

## Wipro

### Performance Highlights

(₹ cr)	3QFY12	2QFY12	% chg (qoq)	3QFY11	% chg (yoy)
<b>Net revenue</b>	<b>9,997</b>	<b>9,095</b>	<b>9.9</b>	<b>7,829</b>	<b>27.7</b>
EBITDA	1,984	1,740	14.1	1,643	20.8
EBITDA margin (%)	19.8	19.1	72bp	21.0	(114)bp
<b>PAT</b>	<b>1,456</b>	<b>1,301</b>	<b>11.9</b>	<b>1,319</b>	<b>10.4</b>

Source: Company, Angel Research

For 3QFY2012, Wipro's results came in-line with our expectations. The major highlight of the result was the 2.9% and 2.3% qoq onsite and offshore pricing growth, respectively. However, the company disappointed on the volume front, which reported flat growth of merely 1.8% qoq. For 4QFY2012, management has given decent revenue guidance of 1-3% qoq growth in USD revenue.

**We maintain our Neutral view on the stock.**

**Quarterly highlights:** For 3QFY2012, Wipro registered 9.9% qoq growth in revenue to ₹9,997cr. Revenue from the IT services segment came in at US\$1,505.5mn, up 2.2% qoq. Revenue from the consumer care and lighting segment grew strongly by 26.4% yoy, while the IT products segment reported merely 2.4% yoy revenue growth. EBIT margin of the IT services, IT products and consumer care and lighting business grew by 83bp, 77bp and 87bp qoq to 20.8%, 5.3% and 11.9%, respectively. Overall, EBITDA and EBIT margin of Wipro grew by 72bp and 88bp qoq to 19.8% and 17.2%, respectively.

**Outlook and valuation:** For 4QFY2012, management has given a decent revenue guidance of US\$1.520bn-1.550bn for the IT services segment, with qoq growth of 1-3%, which is slightly better than one of its peers, Infosys. Also, management maintained that the company will take another 1-2 quarters to grow at rates comparable to its peers. This implies poor annual growth for FY2012. Thus, we expect revenue CAGR for IT services (USD terms) to be muted at 12.8% over FY2011-13E. At the operating front, Wipro has limited tailwinds and headwinds such as wage inflation, integration impact of SAIC (lower EBIT margin at 13.5%) and moderate volume growth, which are expected to pull down margins. Thus, we expect EBIT margin of the IT services segment to slide down to 21.1% in FY2012 and 20.8% for FY2013. Also, the ~400bp increase in effective tax rate is expected to mar the company's net profitability further, and we expect a 14.0% CAGR in PAT over FY2011-13E. Thus, we value the company at 15.3x FY2013E EPS (15% discount to Infosys) of ₹27.8, which gives us a target price of ₹425. We maintain our Neutral rating on the stock.

#### Key financials (Consolidated, IFRS)

Y/E March (₹ cr)	FY2009*	FY2010*	FY2011	FY2012E	FY2013E
<b>Net sales</b>	<b>25,534</b>	<b>27,124</b>	<b>31,099</b>	<b>38,004</b>	<b>43,949</b>
% chg	27.8	6.2	14.7	22.2	15.6
<b>Net profit</b>	<b>3,876</b>	<b>4,594</b>	<b>5,297</b>	<b>5,656</b>	<b>6,810</b>
% chg	18.1	18.5	15.3	6.8	20.4
EBITDA margin (%)	19.7	21.9	21.2	19.8	19.7
<b>EPS (₹)</b>	<b>15.9</b>	<b>18.9</b>	<b>21.7</b>	<b>23.1</b>	<b>27.8</b>
P/E (x)	26.0	21.9	19.1	17.9	14.9
P/BV (x)	6.2	4.6	4.2	3.6	3.1
RoE (%)	26.3	23.4	22.0	20.2	20.5
RoCE (%)	15.2	15.6	15.5	15.4	15.3
EV/Sales (x)	3.8	3.5	3.0	2.4	2.0
EV/EBITDA (x)	19.3	15.8	14.0	12.3	10.0

Source: Company, Angel Research; Note: \*Adjusted for 2:3 bonus

## NEUTRAL

CMP	₹414
Target Price	-

Investment Period	-
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#### Stock Info

Sector	IT
Market Cap (₹ cr)	101,501
Beta	0.9
52 Week High / Low	490/310
Avg. Daily Volume	145,316
Face Value (₹)	2
BSE Sensex	16,739
Nifty	5,049
Reuters Code	WIPR.BO
Bloomberg Code	WPRO@IN

#### Shareholding Pattern (%)

Promoters	79.2
MF / Banks / Indian Fls	3.6
FII / NRIs / OCBs	5.7
Indian Public / Others	11.5

Abs. (%)	3m	1yr	3yr
Sensex	(1.2)	(12.1)	83.9
Wipro	16.7	(13.5)	202.6

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**Exhibit 1: 3QFY2012 performance (Consolidated, IFRS)**

Y/E March (₹ cr)	3QFY12	2QFY12	% chg (qoq)	3QFY11	% chg (yoy)	9MFY12	9MFY11	% chg (yoy)
<b>Net revenue</b>	<b>9,997</b>	<b>9,095</b>	<b>9.9</b>	<b>7,829</b>	<b>27.7</b>	<b>27,656</b>	<b>22,796</b>	<b>21.3</b>
Cost of revenue	6,710	6,246	7.4	5,145	30.4	18,724	14,952	25.2
<b>Gross profit</b>	<b>3,287</b>	<b>2,849</b>	<b>15.4</b>	<b>2,684</b>	<b>22.5</b>	<b>8,932</b>	<b>7,844</b>	<b>13.9</b>
SG&A expense	1,303	1,109	17.5	1,041	25.2	3,478	2,964	17.4
<b>EBITDA</b>	<b>1,984</b>	<b>1,740</b>	<b>14.1</b>	<b>1,643</b>	<b>20.8</b>	<b>5,453</b>	<b>4,881</b>	<b>11.7</b>
Dep. and amortisation	260	252	3.3	208	25.3	746	593	25.8
EBIT	1,724	1,488	15.9	1,435	20.1	4,707	4,288	9.8
Other income	113	86		132		343	323	
PBT	1,849	1,584	16.7	1,584	16.7	5,082	4,662	9.0
Income tax	381	284	34.1	258	47.6	975	711	37.1
<b>PAT</b>	<b>1,468</b>	<b>1,300</b>	<b>12.9</b>	<b>1,326</b>	<b>10.7</b>	<b>4,108</b>	<b>3,951</b>	<b>4.0</b>
Minority interest	11	(1)	(1,240.0)	7	60.6	15	29	(46.5)
<b>Adj. PAT</b>	<b>1,456</b>	<b>1,301</b>	<b>11.9</b>	<b>1,319</b>	<b>10.4</b>	<b>4,092</b>	<b>3,922</b>	<b>4.3</b>
Diluted EPS (₹)	<b>5.9</b>	<b>5.3</b>	<b>11.3</b>	<b>5.4</b>	<b>10.4</b>	<b>16.7</b>	<b>16.1</b>	<b>3.9</b>
Gross margin (%)	32.9	31.3	156bp	34.3	(140)bp	32.3	34.4	(212)bp
EBITDA margin (%)	19.8	19.1	72bp	21.0	(114)bp	19.7	21.4	(169)bp
EBIT margin (%)	17.2	16.4	88bp	18.3	(109)bp	17.0	18.8	(179)bp
PAT margin (%)	15.7	15.3	45bp	16.9	(123)bp	16.0	18.6	(258)bp

Source: Company, Angel Research

**Exhibit 2: 3QFY2012 – Actual vs. Angel estimates**

(₹ cr)	Actual	Estimate	Variation (%)
Net revenue	9,997	9,829	1.7
EBITDA margin (%)	19.8	20.6	(76)bp
PAT	1,456	1,487	(2.1)

Source: Company, Angel Research

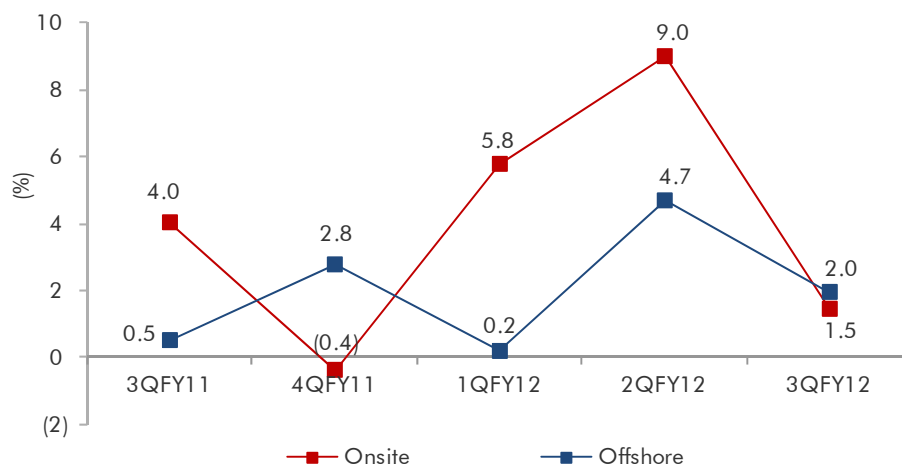
**Decent results**

For 3QFY2012, Wipro's IT services revenue came largely in-line with expectations at US\$1,505.5mn, up 2.2% qoq, primarily led by pricing growth of 2.9% and 2.3% qoq (reported basis). In constant currency (CC) terms, pricing – onsite and offshore – grew by 4.3% and 3.6% qoq, respectively. Volume growth during the quarter was tepid at 1.8% qoq.

Volume growth for the global IT business of the IT services segment came in at 1.8% qoq, led by 2.0% and 1.5% qoq growth in offshore and onsite volumes, respectively.

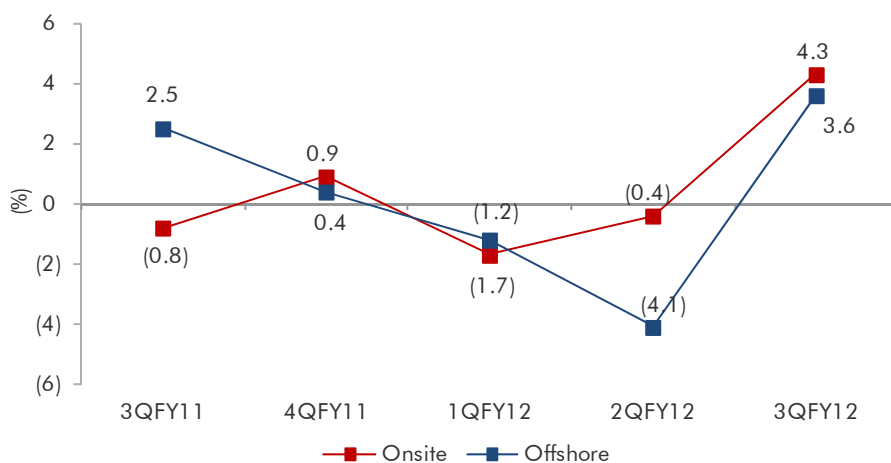
In 3QFY2012, unfavorable cross-currency movement impacted Wipro's IT services revenue by US\$33mn, as USD appreciated against GBP, Euro and AUD on a qoq basis. In CC terms, the IT services segment's revenue came in at US\$1,539mn, up 4.5% qoq. In INR terms, revenue of the IT services segment came in at ₹7,608cr, up 11.4% qoq, aided by INR depreciation against USD.

**Exhibit 3: Volume trend (Effort wise)**



Source: Company, Angel Research

**Exhibit 4: Pricing trend (Effort wise, CC basis)**



Source: Company, Angel Research

Service wise, Wipro witnessed modest revenue growth across almost all its services verticals. The company's anchor services line, business application services (contributed 30.8% to revenue) and application development and maintenance (ADM) (contributed 24.0% to revenue) posted 3.3% and 3.8% qoq growth in revenue, respectively. Other service verticals, R&D business, analytics and information management, product engineering and mobility and technology infrastructure services reported 3.1%, 2.7%, 2.6% and 0.4% qoq growth, respectively; however, the BPO segment again reported a qoq decline in its revenue during the quarter.

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

Service verticals	% to revenue	% growth (qoq)	% growth (yoy)
Technology infrastructure services	21.7	0.4	13.1
Analytics and information management	6.6	2.7	25.0
Business application services	30.8	3.3	15.8
BPO	8.5	(1.7)	2.6
Product engineering and mobility	8.4	2.6	11.8
ADM	24.0	3.8	7.1
R&D business	12.6	3.1	4.4
Consulting	3.0	(4.2)	7.0

Source: Company, Angel Research

Industry wise, Wipro's growth was led by healthcare, life sciences and services (contributed 10.0% to revenue), which reported 6.9% qoq growth (CC terms). Revenue from the company's anchor vertical, financial services (contributed 27.3% to revenue), reported 4.6% qoq growth. Revenue from energy and utilities, manufacturing and hitech, global media and telecom, and retail and transportation grew by 1.7%, 4.2%, 4.8%, 5.4% and 1.7% qoq (CC terms), respectively. Management indicated that in the telecom industry, the equipment manufacturers' space is still challenged in terms of IT spend; service providers are looking into new opportunities, which might kick in some amount of IT spending from the telecom industry.

**Exhibit 6: Revenue growth (Service wise – CC basis)**

	% to revenue	% growth (qoq)	% growth (yoy)
Global media and telecom	15.4	4.8	5.6
Financial solutions	27.3	4.6	13.1
Manufacturing and hi-tech	19.0	4.2	7.5
Healthcare, life sciences and services	10.0	6.9	10.5
Retail and transportation	14.9	5.4	9.5
Energy and utilities	13.4	1.7	52.0

Source: Company, Angel Research

Geography wise, Wipro reported revenue growth across all geographies to which it caters to. Revenue from India and Middle East and Japan posted whopping 10.9% and 9.6% qoq (CC terms) growth, respectively. Revenue from developed geographies – America and Europe – grew by 4.0% and 2.7% qoq (CC terms), respectively.

**Exhibit 7: Revenue growth (Geography wise, CC basis)**

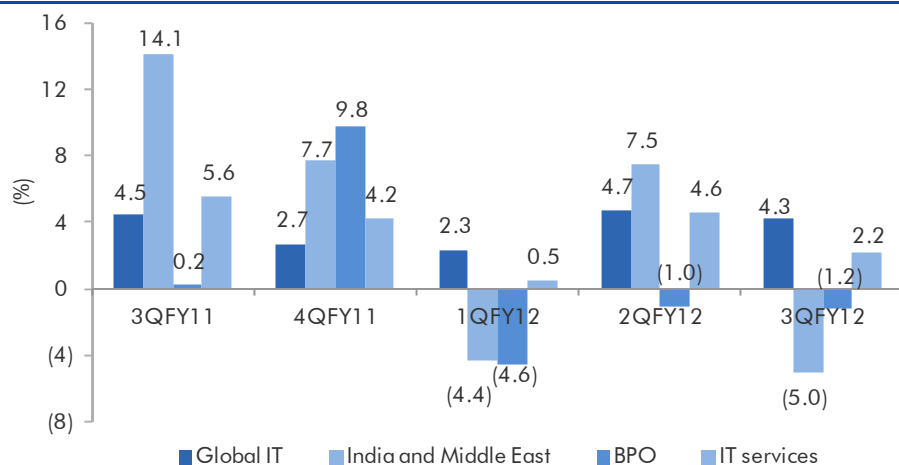
	% to revenue	% growth (qoq)	% growth (yoy)
America	52.5	4.0	8.5
Europe	28.2	2.7	12.2
Japan	1.3	9.6	(2.1)
India and Middle East	9.1	10.9	31.4
APAC and other emerging markets	8.9	5.7	41.0

Source: Company, Angel Research

**Segmental performance**

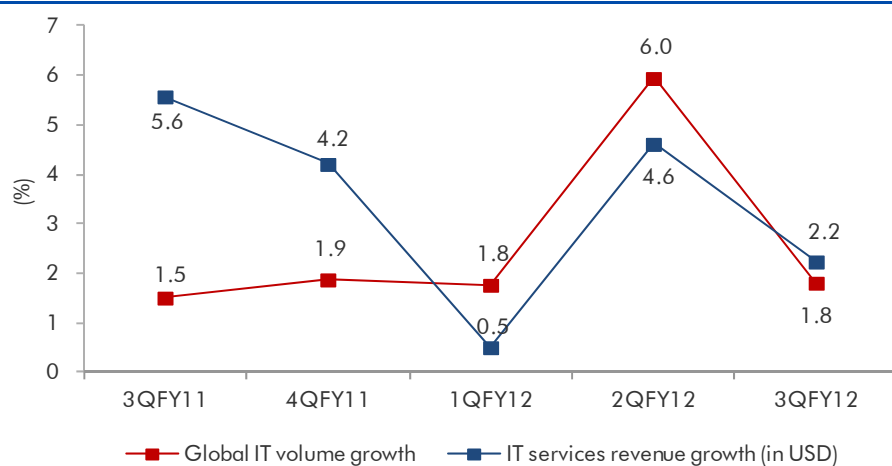
During the quarter, the IT services segment’s revenue came in at US\$1,505.5mn, up 2.2% qoq, with global IT business being the major growth driver, posting 4.3% qoq growth. Revenue from India and Middle East business and BPO came in at US\$236mn and US\$128mn, down 5.0% and 1.2% qoq, respectively.

**Exhibit 8: IT services – Revenue growth (qoq)**



Source: Company, Angel Research

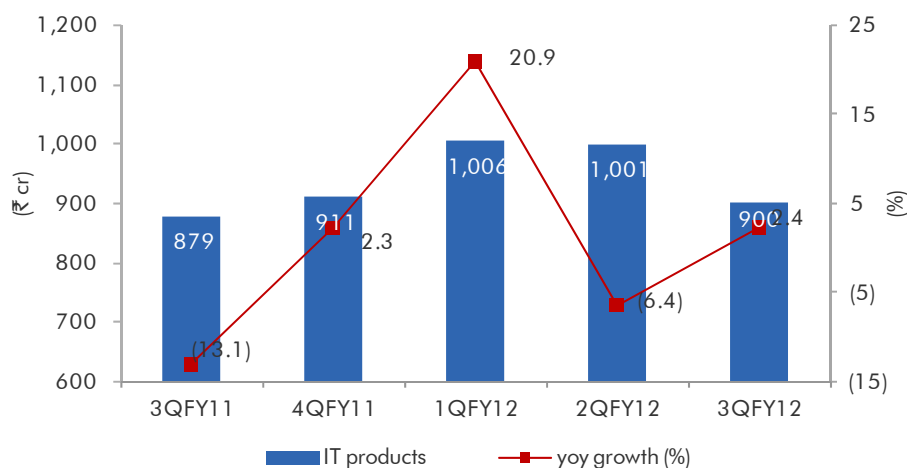
**Exhibit 9: Global IT services revenue trend**



Source: Company, Angel Research

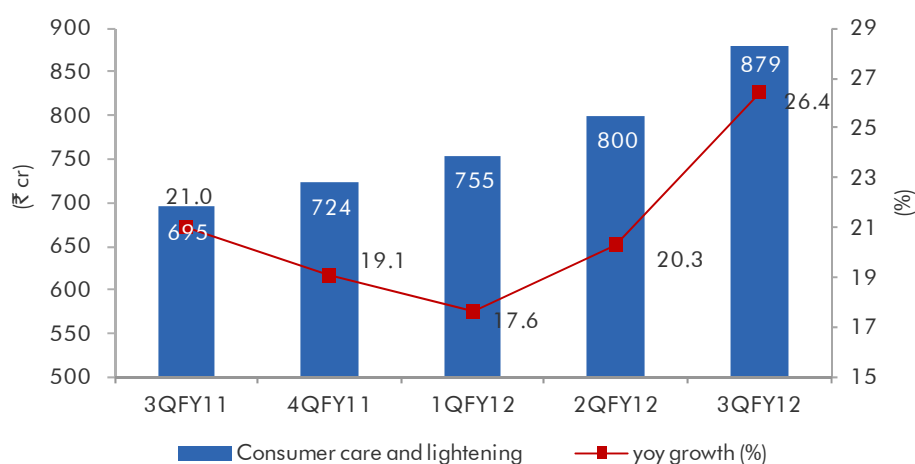
The IT products segment reported merely 2.4% yoy growth in revenue to ₹900cr during the quarter. The consumer care and lighting segment posted 26.4% yoy growth in revenue to ₹879cr, with brands like Yardley, Santoor and Chandrika bolstering growth. In the lighting business, Wipro is gaining traction in its eco-energy business, which involves managing energy through use of renewable products.

**Exhibit 10: IT products – Revenue growth (yoy)**



Source: Company, Angel Research

**Exhibit 11: Consumer care and lighting – Revenue growth (yoy)**



Source: Company, Angel Research

On a consolidated level, Wipro's revenue came in at ₹9,997cr, up 9.9% qoq.

### Hiring and utilization

Net additions during the quarter were strong at 5,004 employees, taking the company's total employee base to 136,734. Voluntary attritions (annualized) in global IT declined significantly to 14.2% in 3QFY2012 from 18.5% in 2QFY2012. Also, attrition rate (quarterly) in BPO declined to 13.9% in 3QFY2012 from 14.1% in 2QFY2012.

### Exhibit 12: Employee pyramid

Employee pyramid	3QFY11	4QFY11	1QFY12	2QFY12	3QFY12
Utilization – Global IT (%)	68.6	68.9	69.7	69.3	67.1
Attrition (%)					
Global IT	21.7	20.9	23.2	18.5	14.2
BPO	14.2	15.5	15.3	14.1	13.9
Net additions	3,591	2,894	4,105	5,240	5,004

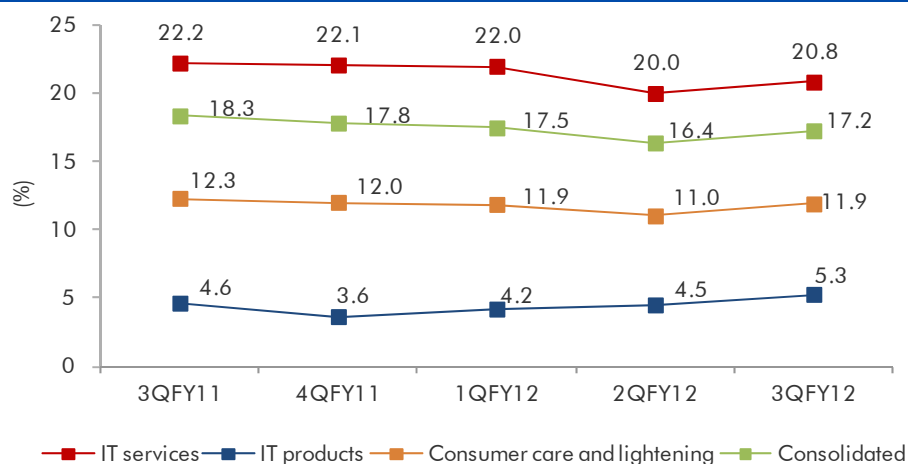
Source: Company, Angel Research

Utilization rate of the global IT business decreased by 220bp qoq to 67.1%. As per management, of the total hiring to be done in FY2012, 70% would be freshers, which in turn would not give utilization level much headroom to scale up from current levels in the next couple of quarters.

### Margins enhance

EBIT margin for IT services increased by 83bp qoq to 20.8% due to a steep qoq INR depreciation against USD. EBIT margin for the consumer care and lighting segment, which was showing a declining trend since 1QFY2011, finally rebounded during the quarter and grew by 87bp qoq to 11.9%. EBIT margin of the IT products business also increased by 77bp qoq to 5.3%. On a consolidated level, Wipro's EBITDA and EBIT margins expanded by 72bp and 88bp qoq to 19.8% and 17.2%, respectively.

### Exhibit 13: Segment-wise EBIT margin trend



Source: Company, Angel Research

### Client pyramid

Wipro added 39 new clients in 3QFY2012, with its active client base standing at 953. The company's client pyramid witnessed qualitative improvement, with one client getting added in the US\$100mn plus revenue bracket and two clients in the US\$20mn-50mn revenue bracket. Few clients from the US\$1mn-3mn revenue bracket moved to the higher revenue brackets.

**Exhibit 14: Client metrics**

Particulars	3QFY11	4QFY11	1QFY12	2QFY12	3QFY12
US\$100mn plus	1	3	4	5	6
US\$75mn–\$100mn	9	9	8	8	8
US\$50mn–\$75mn	11	10	12	11	11
US\$20mn–\$50mn	43	46	45	46	48
US\$10mn–\$20mn	49	49	49	50	48
US\$5mn–\$10mn	63	63	77	72	76
US\$3mn–\$5mn	78	75	63	75	87
US\$1mn–\$3mn	179	174	180	195	178
New clients	36	68	49	44	39
Active customers	880	904	937	930	953

Source: Company, Angel Research

**Outlook and valuation**

Management has given a decent revenue guidance of US\$1.52bn-1.55bn for 4QFY2012 for the IT services segment, with qoq growth of 1-2%, which is slightly better than one of its peers, Infosys. Also, management maintained that the company will take another 1-2 quarters to grow at rates comparable to its peers. This implies poor annual growth for FY2012. Thus, we expect revenue CAGR for IT services (USD terms) to be muted at 12.8% over FY2011-13E, underperforming not only tier-I IT companies but also tier-II IT companies such as Hexaware Technologies, Mahindra Satyam and MindTree.

At the operating front, Wipro has limited tailwinds and headwinds such as wage inflation, integration impact of SAIC (lower EBIT margin at 13.5%) and moderate volume growth, which are expected to pull down margins. Utilization, the company's margin lever, is expected to be partially capped as the company targets to have ~70% of its gross hires as freshers. Also, the company plans to continue making investments in S&M. Thus, we expect EBIT margin of the IT services segment to slide down to 21.1% in FY2012 and 20.8% for FY2013. Also, the ~400bp increase in effective tax rate is expected to mar the company's net profitability further, and we expect a 14.0% CAGR in PAT over FY2011-13E. **Thus, we value the company at 15.3x FY2013E EPS (15% discount to Infosys) of ₹27.8, which gives us a target price of ₹425. We maintain our Neutral recommendation on the stock.**

**Exhibit 15: Key assumptions**

	FY2012	FY2013
Revenue growth – IT services (USD)	13.5	12.2
USD-INR rate (realized)	48.4	50.0
Revenue growth – Consolidated (₹)	22.2	15.6
EBITDA margin (%)	19.8	19.7
Tax rate (%)	19.1	20.0
EPS growth (%)	6.4	13.1

Source: Company, Angel Research

**Exhibit 16: Change in estimates**

Parameter (₹ cr)	FY2012E			FY2013E		
	Earlier estimates	Revised estimates	Variation (%)	Earlier estimates	Revised estimates	Variation (%)
Net revenue	37,495	38,004	1.4	42,338	43,949	3.8
EBITDA	7,552	7,521	(0.4)	8,498	8,661	1.9
Other income	395	476	20.5	1,130	973	(13.9)
PBT	6,972	7,018	0.7	8,566	8,533	(0.4)
Tax	1,304	1,342	2.9	1,713	1,707	(0.4)
<b>PAT</b>	<b>5,656</b>	<b>5,656</b>	<b>(0.0)</b>	<b>6,836</b>	<b>6,810</b>	<b>(0.4)</b>

Source: Company, Angel Research

**Exhibit 17: One-year forward PE chart**


Source: Company, Angel Research

**Exhibit 18: Recommendation summary**

Company	Reco.	CMP (₹)	Tgt. price (₹)	Upside (%)	Target P/E (x)	FY2013E EBITDA (%)	FY2013E P/E (x)	FY2011-13E EPS CAGR (%)	FY2013E RoCE (%)	FY2013E RoE (%)
HCL Tech	Buy	417	520	24.6	13.0	17.5	10.4	22.1	20.9	23.1
Hexaware	Buy	80	96	20.3	11.0	18.7	9.2	74.1	21.4	19.8
Infosys	Buy	2,584	3,047	17.9	18.0	32.0	15.3	18.9	25.8	23.8
Infotech Enterprises	Neutral	135	134	(0.7)	8.5	16.0	8.6	11.9	16.1	13.0
KPIT Cummins	Accumulate	143	163	13.7	10.0	15.4	8.8	19.9	19.5	16.9
Mahindra Satyam	Buy	71	82	15.5	11.0	14.8	9.6	33.0	11.7	13.8
MindTree	Accumulate	445	502	12.8	10.0	14.7	8.9	42.1	20.3	17.4
Mphasis	Accumulate	345	368	6.6	11.5	16.6	9.4	(3.1)	14.0	14.2
NIIT	Buy	44	55	26.4	6.5	16.4	5.2	22.7	12.5	18.2
Persistent	Neutral	316	324	2.5	9.0	22.4	9.3	(1.1)	20.0	14.0
TCS	Buy	1,079	1,262	17.0	19.5	29.9	16.7	20.6	32.1	33.3
Tech Mahindra	Accumulate	602	666	10.6	9.0	16.8	7.2	29.9	14.6	20.0
<b>Wipro</b>	<b>Neutral</b>	<b>414</b>	<b>-</b>	<b>-</b>	<b>15.3</b>	<b>19.7</b>	<b>14.9</b>	<b>13.1</b>	<b>15.3</b>	<b>20.5</b>

Source: Company, Angel Research

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

Y/E March (₹ cr)	FY2009*	FY2010*	FY2011	FY2012E	FY2013E
<b>Net revenue</b>	<b>25,534</b>	<b>27,124</b>	<b>31,099</b>	<b>38,004</b>	<b>43,949</b>
Cost of revenues	18,022	18,630	21,285	26,701	30,785
<b>Gross profit</b>	<b>7,512</b>	<b>8,494</b>	<b>9,814</b>	<b>11,303</b>	<b>13,165</b>
% of net sales	29.4	31.3	31.6	29.7	30.0
Selling and mktg exp.	1,737	1,861	2,218	2,781	3,271
% of net sales	6.8	6.9	7.1	7.3	7.4
General and admin exp.	1,445	1,482	1,829	2,027	2,389
% of net sales	5.7	5.5	5.9	5.3	5.4
Depreciation and amortization	695	783	821	1,026	1,156
% of net sales	2.7	2.9	2.6	2.7	2.6
<b>EBIT</b>	<b>4,330</b>	<b>5,151</b>	<b>5,767</b>	<b>6,495</b>	<b>7,504</b>
% of net sales	17.0	19.0	18.5	17.1	17.1
Other income, net	123	337	472	476	973
Share in profits of eq. acc. ass.	36.2	53	64.8	46.6	56
Profit before tax	4,490	5,541	6,303	7,018	8,533
Provision for tax	604	929	971	1,342	1,707
% of PBT	13.4	16.8	15.4	19.1	20.0
<b>PAT</b>	<b>3,886</b>	<b>4,612</b>	<b>5,332</b>	<b>5,675</b>	<b>6,826</b>
Share in earnings of associate	-	-	-	-	-
Minority interest	10	18	35	19	16
<b>Adj. PAT</b>	<b>3,876</b>	<b>4,594</b>	<b>5,297</b>	<b>5,656</b>	<b>6,810</b>
Diluted EPS (₹)	15.9	18.9	21.7	23.1	27.8

Note: \*Adjusted for 2:3 bonus

**Balance sheet (Consolidated, IFRS)**

Y/E March ( cr)	FY2009*	FY2010*	FY2011	FY2012E	FY2013E
<b>Assets</b>					
Goodwill	5,614	5,380	5,482	6,050	6,050
Intangible assets	349	401	355	500	500
Property, plant & equipment	4,979	5,346	5,509	5,484	5,327
Investment in equ. acc. investees	167	235	299	400	400
Derivative assets	-	120	298	440	500
Non-current tax assets	-	346	924	1,161	1,188
Deferred tax assets	437	169	147	250	300
Other non-current assets	808	878	898	1,200	1,400
<b>Total non-current assets</b>	<b>12,355</b>	<b>12,875</b>	<b>13,913</b>	<b>15,484</b>	<b>15,666</b>
Inventories	759	793	971	1,197	1,325
Trade receivables	4,865	5,093	6,163	8,017	8,790
Other current assets	1,494	2,111	1,974	2,857	2,509
Unbilled revenues	1,411	1,671	2,415	2,603	2,890
Available for sale investments	1,654	3,042	4,928	6,093	9,293
Current tax assets	983	660	496	692	780
Derivative assets	-	262	171	210	247
Cash and cash equivalents	4,912	6,488	6,114	4,985	7,603
<b>Total current assets</b>	<b>16,078</b>	<b>20,118</b>	<b>23,231</b>	<b>26,654</b>	<b>33,436</b>
<b>Total assets</b>	<b>28,433</b>	<b>32,993</b>	<b>37,144</b>	<b>42,139</b>	<b>49,102</b>
<b>Equity</b>					
Share capital	293	294	491	491	491
Share premium	2,728	2,919	3,012	3,100	3,150
Retained earnings	12,665	16,579	20,325	24,258	29,346
Share based payment reserve	375	314	136	80	100
Other components of equity	(1,292)	(440)	58	50	60
Shares held by controlled trust	(54)	(54)	(54)	(54)	(54)
Equity attrib. to shareholders of Co.	14,714	19,611	23,968	27,925	33,093
Minority interest	24	44	69	70	80
<b>Total equity</b>	<b>14,738</b>	<b>19,655</b>	<b>24,037</b>	<b>27,995</b>	<b>33,173</b>
<b>Liabilities</b>					
Long term loans and borrowings	1,968	1,811	1,976	2,025	2,025
Deferred tax liability	47	38	30	50	70
Derivative liabilities	311	288	259	290	350
Non-current tax liability	877	307	502	580	700
Other non-current liabilities	167	323	271	330	400
Provisions	-	10	8	12	16
<b>Total non-current liabilities</b>	<b>3370.2</b>	<b>2776.7</b>	<b>3045.3</b>	<b>3287</b>	<b>3561</b>
Loans and bank overdraft	3,721	4,440	3,304	3,691	3,978
Trade payables	4,165	3,875	4,405	5,121	5,904
Unearned revenues	873	746	660	600	700
Current tax liabilities	649	485	734	650	765
Derivative liabilities	326	138	136	100	105
Other current liabilities	590	650	591	545	700
Provisions	-	227	232	150	216
Total current liabilities	10,324	10,561	10,062	10,857	12,368
Total liabilities	13,695	13,338	13,107	14,144	15,929
<b>Total equity and liabilities</b>	<b>28,433</b>	<b>32,993</b>	<b>37,144</b>	<b>42,139</b>	<b>49,102</b>

Note: \*Adjusted for 2:3 bonus

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

Y/E March (₹ cr)	FY2009*	FY2010*	FY2011	FY2012E	FY2013E
Pre tax profit from operations	4,366	5,204	5,832	6,542	7,560
Depreciation	695	783	821	1,026	1,156
Expenses (deferred)/written off	(10)	(18)	(35)	(19)	(16)
Pre tax cash from operations	5,051	5,969	6,618	7,548	8,701
Other income/prior period ad	123	337	472	476	973
Net cash from operations	5,174	6,306	7,090	8,024	9,673
Tax	(604)	(929)	(971)	(1,342)	(1,707)
<b>Cash profits</b>	<b>4,571</b>	<b>5,377</b>	<b>6,119</b>	<b>6,682</b>	<b>7,967</b>
(Inc)/dec in current assets	(3,510)	(1,076)	(1,601)	(3,388)	(963)
Inc/(dec) in current liab.	1,633	237	(499)	795	1,511
Net trade working capital	(1,877)	(840)	(2,101)	(2,593)	548
<b>Cashflow from oper. actv.</b>	<b>2,694</b>	<b>4,537</b>	<b>4,018</b>	<b>4,089</b>	<b>8,515</b>
(Inc)/dec in fixed assets	(1,726)	(1,150)	(985)	(1,000)	(1,000)
(Inc)/dec in intangibles	(1,514)	182	(56)	(713)	-
(Inc)/dec in investments	(162)	(1,455)	(1,951)	(1,265)	(3,200)
(Inc)/dec in net def. tax assets	(437)	268	22	(103)	(50)
(Inc)/dec in derivative assets	-	(120)	(178)	(142)	(60)
(Inc)/dec in non-current tax asset	-	(346)	(578)	(237)	(28)
(Inc)/dec in minority interest	12	20	25	1	10
Inc/(dec) in other non-current liab	1,128	(436)	103	193	274
(Inc)/dec in other non-current ast.	730	(70)	(20)	(302)	(200)
<b>Cashflow from investing activities</b>	<b>(1,969)</b>	<b>(3,107)</b>	<b>(3,616)</b>	<b>(3,568)</b>	<b>(4,254)</b>
Inc/(dec) in debt	1,968	(157)	165	49	-
Inc/(dec) in equity/premium	(1,023)	982	617	24	80
Dividends	(686)	(679)	(1,558)	(1,723)	(1,723)
<b>Cashflow from financing activities</b>	<b>260</b>	<b>146</b>	<b>(775)</b>	<b>(1,650)</b>	<b>(1,643)</b>
<b>Cash generated/(utilised)</b>	<b>985</b>	<b>1,576</b>	<b>(374)</b>	<b>(1,129)</b>	<b>2,618</b>
Cash at start of the year	3,927	4,912	6,488	6,114	4,985
Cash at end of the year	4,912	6,488	6,114	4,985	7,603

Note: \*Adjusted for 2:3 bonus

**Key Ratios**

Y/E March	FY2009*	FY2010*	FY2011	FY2012E	FY2013E
<b>Valuation ratio(x)</b>					
P/E (on FDEPS)	26.0	21.9	19.1	17.9	14.9
P/CEPS	11.1	9.3	9.2	8.4	7.1
P/BVPS	6.2	4.6	4.2	3.6	3.1
Dividend yield (%)	1.0	1.0	1.5	1.5	1.5
EV/Sales	3.8	3.5	3.0	2.4	2.0
EV/EBITDA	19.3	15.8	14.0	12.3	10.0
EV/Total assets	3.4	2.8	2.5	2.2	1.8
<b>Per share data (₹)</b>					
EPS (Fully diluted)	15.9	18.9	21.7	23.1	27.8
Cash EPS	37.3	44.3	45.1	49.5	58.3
Dividend	4.0	4.0	6.0	6.0	6.0
Book value	67.0	89.3	98.0	114.1	135.2
<b>DuPont analysis</b>					
Tax retention ratio (PAT/PBT)	0.9	0.8	0.8	0.8	0.8
Cost of debt (PBT/EBIT)	6.5	7.1	7.7	6.8	7.4
EBIT margin (EBIT/Sales)	0.0	0.0	0.0	0.0	0.0
Asset turnover ratio (Sales/Assets)	0.9	0.8	0.8	0.9	0.9
Leverage ratio (Assets/Equity)	1.9	1.7	1.5	1.5	1.5
Operating ROE	26.4	23.5	22.2	20.3	20.6
<b>Return ratios (%)</b>					
RoCE (pre-tax)	15.2	15.6	15.5	15.4	15.3
Angel RoIC	26.6	28.5	28.0	26.0	28.7
RoE	26.3	23.4	22.0	20.2	20.5
<b>Turnover ratios (x)</b>					
Asset turnover(fixed assets)	1.0	0.9	0.9	1.0	1.0
Receivables days	64	67	66	68	70
Payable days	71	79	71	65	65

Note: \*Adjusted for 2:3 bonus

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### Disclosure of Interest Statement

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

### Ratings (Returns):

Buy (&gt; 15%)

Reduce (-5% to 15%)

Accumulate (5% to 15%)

Sell (&lt; -15%)

Neutral (-5 to 5%)