

Steady Quarter, guidance remains tepid

Wipro's Q3FY20 results were a mixed bag. Revenues delivered a modest beat while IT services EBIT margin was in-line with our estimates. However, PAT was 4.5% below our estimates owing to losses in non-core business (IT Products and India State Run Enterprise segment) which together account to 3% of Wipro's consolidated revenues. Wipro delivered 1.2% Organic constant currency revenue growth for 3QFY20 (we classified ICICI deal also as inorganic as company paid upfront amount for this deal). Wipro guided for IT services business revenues to grow by 0-2% QoQ in 4QFY20 which indicates no major acceleration. Lack of revenue acceleration is a negative. We retain our growth assumption and model Wipro to deliver 2.3% USD revenue growth for FY20E (3.4% Constant currency growth). Organic USD revenue growth would be 1.7% and rest from ICICI deal, ITI acquisition and full impact of Aight deal revenues. Wipro's 1.7% USD revenue growth is below peers (Infosys/TCS expected to deliver 7.8/6.3% Organic USD revenue growth for FY20E). Wipro's IT services margin execution remains steady which leads us to retain earnings assumptions. Wipro has net cash of Rs255bn on balance sheet (Rs44/sh which is 17% of Mcap). With FCF (Including Interest Income) at Rs110bn per year (7% FCF yield), we believe Wipro should increase payout on a regular basis. This could help ROE trajectory as well. Wipro trades at 14x FY21E EPS which is at 22% discount to Infosys and 39% discount to TCS. While earlier buyback was completed in 28th August 2019, Wipro can announce its next Buyback (if it intends) in September 2020. Raise TP by 2% to Rs275 (14.5x Dec FY21E EPS vs 15.5x Sep21E EPS earlier). Retain Add.

Revenue beat on estimates; Losses on non-core business hurt PAT

Revenues for 3QFY20 came at USD2,096mn, up 2.2% QoQ and above our estimate (Cen ests : USD2,090mn). Constant currency growth stood at 1.8% QoQ above our estimates (Cen ests: 1.6% QoQ). Organic constant currency revenue growth stood at 1.2% and rest from ITI acquisition and ICICI deal ramp up. IT service EBIT margin was 18.4%, up 30bps QoQ and in line with our estimates (Cen ests:18.4%). Consolidated EBIT margin came at 17.1% down 30bps QoQ and below our estimates (Cen ests: 17.4%) owing to losses in IT products and ISRE Business segments. Both IT Products and ISRE business delivered a combined segmental loss of Rs670mn. PAT came at Rs24.6bn which is 4.5% below our estimates (Cen ests: Rs25.9bn) owing to lower other income and losses in IT products and domestic business.

Top accounts remained to be tepid, BFSI remains soft

Among verticals, BFSI revenues grew 0.4% QoQ remained tepid. However, management guided for scope of acceleration in this vertical. Consumer/ healthcare/ Manufacturing vertical revenues were up by 7/3.4/4.4% QoQ in constant currency for 3QFY20. Top client remained weak for the quarter (Revenues from Top account were down 4% QoQ and 17% YoY and accounted to 3% of total revenues). Revenues from Top 2-10 accounts were down 0.2% QoQ and up 3.6% YoY. Digital Business accounted to 39.8% of total revenues up 2.8% QoQ and 22.3% YoY. Headcount stood at 187,318 with net addition of 5,865 employees. We note that ~3800 employees were added from ICICI deal (Vara Infotech take over). Net utilisation (Excluding trainees) came at 79.6% down 250bps QoQ and 360bps YoY. Strong hiring over past three quarters weighed on utilisation rates.

Financial and valuation summary

YE Mar (Rs bn)	Q3FY20	Q2FY20	QoQ (%)	Q3FY19	YoY (%)	FY20E	FY21E	FY22E
Revenue	154.7	151.3	2.2	150.6	2.7	609.5	630.8	652.4
EBIT	26.5	26.1	1.4	27.8	(4.5)	103.8	105.3	110.5
EBIT margin (%)	17.1	17.3	(20)bps	18.4	(130)bps	17.0	16.7	16.9
Adj. net profit	24.6	25.5	(3.7)	25.1	(2.0)	99.3	103.9	111.8
Diluted EPS (Rs)	4.3	4.3	0.1	4.2	2.8	16.7	18.2	19.5
PE (x)	-	-	-	-	-	15.3	14.0	13.1
EV/EBITDA (x)	-	-	-	-	-	9.7	8.5	8.1
RoE (%)	-	-	-	-	-	17.8	18.6	19.4

Source: Company, Centrum Research estimates

Please see Appendix for analyst certifications and all other important disclosures.

Result Update

India IT Services

14 January 2020

Add

Target Price: Rs275

Price: Rs256

Forecast return: 7.5%

Institutional Research

Market Data

Bloomberg:	WPRO IN
52 week H/L:	Rs302/232
Market cap:	Rs1469bn
Shares outstanding:	5713mn
Free float:	20.9%
Avg. daily vol. 3mth:	3263954
Source: Bloomberg	

Changes in the report

Rating:	Retain Add
Target Price:	Raised 2% to Rs275
Earnings estimates:	Retained
Source: Bloomberg	

Wipro relative to Nifty 50



Source: Bloomberg

Shareholding pattern

	Dec-19	Sep-19	Jun-19	Mar-19
Promoter	74.0	74.0	73.8	73.9
FIIIs	8.4	8.4	8.2	8.9
DIIIs	7.0	7.0	6.9	6.5
Public/others	10.5	10.6	11.1	10.7

Source: BSE



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IT Services

Thesis Snapshot

Estimate revisions

YE Mar (Rs bn)	FY20E New	FY20E Old	% chg	FY21E New	FY21E Old	% chg
USD Revenue(mn)	8,309	8,281	0.3	8,928	8,872	0.6
Revenue	609.5	605.2	0.7	630.8	625.2	0.9
EBIT	103.8	102.4	1.3	105.3	104.4	0.9
EBIT margin (%)	17.0	16.9	10bps	16.7	16.7	0.0bps
Adj. PAT	99.3	99.0	0.3	103.9	103.4	0.5

Source: Company, Centrum Research estimates

Centrum estimates vs Actual results

YE Mar (Rs bn)	Centrum Q3FY20	Actual Q3FY20	Variance (%)
USD Revenue (mn)	2,090	2,095	0.2
Revenue	154.2	154.7	0.3
EBIT	26.9	26.5	(1.5)
EBIT margin (%)	17.4	17.1	(30)bps
Adj. PAT	25.7	24.6	(4.5)

Source: Bloomberg, Centrum Research estimates

Wipro versus NIFTY 50

	1m	6m	1 year
WPRO IN	5.2	(0.9)	9.4
NIFTY 50	2.3	7.0	15.1

Source: Bloomberg, NSE

Key assumptions

YE March	FY20E	FY21E	FY22E
USD revenue growth (%)	2.3	3.8	3.5
Average rate (USD vs INR)	71.2	71.0	71.0
EBIDTA margin (%)	20.3	19.9	20.0
EBIT margin (%)	17.0	16.7	16.9

Source: Centrum Research estimates

Peer comparison

Company	Mkt Cap Rs bn	Price	CAGR FY19-FY21E (%)			PE (x)			RoE (%)		
			Sales (USD)	EBIT	PAT	FY19	FY20E	FY21E	FY19	FY20E	FY21E
Wipro	1,463.0	256	3.1	3.9	7.4	13.8	15.1	14.1	17.2	17.8	18.6
Infosys	3,318.2	776	9.1	7.8	8.7	21.9	19.9	18.1	23.7	26.1	27.9
TCS	8,305.4	2,213	7.2	6.5	6.5	26.6	25.3	23.3	35.2	35.6	37.7

Source: Company, Centrum Research estimates

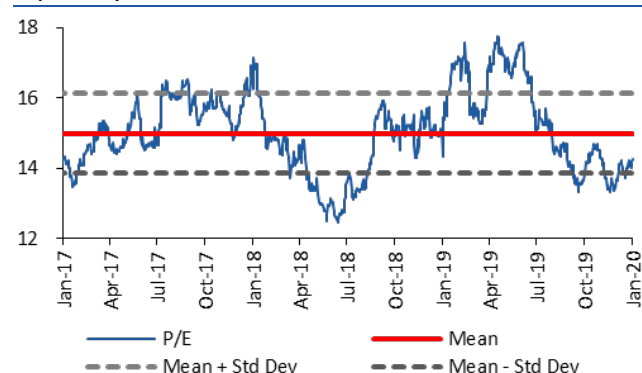
Valuations

We valued Wipro at 14.5x De21E EPS (vs our target P/E multiples of 21.5/18.5x for TCS/Infosys respectively). Sizeable buybacks have been leading to Wipro trade at respectable P/E multiples despite its tepid organic Revenue growth. HCL Tech and Tech M which have higher organic revenue growth continue to trade at discount to Wipro

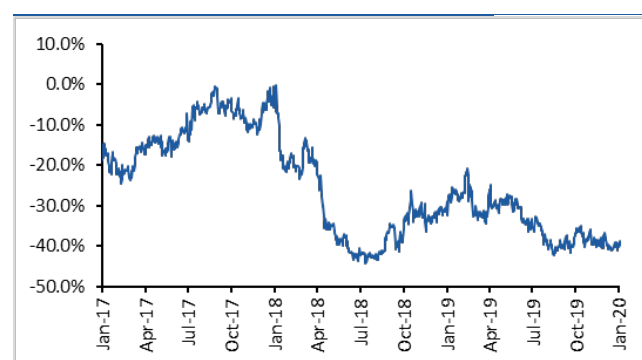
Valuations

EPS for Dec FY21E (Rs)	18.9
P/E multiple (x)	14.5
Target price (Rs)	275

Wipro one-year-forward P/E, mean and standard deviation



Wipro vs TCS discount



Source: Bloomberg, Centrum Research estimates

Fig 1: Key Concall takes and Metrics

Centrum Quarterly Monitor	3QFY20	2QFY20	Our Comments
Revenue Growth	Company delivered 1.8% cc revenue growth for 3Q. This is towards the mid point of its guidance 0.8-2.8% QoQ growth.	Company delivered 1.1% cc revenue growth for 2QFY20. This is towards the mid point of its guidance 0-2% QoQ growth.	
Vertical Performance	BFSI vertical continues to remain tepid. However, Consumer/ healthcare/ Manufacturing verticals delivered strength	BFSI and Communication verticals remained weak for the quarter. However, Consumer business unit and Manufacturing vertical delivered strength	BFSI continues to remain weak
Digital Business	Digital business accounts to 39.8% of total revenues.	39.6% of total revenues	Digital continues to remain on strong growth
Margin Business	EBIT Margin stood at 18.4%	EBIT margin stood at 18.1%	Over the past few quarters, Wipro's margin execution has relatively been steady on margins

Source: Centrum Research

Concall Takes

- Wipro continues to drive localization and 70% of US workforce is currently Locals. Wipro cited that efforts savings in fixed-price projects improved from 16.5% in Q2 to 17.8% in Q3FY20. Subcontracting expenses as a % of Sales stood at 14.7% for 3QFY20 down 10bps QoQ.
- On the vertical front, management cited slowdown in BFSI vertical owing to continued softness driven by macroeconomic environment. However, management cited their confidence on winning new deals in this vertical.
- However, Consumer/Manufacturing/Health Business unit vertical continues to deliver strong growth of 7.0/4.4/3.4% QoQ in constant currency terms aided by the healthy order book and pipeline. Technology vertical saw a decline in the quarter impacted by furloughs and slowdown in spend in the semiconductor verticals.

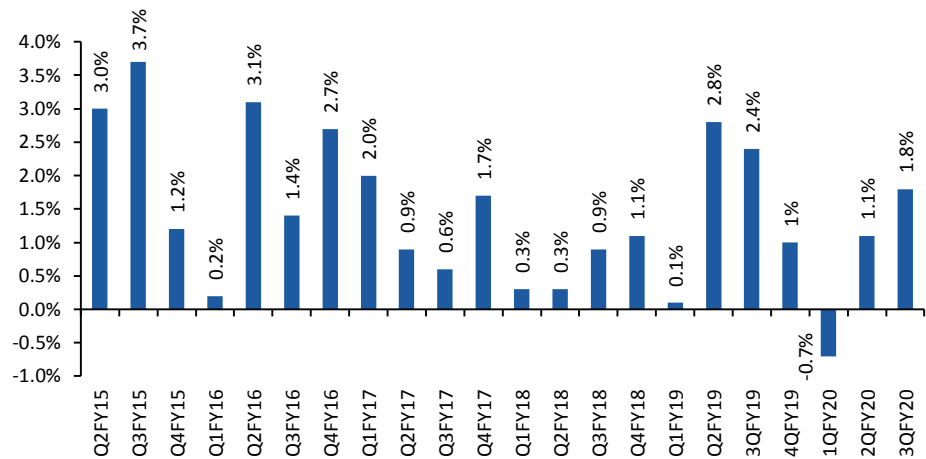
Quarterly results analysis

Fig 2: Q3FY20: consolidated P&L

(Rs Mn)	Q3FY20	Q2FY20	QoQ (%)	Q3FY19	YoY (%)	Estimate	Variance(%)
USD Revenue	2,095	2,049	2.2	2,047	2.4	2,090	0.2
Consolidated IT revenue	1,54,705	1,51,306	2.2	1,50,595	2.7	1,54,174	0.3
EBIT	26,506	26,144	1.4	27,757	(4.5)	26,903	(1.5)
EBIT margin (%)	17.1	17.3	(20)bps	18.4	(130)bps	17.4	(30)bps
APAT	24,592	25,526	(3.7)	25,103	(2.0)	25,720	(4.5)

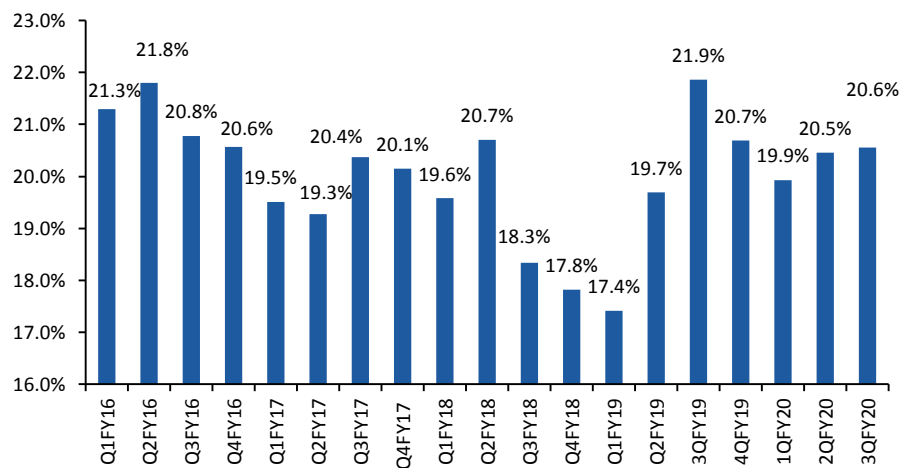
Source: Company, Centrum Research estimates

Fig 3: IT Services constant currency growth (QoQ)

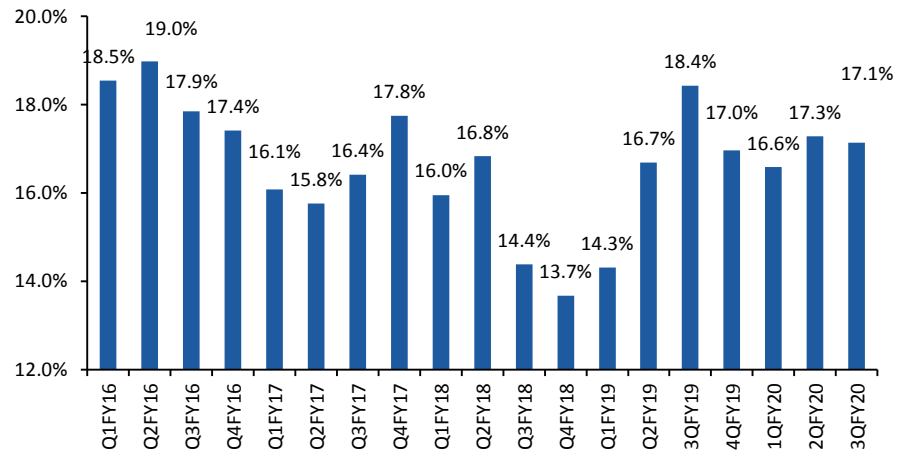


Source: Company, Centrum Research estimates, *Higher growth in Q2 and Q3FY19 was on account of Alight deal

Fig 4: Consolidated EBITDA margin



Source: Company, Centrum Research estimates, *One off reversal in provision helped steep margin improvement in Q3FY19

Fig 5: Consolidated EBIT margin

Source: Company, Centrum Research estimates

Operating metrics

Fig 6: Geography mix of revenues (%)

(%)	Q3FY18	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20
America	54.1	53.8	56.0	56.1	57.1	58.2	58.70	59.6	59.2
Europe	26.5	27.5	26.1	25.7	25.5	24.6	24.60	23.5	23.7
Rest of the world	19.4	18.7	17.9	18.2	17.4	17.2	16.70	16.9	17.1

Source: Company, Centrum Research estimates

Fig 7: Geography mix of revenues and growth

Growth by geography (USD mn)	Q3FY20	Q2FY20	QoQ growth (%)	Q3FY19	YoY growth (%)
America	1,240	1,221	1.6	1,169	6.1
Europe	497	482	3.1	522	(4.9)
Rest of the world	358	346	3.5	356	0.6
Total revenues	2,095	2,049	2.2	2,047	2.4

Source: Company, Centrum Research

Fig 8: Vertical mix of revenues (%)

(%)	Q2FY18	Q3FY18	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20
Banking, Financial Services and Insurance	27.6	28.3	28.7	29.8	30.5	31.4	31.5	31.6	31.3	30.9
Communications	6.6	6.5	5.9	5.7	5.8	5.8	5.7	5.9	5.7	5.7
Consumer business unit	15.1	15.1	15.0	15.3	15.7	15.6	16.2	15.6	16.0	16.9
Energy, Natural Resources and Utilities	13.5	12.7	12.7	12.7	12.8	13.0	12.8	12.8	12.9	12.9
Health business unit	14.0	14.3	14.2	13.6	13.0	13.1	13.2	13.2	13.0	13.1
Manufacturing	8.9	8.8	8.9	8.4	8.3	8.1	8.0	7.9	8.1	8.2
Technology	14.3	14.3	14.6	14.5	13.9	13.0	12.6	13.0	13.0	12.3

Source: Company, Centrum Research estimates

Europe was up 1.5%
QoQ in cc. US and ROW
grew 1.5/4.1% QoQ in cc

BFSI vertical continues to remain tepid with 0.9% QoQ growth.

Fig 9: Vertical mix of revenues and growth

(USD mn)	Q3FY20	Q2FY20	QoQ growth (%)	Q3FY19	YoY growth (%)
Banking, Financial Services and Insurance	647	641	0.9	643	0.7
Communications	119	117	2.2	119	0.6
Consumer business unit	354	328	8.0	319	10.9
Energy, Natural Resources and Utilities	270	264	2.2	266	1.6
Manufacturing	172	166	3.5	166	3.6
Technology	258	266	(3.3)	266	(3.1)
Total Revenues	2,095	2,049	2.2	2,047	2.4

Source: Company, Centrum Research

Fig 10: Service mix of revenues (%)

(%)	Q3FY18	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20
Digital and Platforms (BPO)	12.9	12.4	12.4	12.9	14.7	14.9	14.7	14.7	15.3
Cloud and Infrastructure Services	27.3	27.6	26.3	25.6	25.0	25.2	25.7	25.7	25.8
Data, Analytics and AI	7.1	7.1	7.2	7.8	7.6	7.6	7.4	7.3	7.2
Modern Application Services	45.7	45.5	46.7	46.3	45.6	45.1	44.6	44.8	44.2
Industrial & Engineering Services	7.0	7.4	7.4	7.4	7.1	7.2	7.6	7.5	7.5

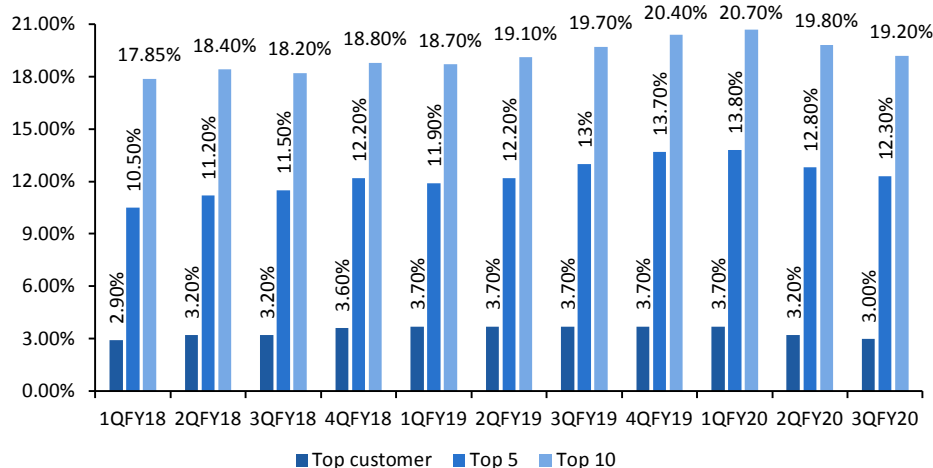
Source: Company, Centrum Research

Fig 11: Client concentration (%)

(%)	Q2FY18	Q3FY18	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20
Top customer	3.2	3.2	3.6	3.7	3.7	3.7	3.7	3.7	3.2	3.0
Top 5	11.2	11.5	12.2	11.9	12.2	13.0	13.7	13.8	12.8	12.3
Top 10	18.4	18.2	18.8	18.7	19.1	19.7	20.4	20.7	19.8	19.2

Source: Company, Centrum Research

Fig 12: Client concentration (%)



Source: Company, Centrum Research estimates

Fig 13: Employee metrics

(%)	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20
Total employees	159,300	158,865	159,923	160,846	171,451	172,379	171,425	174,850	181,453	187,318
Net addition	(2,139)	(435)	1,058	923	10,605	928	(954)	3,425	6,603	5,865
Attrition: voluntary (quarterly annualized)	16.9	16.2	17.7	18.5	18.5	17.5	16.6	17.9	16.0	12.5

Source: Company, Centrum Research estimates * Aight deal led to higher net employee addition in 2QFY19.

Fig 14: Quarterly Financials

(Rs mn)	Q3FY18	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20
USD revenues	2,013	2,062	2,027	2,041	2,047	2,076	2,039	2,049	2,095
Net sales	136,690	137,686	139,777	145,410	150,595	150,063	1,47,860	1,51,306	1,54,705
Cost of revenue	90,564	92,092	96,013	97,402	98,799	101,347	99,320	1,03,194	1,04,379
Sales and marketing	11,073	11,263	10,813	10,814	11,889	10,994	10,953	10,629	11,030
General and admin expenses	9,991	9,801	8,608	8,555	6,978	6,669	8,119	6,527	7,496
EBITDA	25,062	24,530	24,343	28,639	32,929	31,053	29,468	30,956	31,800
Depreciation	5,412	5,702	4,337	4,368	5,172	5,595	4,953	4,812	5,294
EBIT	19,650	18,828	20,006	24,271	27,757	25,458	24,515	26,144	26,506
Other income	6,144	4,800	5,144	5,156	5,369	8,757	6,947	6,857	5,370
Interest	1,205	1,564	1,649	1,569	1,627	2,530	1,584	2,247	1,844
Forex gains	125	557	771	1,217	911	316	858	591	727
PBT	24,714	22,621	24,272	29,075	32,410	32,001	30,736	31,345	30,759
Tax	5,355	4,615	5,865	5,347	6,966	7,064	6,699	5,731	6,164
Minority interest	(12)	(22)	(270)	(33)	341	104	163	86	71
Exceptional	-	-	2,529	(4,872)	-	-	-	-	-
Reported net profit	19,371	18,028	21,206	18,889	25,103	24,833	23,874	25,528	24,524
Adjusted net profit	19,371	18,028	18,677	23,761	25,103	24,833	23,874	25,528	24,524
Adj EPS (Rs)	4.0	4.0	4.1	5.3	5.6	4.1	4.0	4.5	4.3
QoQ growth (%)									
USD revenue growth (%)	(0.0)	2.4	(1.7)	0.7	0.3	1.4	(1.8)	0.5	2.2
Revenue	1.8	0.7	1.5	4.0	3.6	(0.4)	(1.5)	2.3	2.2
EBITDA	(9.8)	(2.1)	(0.8)	17.6	15.0	(5.7)	(5.1)	5.0	2.7
PBT	(12.7)	(8.5)	7.3	19.8	11.5	(1.3)	(4.0)	2.0	(1.9)
Adj net profit	(11.6)	(6.9)	3.6	27.2	5.6	(1.1)	(3.9)	6.9	(3.9)
Margin (%)									
EBITDA	18.3	17.8	17.4	19.7	21.9	20.7	19.9	20.5	20.6
EBIT	14.4	13.7	14.3	16.7	18.4	17.0	16.6	17.3	17.1
PBT	18.1	16.4	17.4	20.0	21.5	21.3	20.8	20.7	19.9
Adj net profit	14.2	13.1	13.4	16.3	16.7	16.5	16.1	16.9	15.9

Source: Company, Centrum Research estimates

Fig 15: Consolidated model sheet

YE Mar (Rs mn)	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E	FY22E
Revenues (USD mn)	7,082	7,346	7,705	7,895	8,120	8,309	8,623	8,928
Growth (%)	7.0	3.7	4.9	2.5	2.9	2.3	3.8	3.5
Average exchange rate (USD vs INR)	62.0	65.8	67.8	65.2	70.0	71.2	71.0	71.0
Revenues (Rs mn)	4,69,545	5,12,440	5,50,402	5,44,871	5,85,845	6,09,482	6,30,794	6,52,421
Growth (%)	8.1	9.1	7.4	-1.0	7.5	4.0	3.5	3.4
EBITDA	1,04,606	1,08,118	1,09,127	1,04,061	1,16,964	1,23,813	1,25,494	1,30,528
EBIT	91,783	93,153	86,020	82,806	97,492	1,03,775	1,05,315	1,10,469
Net profit	87,056	89,413	85,143	80,084	90,173	99,713	1,04,373	1,12,310
EBITDA margin (%)	22.3	21.1	19.8	19.1	20.0	20.3	19.9	20.0
EBIT Margin (%)	19.5	18.2	15.6	15.2	16.6	17.0	16.7	16.9
NPM (%)	18.5	17.4	15.5	14.7	15.4	16.4	16.5	17.2
EPS (Rs)	13.2	13.5	13.1	12.6	15.0	16.7	18.2	19.5
EPS growth	47.9	2.8	(3.5)	(3.4)	18.5	11.6	8.8	7.6
P/E	21.3	18.8	19.5	20.2	17.1	15.3	14.0	13.1
EV/EBITDA	16.2	12.5	11.5	12.5	10.1	9.7	8.5	8.1
RoE (%)	23.2	20.5	17.3	16.0	17.2	17.8	18.6	19.4
Consolidated balance sheet (Rs mn)								
Net cash on balance sheet	1,76,002	1,81,118	2,79,431	2,28,622	2,79,778	2,73,354	2,92,181	3,11,948
Net cash per share on balance sheet (Rs)	26.8	27.6	43.0	36.0	46.5	46.0	51.0	54.5
Net cash as a % of stock price (%)	9.6	10.8	16.9	14.1	18.2	18.0%	20.0%	21.4%
Consolidated cash flows (Rs mn)								
Operating cash flow	78,262	78,873	92,773	84,233	1,16,316	1,03,161	1,06,054	1,10,258
Operating cash flow (includes interest income)	93,405	98,097	1,09,032	98,802	1,33,687	1,21,272	1,26,844	1,34,478
Capex + acquisition spend	24,235	53,324	54,461	28,522	22,781	23,000	20,000	20,000
FCF	54,027	25,549	38,312	55,711	93,535	80,161	86,054	90,258
FCF (including interest income)	69,170	44,773	54,571	70,280	1,10,906	98,272	1,06,844	1,14,478
FCF/EBITDA (%)	51.6	23.6	35.1	53.5	80.0	64.7	68.6	69.1

Source: Company, Centrum Research estimates * From FY18, Wipro IT services revenues reflect the deletion of Data Center business and India State Run Enterprise business

P&L					
YE March (Rs bn)	FY18	FY19	FY20E	FY21E	FY22E
Revenues	544.9	585.8	609.5	630.8	652.4
Cost of Revenue	364.3	393.6	412.7	432.1	446.9
As a % of revenues	66.9	67.2	67.7	68.5	68.5
S,G&A expenses	76.5	75.3	73.0	73.2	75.0
As a % of revenues	14.0	12.9	12.0	11.6	11.5
EBITDA	104.1	117.0	123.8	125.5	130.5
EBITDA margin (%)	19.1	20.0	20.3	19.9	20.0
Depreciation & Amortisation	21.3	19.5	20.0	20.2	20.1
EBIT	82.8	97.5	103.8	105.3	110.5
Other income	19.7	20.3	21.3	26.8	31.7
Exceptional items expenses/(income)	-	2.3	-	-	-
PBT	102.5	115.4	125.1	132.1	142.2
Taxes	22.4	25.2	25.4	27.7	29.9
Effective tax rate (%)	21.8	21.9	20.3	21.0	21.0
PAT	80.1	90.2	99.7	104.4	112.3
Minority/Associates	0.0	0.1	0.4	0.5	0.5
Reported PAT	80.1	90.0	99.3	103.9	111.8
Adjusted PAT	80.1	92.4	99.3	103.9	111.8
PAT margin (%)	14.7	15.4	16.4	16.5	17.2
EPS (Rs)	12.6	15.0	16.7	18.2	19.5

Ratios					
YE March	FY18	FY19	FY20E	FY21E	FY22E
Growth (%)					
Revenue	(1.0)	7.5	4.0	3.5	3.4
EBITDA	(4.6)	12.4	5.9	1.4	4.0
Adjusted PAT	(3.4)	18.5	11.6	8.8	7.6
Margin (%)					
Gross Margin	33.1	32.8	32.3	31.5	31.5
EBITDA	19.1	20.0	20.3	19.9	20.0
EBIT	15.2	16.6	17.0	16.7	16.9
Adjusted PAT	14.7	15.8	16.4	16.5	17.2
Return (%)					
ROE	16.0	17.2	17.8	18.6	19.4
ROCE	13.2	14.9	16.0	16.5	17.2
ROIC	20.1	24.8	28.6	28.9	30.6
Turnover (days)					
Debtors	70.6	65.3	65.0	65.0	65.0
Unbilled	30.0	14.3	16.0	16.0	16.0
Total Debtor + Unbilled	100.6	79.6	81.0	81.0	81.0
Solvency (x)					
Net debt-equity	(0.34)	(0.50)	(0.49)	(0.59)	(0.60)
Per share (Rs)					
Adjusted EPS	12.6	15.3	16.7	18.2	19.5
Reported EPS	12.6	15.0	16.7	18.2	19.6
Book Value	76.1	94.3	93.3	118.0	121.0
CEPS	16.0	18.2	20.1	21.8	23.1
DPS	0.7	1.0	1.0	12.8	13.7
Dividend payout (%)	5.6	6.7	6.0	70.0	70.0
Valuation (x)					
P/E	20.2	17.1	15.3	14.0	13.1
P/CEPS	16.0	14.0	12.7	11.7	11.0
EV/EBITDA	12.5	10.1	9.7	8.5	8.1
EV/Sales	2.4	2.0	2.0	1.7	1.6
Dividend yield (%)	0.3	0.4	0.4	5.0	5.4

Source: Company, Centrum Research estimates

Balance sheet					
YE March (Rs bn)	FY18	FY19	FY20E	FY21E	FY22E
Equity share capital	9.0	12.1	11.4	11.4	11.4
Reserves & surplus	473.9	556.0	543.1	559.0	576.1
Shareholders' fund	482.9	568.1	554.5	570.4	587.6
Total debt	45.3	28.4	28.4	28.4	28.4
Def tax liab.	3.1	3.4	3.4	3.4	3.4
Minority Interest	2.4	2.6	2.6	2.6	2.6
Total liabilities	533.7	602.5	589.0	604.9	622.0
Net block	64.4	70.6	72.9	72.7	72.5
Capital WIP	-	-	-	-	1.0
Goodwill	117.6	117.0	117.0	117.0	117.0
Intangibles	18.1	13.8	14.4	14.5	14.5
Investments	43.0	49.9	50.9	51.9	52.9
Def tax assets	6.9	5.6	5.6	5.6	5.6
Current assets					
Trade Receivables	105.4	104.9	108.5	112.3	116.2
Unbilled revenue	42.5	22.9	22.9	22.9	22.9
Cash & Cash Equivalents	294.0	379.2	364.7	383.5	403.3
Other current assets	68.7	69.3	69.8	70.3	70.8
Total current asset	510.6	576.3	565.9	589.0	613.1
Trade payables	68.1	88.3	91.3	94.3	97.3
Other current liab. & provisions	158.8	142.3	146.5	151.5	156.4
Total current liab.	227.0	230.6	237.8	245.8	253.7
Net current assets	283.6	345.6	328.1	343.2	359.4
Total assets	533.7	602.5	589.0	604.9	623.0

Cash flow					
YE March (Rs bn)	FY18	FY19	FY20E	FY21E	FY22E
Op profit bef WC changes	113.3	114.3	126.6	131.0	137.5
Changes in Current assets	(7.2)	(1.5)	(5.2)	(5.3)	(5.4)
Changes in Current liab.	6.2	28.7	7.1	8.0	7.9
Net Change – WC	(0.9)	27.2	2.0	2.8	2.6
Direct taxes	28.1	25.1	25.4	27.7	29.9
Net cash from operations	84.2	116.3	103.2	106.1	110.3
Capital expenditure	(21.9)	(22.8)	(23.0)	(20.0)	(20.0)
Acquisitions, net	(6.7)	-	-	-	-
Others	64.1	72.9	18.1	20.8	24.2
Net cash from investing	35.6	50.1	(4.9)	0.8	4.2
FCF	55.7	93.5	80.2	86.1	90.3
Issue of share capital	(110.3)	0.0	(105.0)	-	-
Increase/(decrease) in debt	(14.3)	(43.9)	-	-	-
Dividend paid	(5.4)	(5.4)	(7.2)	(88.0)	(94.7)
Net cash from financing	(130.0)	(49.4)	(112.2)	(88.0)	(94.7)
Effect of Changes in Exchange rates	0.4	0.5	-	-	-
Net change in cash	(9.8)	117.6	(13.9)	18.8	19.8

Source: Company, Centrum Research estimates

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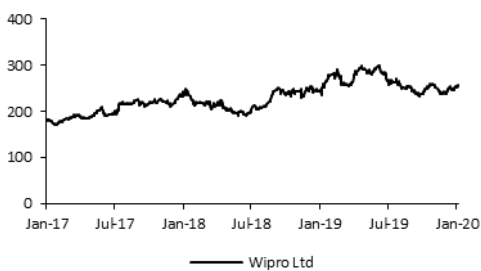
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Wipro



Source: Bloomberg

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