growth in USD revenues to US\$1,838mn (V/s an expected US\$1,841mn). In constant currency (CC) terms, IT Services posted a 1.4% QoQ growth. On the operating front, the EBITDA margin came in at 20.6% V/s 21.8% in 2QFY2016, ie a downtick of 121bp QoQ. Consequently, the PAT came in at ₹2,234cr (V/s an expected ₹2,318cr), a de-growth of 0.1% QoQ. For 4QFY2016, the company has guided for revenue of US\$1,875-1,912mn, a QoQ growth of 2.0-4.0%. **We maintain our Buy recommendation on the stock with a price target of ₹670.**

**Quarterly highlights:** During 3QFY2016, the company posted lower than expected numbers on all fronts. IT Services posted a 0.3% sequential growth in USD revenues to US\$1,838mn (V/s an expected US\$1,841mn). In CC terms, IT Services posted a 1.4% QoQ growth. On the operating front, the EBITDA margin came in at 20.6% V/s 21.8% in 2QFY2016, ie a downtick of 121bp QoQ. Consequently, the PAT came in at ₹2,234cr (V/s an expected ₹2,318cr) a de-growth of 0.1% QoQ. Among other operating matrix, the gross utilization levels dropped to 66.4% V/s 69.5% in 2QFY2016. Net utilization (excl support) dropped to 73.8% V/s 77.2% in 2QFY2016. In terms of client addition, it added one client US\$50mn+ and some other major ones in small order sizes. Overall, 39 clients were added 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, its strong business pipeline and with demand from the US sustaining. We expect USD and INR revenue CAGR for IT services to be at 7.0% and 11.5%, 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	52,827	58,410
% chg	16.0	8.1	12.5	10.6
Net profit	7,797	8,653	9,547	10,403
% chg	17.5	11.0	10.3	9.0
EBITDA margin (%)	22.9	23.1	23.7	23.8
EPS (₹)	31.5	35.1	38.6	42.1
P/E (x)	17.4	15.6	14.2	13.0
P/BV (x)	3.9	3.3	2.8	2.5
RoE (%)	22.6	21.1	19.5	18.0
RoCE (%)	17.1	15.3	15.2	14.7
EV/Sales (x)	2.7	2.5	2.0	1.7
EV/EBITDA (x)	12.2	11.0	9.1	7.5

Source: Company, Angel Research; Note: CMP as of February 19, 2016

Please refer to important disclosures at the end of this report

## BUY

CMP	₹547
Target Price	₹670

Investment Period	12 Months
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#### Stock Info

Sector	IT
Market Cap (₹ cr)	135,227
Net Debt (₹ cr)	(20,014)
Beta	0.6
52 Week High / Low	677/509
Avg. Daily Volume	105,336
Face Value (₹)	2
BSE Sensex	23,709
Nifty	7,211
Reuters Code	WIPR.BO
Bloomberg Code	WPRO@IN

#### Shareholding Pattern (%)

Promoters	73.4
MF / Banks / Indian Fls	6.7
FII / NRIs / OCBs	12.3
Indian Public / Others	7.6

Abs.(%)	3m	1yr	3yr
Sensex	(8.3)	(19.5)	20.7
Wipro	(1.8)	(17.0)	33.6

#### 3-year price chart



Source: Company, Angel Research

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**Exhibit 1: 3QFY2016 performance (Consolidated, IFRS)**

Y/E March (₹ cr)	3QFY16	2QFY16	% chg (qoq)	3QFY15	% chg (yoy)	9MFY2016	9MFY2015	% chg (yoy)
<b>Net revenue</b>	<b>12,861</b>	<b>12,514</b>	<b>2.8</b>	<b>11,993</b>	<b>7.2</b>	<b>37,889</b>	<b>34,813</b>	<b>8.8</b>
Cost of revenue	8,675	8,229	5.4	7,922	9.5	25,022	22,912	9.2
<b>Gross profit</b>	<b>4,186</b>	<b>4,284</b>	<b>(2.3)</b>	<b>4,071</b>	<b>2.8</b>	<b>12,867</b>	<b>11,901</b>	<b>8.1</b>
SGA expense	1,537	1,556	(1.2)	1,395	10.2	4,582	4,193	9.3
<b>EBITDA</b>	<b>2,648</b>	<b>2,729</b>	<b>(2.9)</b>	<b>2,676</b>	<b>(1.0)</b>	<b>8,285</b>	<b>7,708</b>	<b>7.5</b>
Dep. and amortisation	352	353	(0.3)	365	(3.5)	1,066	956	11.5
<b>EBIT</b>	<b>2,296</b>	<b>2,376</b>	<b>(3.3)</b>	<b>2,311</b>	<b>(0.6)</b>	<b>7,219</b>	<b>6,752</b>	<b>6.9</b>
Other income	572	619	(7.7)	515		1,337	1,504	(11.1)
<b>PBT</b>	<b>2,868</b>	<b>2,995</b>	<b>(4.2)</b>	<b>2,826</b>	<b>1.5</b>	<b>8,555</b>	<b>8,256</b>	<b>3.6</b>
Income tax	625	654	(4.5)	623	0.2	1,868	1,837	1.7
<b>PAT</b>	<b>2,243</b>	<b>2,341</b>	<b>(4.2)</b>	<b>2,203</b>	<b>1.8</b>	<b>6,687</b>	<b>6,419</b>	<b>4.2</b>
Minority interest	9	5		10		30	39	
<b>Adj. PAT</b>	<b>2,234</b>	<b>2,235</b>	<b>(0.1)</b>	<b>2,193</b>	<b>1.9</b>	<b>6,657</b>	<b>6,381</b>	<b>4.3</b>
<b>Diluted EPS</b>	<b>9.1</b>	<b>9.1</b>	<b>(0.1)</b>	<b>8.9</b>	<b>1.9</b>	<b>27.1</b>	<b>26.0</b>	<b>4.4</b>
Gross margin (%)	32.5	34.2	(169)bps	33.9	(140)bps	34.0	34.2	(23)bps
EBITDA margin (%)	20.6	21.8	(121)bps	22.3	(172)bps	21.9	22.1	(28)bps
EBIT margin (%)	17.9	19.0	(113)bps	19.3	(141)bps	19.1	19.4	(34)bps
PAT margin(%)	17.4	17.9	(49)bps	18.3	(91)bps	17.6	18.3	(76)bps

Source: Company, Angel Research

**Exhibit 2: 3QFY2016 – Actual vs Angel estimates**

(₹ cr)	Actual	Estimate	Variation (%)
<b>Net revenue</b>	<b>12,861</b>	<b>12,739</b>	<b>1.0</b>
EBIT margin (%)	20.6	21.5	(91)bp
<b>PAT</b>	<b>2,234</b>	<b>2,318</b>	<b>(3.6)</b>

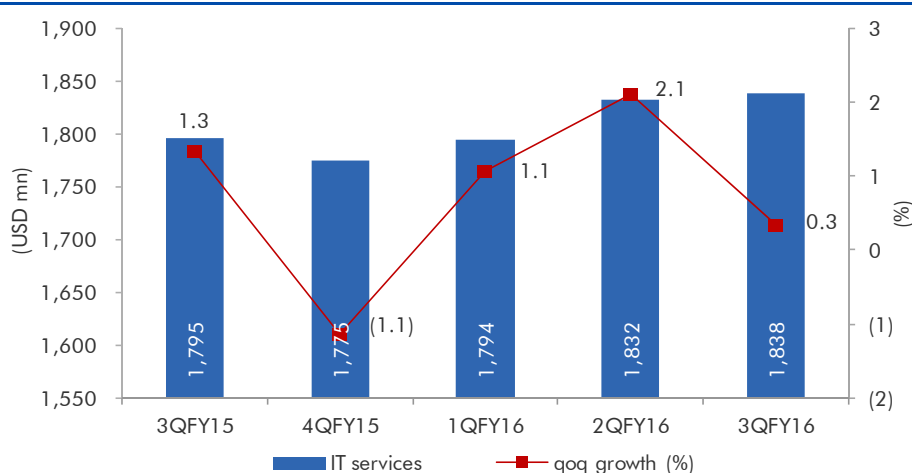
Source: Company, Angel Research

**Lower-than-expected results**

During 3QFY2016, the company posted lower than expected numbers on all fronts. IT Services posted a 0.3% sequential growth in USD revenues to US\$1,838mn (V/s US\$1,841mn expected). In constant currency (CC) terms, IT Services posted a 1.4% qoq growth. Revenues came in at the middle end of the band of US\$1,821-1,858mn at the actual currency realized. In rupee terms, overall consolidated revenues came in at ₹12,861cr (V/s ₹12,739cr expected) a growth of 2.8% qoq.

In terms of geographies, USA posted a 0.3% QoQ CC growth, Europe posted a 1.4% QoQ CC growth, India & Middle East Business posted a 5.4% QoQ CC growth and APAC and Other Emerging Markets posted a 3.1% QoQ CC growth.

In terms of verticals Global Media & Telecom posted a 2.7% QoQ CC growth, Finance Solutions posted a 0.7% QoQ CC decline, Manufacturing & Hi-tech posted a 0.6% QoQ CC decline, Healthcare Life Sciences & Services posted a 6.0% QoQ CC growth, Retail, Consumer Goods & Transportation posted a 4.6% QoQ CC growth and Energy, Natural Resources & Utilities posted no growth during the period.

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


Source: Company, Angel Research

Industry wise, Wipro's Global Media & Telecom vertical grew by 2.7% QoQ in CC terms. The revenue from the anchor industry vertical, Financial Solutions, de-grew by 0.7% QoQ in CC terms. Revenue from Healthcare, Life Sciences & Services grew by 6.0% QoQ in CC terms while that from Energy, Natural Resources & Utilities was flat QoQ in CC terms. Manufacturing and Hi-tech posted a de-growth of 0.6% QoQ in CC terms while Retail & Transportation posted a 4.6% 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	2.7	5.4
Financial solutions	26.2	(0.7)	7.8
Manufacturing and hi-tech	18.4	(0.6)	6.6
Healthcare, life sciences and services	12.0	6.0	7.2
Retail and transportation	15.6	4.6	16.7
Energy and utilities	14.4	0.0	(5.3)

Source: Company, Angel Research

Services wise, Wipro's anchor service lines - Business Application Services (contributed 46.7% to revenue) and Technology Infrastructure Services (contributed 28.1% to revenue) registered a rise in revenue of 0.0% and 0.7% QoQ, respectively. Analytics and Information Management (which contributed 7.4% of sales) de-grew by 1.4% QoQ. Product Engineering and Mobility (which contributed 8.0% of sales) grew by 2.1% QoQ. Consulting, R&D and BPO posted a QoQ growth of (15.2)%, (0.2)% and 1.0%, respectively.

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

Service verticals	% to revenue	% growth (QoQ)	% growth (yoy)
Technology infrastructure services	28.1	0.7	3.8
Analytics and information management	7.4	(1.4)	8.4
BPO	9.8	1.0	5.9
Product engineering and mobility	8.0	2.1	16.2
ADM	46.7	0.0	(1.9)
R&D business	10.4	(0.2)	9.3
Consulting	1.6	(15.2)	(14.2)

Source: Company, Angel Research

Geography wise, the developed economies - America and Europe, grew by 0.3% and 1.4% QoQ in CC terms, respectively. India posted a 5.4% QoQ growth during the period.

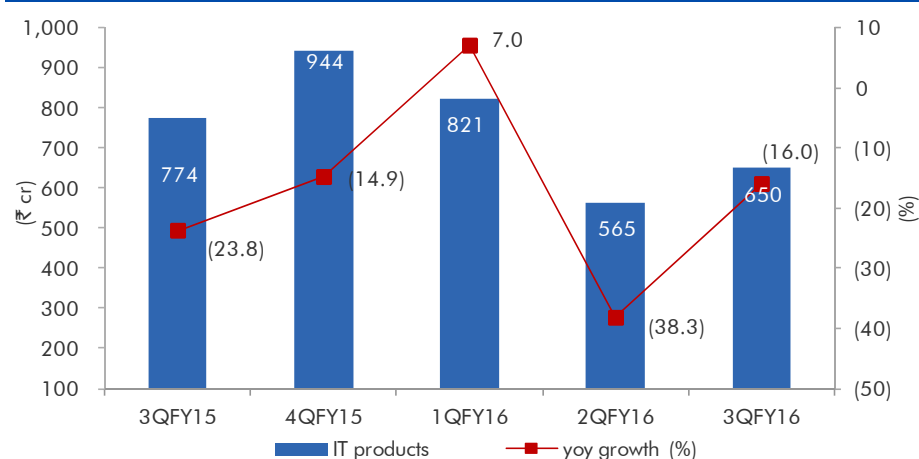
**Exhibit 6: Revenue growth (Geography wise, CC basis)**

	% to revenue	% growth (QoQ)	% growth (yoy)
America	52.8	0.3	6.8
Europe	24.8	1.4	(2.3)
India and Middle East	11.0	5.4	20.9
APAC and other emerging markets	11.4	3.1	12.3

Source: Company, Angel Research

The IT Products segment reported a 16.0% yoy dip in revenue to ₹650cr, during the quarter.

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



Source: Company, Angel Research

## Hiring and utilization

Wipro reported a net addition of 2,268 employees in its IT Services' employee base, which now stands at 170,664. Voluntary attritions (annualized) in the global IT business increased considerably, but remained stagnant on a net basis at 16.3%. 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 310bp sequentially to 66.4%. Going ahead, an improvement in utilization level will be an important margin lever.

### Exhibit 8: Employee pyramid

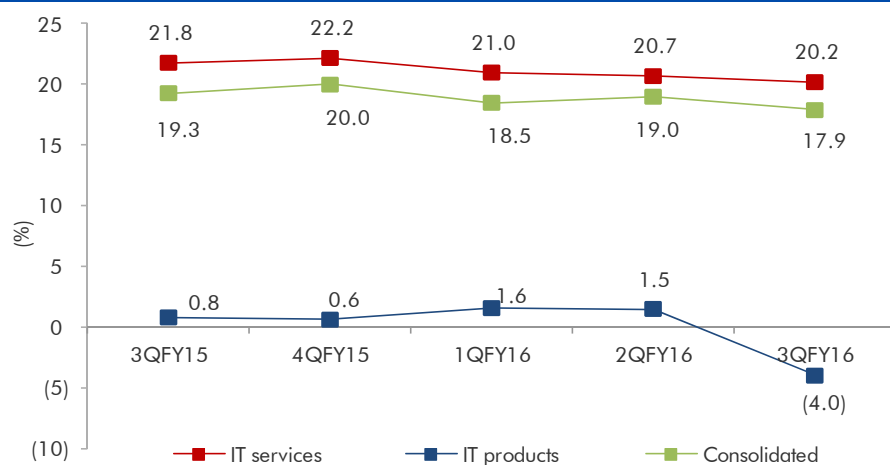
Employee pyramid	3QFY15	4QFY15	1QFY16	2QFY16	3QFY16
Utilization – Global IT (%)	68.5	70.5	71.3	69.5	66.4
Attrition (%)					
Global IT	16.5	16.5	16.4	16.4	16.3
BPO	13.1	13.3	12.0	10.2	9.9
Net additions	2,569	1,351	3,572	6,607	2,268

Source: Company, Angel Research

## Margins dip

On the operating front, the EBITDA margin came in at 20.6% V/s 21.5% in 2QFY2016, a downtick of 121bp qoq. The IT Services segment posted an EBIT margin of 20.2% V/s 20.7% in 2QFY2016. The 50bps decline was a result of costs associated with the Chennai floods. On the product business front, the company posted a 4% operating loss. The miss was largely on account of operating losses in the hardware business to the tune of ₹50.6cr (-7.8% EBIT margin). Lower-than-expected revenues and higher provisioning led to the loss during the quarter, which should start recovering going ahead.

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



Source: Company, Angel Research

## Client pyramid

Wipro added 39 new clients in 3QFY2016, with its active client base standing at 1,105. Wipro cited that there has been increasing pricing pressure in large deals, led by growing competitive pressures. Both, deal sizes and value of deals are under pressure. In this environment, Wipro has been trying to offset the pressure by increasing the use of automation.

### Exhibit 10: Client metrics

Particulars	3QFY15	4QFY15	1QFY16	2QFY16	3QFY16
US\$100mn plus	10	11	10	10	9
US\$75mn–\$100mn	6	4	4	7	8
US\$50mn–\$75mn	15	16	15	14	15
US\$20mn–\$50mn	53	55	55	54	53
US\$10mn–\$20mn	69	64	59	69	69
US\$5mn–\$10mn	73	81	81	90	93
US\$3mn–\$5mn	74	80	69	77	78
US\$1mn–\$3mn	226	231	218	212	211
New client addition	44	65	36	67	39
Active customers	1,018	1,054	1071	1100	1105

Source: Company, Angel Research

## Investment highlights

**Moderate outlook:** For 3QFY2016, the company has given a revenue guidance of US\$1,875-1,912mn, implying a US\$ QoQ growth of 2.0-4.0%. 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 7.0% and 11.5%, respectively, over FY2015-17E.

**Deal pipeline looks robust:** 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 12.5% 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 14.2x FY2016E and 13.0x FY2017E EPS, ie at a discount to its peers. **We recommend a Buy on the stock with a target price of ₹670.**

### Exhibit 11: Key assumptions

	FY2016E	FY2017E
Revenue growth – IT services (USD)	4.0	10.0
USD-INR rate (realized)	65.0	65.0
Revenue growth – Consolidated (₹)	12.5	10.6
EBITDA margin (%)	23.7	23.8
Tax rate (%)	22.0	22.0
EPS growth (%)	10.3	9.0

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	850	1,038	22.1	21.5	14.7	6.0	2.0	18.8
Infosys	Buy	1,126	1,347	19.7	27.5	17.1	10.6	2.9	20.1
TCS	Buy	2,320	2,854	23.0	28.5	16.8	11.8	3.3	38.9
Tech Mahindra	Buy	440	530	20.5	17.0	13.1	10.8	1.2	19.1
<b>Wipro</b>	<b>Buy</b>	<b>547</b>	<b>670</b>	<b>22.5</b>	<b>23.8</b>	<b>13.0</b>	<b>9.7</b>	<b>1.7</b>	<b>17.2</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>52,827</b>	<b>58,410</b>
Cost of revenues	26,067	29,549	30,846	35,922	39,719
<b>Gross profit</b>	<b>11,359</b>	<b>13,878</b>	<b>16,108</b>	<b>16,905</b>	<b>18,691</b>
% of net sales	30.4	32.0	34.3	32.0	32.0
Selling and mktg exp.	2,421	2,925	3,063	3,539	3,913
% of net sales	6.5	6.7	6.5	6.7	6.7
General and admin exp.	2,203	2,354	2,585	2,853	3,154
% of net sales	5.9	5.4	5.5	5.4	5.4
Depreciation and amortization	1,084	1,111	1,282	1,373	1,519
% 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>10,513</b>	<b>11,624</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	12,320	13,431
Provision for tax	1,691	2,260	2,462	2,710	2,955
% 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>9,610</b>	<b>10,477</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>9,547</b>	<b>10,403</b>
<b>Diluted EPS (₹)</b>	<b>26.8</b>	<b>31.5</b>	<b>35.1</b>	<b>38.6</b>	<b>42.1</b>

**Balance sheet (Consolidated, IFRS)**

Y/E March (₹ cr)	FY2013	FY2014	FY2015	FY2016E	FY2017E
<b>Assets</b>					
Goodwill	5,476	6,342	6,808	6,919	6,316
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>16,758</b>	<b>16,455</b>
Inventories	326	229	485	480	480
Trade receivables	7,664	8,539	9,153	10,296	11,384
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	23,267	32,206
<b>Total current assets</b>	<b>30,740</b>	<b>35,469</b>	<b>43,649</b>	<b>52,411</b>	<b>62,438</b>
<b>Total assets</b>	<b>43,973</b>	<b>50,230</b>	<b>60,003</b>	<b>69,169</b>	<b>78,893</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	45,036	53,704
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	48,580	57,247
Minority interest	117	139	165	165	165
<b>Total equity</b>	<b>28,498</b>	<b>34,489</b>	<b>40,954</b>	<b>48,744</b>	<b>57,412</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	6,969	7,705
Unearned revenues	1,035	1,277	1,655	1,655	1,877
Current tax liabilities	1,023	1,248	804	1,084	1,182
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>17,778</b>	<b>18,834</b>
<b>Total liabilities</b>	<b>15,475</b>	<b>15,742</b>	<b>19,050</b>	<b>20,425</b>	<b>21,481</b>
<b>Total equity and liabilities</b>	<b>43,973</b>	<b>50,230</b>	<b>60,003</b>	<b>69,169</b>	<b>78,893</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	12,320	13,431
Depreciation	1,237	1,111	1,282	1,373	1,519
Expenses (deferred)/written off	(10)	(13)	(13)	(13)	(13)
Pre tax cash from operations	8,201	10,033	12,438	13,681	14,938
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	15,489	16,745
Tax	(1,835)	(2,260)	(2,462)	(2,710)	(2,955)
<b>Cash profits</b>	<b>7,367</b>	<b>8,938</b>	<b>11,965</b>	<b>12,779</b>	<b>13,791</b>
(Inc)/dec in current assets	47	(2,653)	(8,181)	(8,762)	(10,027)
Inc/(dec) in current liab.	2,706	(828)	2,757	1,375	1,056
Net trade working capital	2,752	(3,482)	(5,423)	(7,387)	(8,971)
<b>Cashflow from oper. actv.</b>	<b>10,119</b>	<b>5,456</b>	<b>6,542</b>	<b>5,392</b>	<b>4,819</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	4,013	6,145
Dividends	(1,736)	(1,736)	(1,736)	(1,736)	(1,736)
<b>Cashflow from financing activities</b>	<b>(8,446)</b>	<b>(853)</b>	<b>(1,242)</b>	<b>2,277</b>	<b>4,409</b>
<b>Cash generated/(utilized)</b>	<b>717</b>	<b>2,936</b>	<b>4,474</b>	<b>7,372</b>	<b>8,939</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>23,267</b>
<b>Cash at end of the year</b>	<b>8,484</b>	<b>11,420</b>	<b>15,894</b>	<b>23,267</b>	<b>32,206</b>

**Key Ratios**

Y/E March	FY2013	FY2014	FY2015	FY2016E	FY2017E
<b>Valuation ratio(x)</b>					
P/E (on FDEPS)	20.4	17.4	15.6	14.2	13.0
P/CEPS	10.1	8.3	7.6	6.7	6.1
P/BVPS	4.7	3.9	3.3	2.8	2.5
Dividend yield (%)	1.1	1.1	1.1	1.1	1.1
EV/Sales	3.2	2.7	2.5	2.0	1.7
EV/EBITDA	15.3	12.2	11.0	9.1	7.5
EV/Total assets	2.7	2.4	1.9	1.6	1.3
<b>Per share data (₹)</b>					
EPS (Fully diluted)	26.8	31.5	35.1	38.6	42.1
Cash EPS	54.1	66.3	72.1	81.1	89.1
Dividend	6.0	6.0	6.0	6.0	6.0
Book value	115.3	139.5	165.7	197.2	217.2
<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	19.8	18.3
<b>Return ratios (%)</b>					
RoCE (pre-tax)	15.3	17.1	15.3	15.2	14.7
Angel RoIC	29.2	32.6	28.8	31.3	33.2
RoE	23.3	22.6	21.1	19.6	18.1
<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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