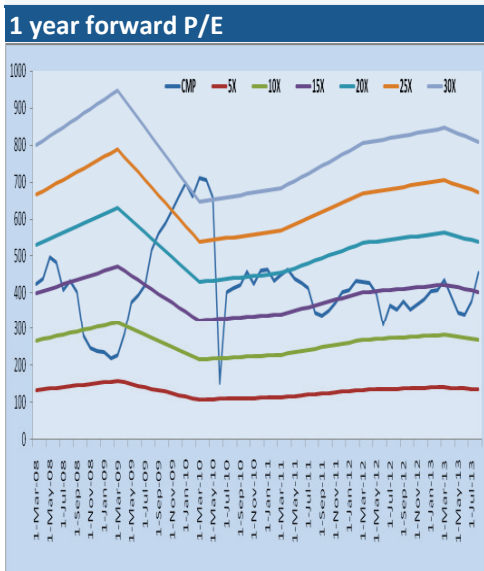


Result update	Neutral
CMP	468
Target Price	-
Previous Target Price	-
Upside	-
Change from Previous	-

Market Data	
BSE Code	507685
NSE Symbol	WIPRO
52wk Range H/L	501/299
Mkt Capital (Rs Crores)	115423
Average Daily Volume	20884
Nifty	5593

Stock Performance	1M	1yr	YTD
Absolute	4.2	29.6	28.5
Rel. to Nifty	5.8	22.6	22

Share Holding Pattern-%	Current	4QFY13	3QFY13
Promoters	73.54	73.55	78.29
FII	7.29	7.73	7.02
DII	4.58	4.17	3.06
Others	14.59	14.55	11.63



Inline numbers than street expectations, consistent in order addition;

During 1QFY14, company's consolidated sales grew by 1.2% QoQ led by the volumes as the pricing environment largely stable. In dollar terms, the sales from the IT Services business grew by 0.2% (earlier guided for 1.6% to -0.6% growth) QoQ to USD 1588.3 million

The quarterly guidance of 2-4% highlighted that the company is seeing an improvement in the client decision making and the management highlighted that the deal closures were significantly better than they were a quarter ago.

The OPM expanded by 40 bps QoQ to 20.8% on the back of sharp rise in staff cost (up by 170 bps) and increase in sub contracting costs (up by 50 bps) despite the consumption cost (down by 80 bps). Notably, the impact of cross currency movements was USD15.8 mn (1%of sales) sequentially. PAT grew by 3% QoQ.

On geographical front: The Sales from the Americas (49.7% of total) was flat due to change in invoicing. Notably, India & Middle East business fell by sharp 6.7% sequentially as the management indicated it's traditionally weaker quarter for the domestic market. Notably, APAC and Other Emerging Markets grew by 5.2% QoQ and Europe (29% of total) grew by 1.9% QoQ for the same period.

Verticals – ENU and FS Grows, but rest of the pack dips: The sales from the Energy, Natural Resources & Utilities grew by 3.7% QoQ and Financial Services grew by 0.8% QoQ respectively for the quarter ended June 2013. However, The Healthcare, Life Sciences & Services (-2.3% QoQ), Global Media & Telecom (-1.1% QoQ), Manufacturing & Hitech (-0.8% QoQ) and Retail, Consumer Good & Transportation (-0.4% QoQ) declined for the same period.

Deal Pipeline: During the quarter, company's deal pipeline was almost flat. However, the key positives are demand environment in US market is reviving, Europe good in patches and overall discretionary spend improving. Notably, it has guided IT services business to growth in the range of 2-4% to USD 1620 - 1650 million for the quarter ended September 2013.

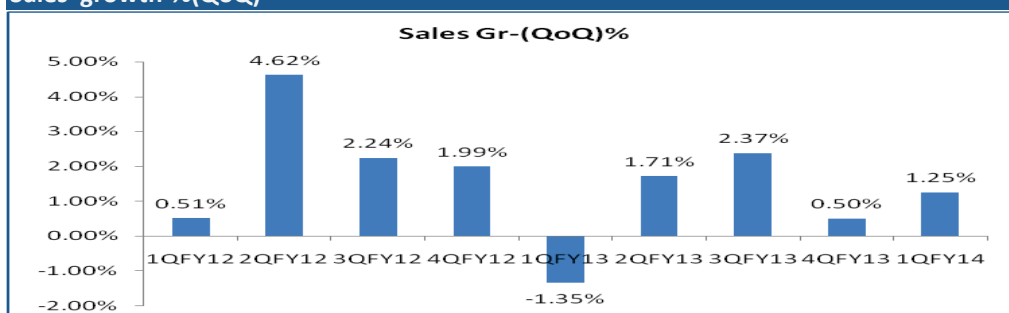
View and Valuation: Wipro has started to show some initial signs of improvement and is likely to benefit from increase in deals win as well as improvement in operating metrics. Wipro's management indicated a better outlook and a better demand environment as compared with that of the previous year's. Considering the growth parameters and valuation prospect of other Tier-1 IT players, we maintain "Neutral" on the stocks. At a CMP of Rs 468, trades at 18.6x FY14E earnings.

Financials	1QFY14	4QFY13	(QoQ)-%	3QFY13	Rs, Crore (YoY)-%
Revenue	9733.2	9613.1	1.2	9247.6	5.3
EBITDA	2020.3	1955.8	3.3	1991.2	1.5
PAT	1631.7	1583.8	3.0	1589.9	2.6
EBITDA Margin	20.8%	20.3%	50bps	21.5%	(70bps)
PAT Margin	16.8%	16.5%	30bps	17.2%	(40bps)

(Source: Company/Eastwind)

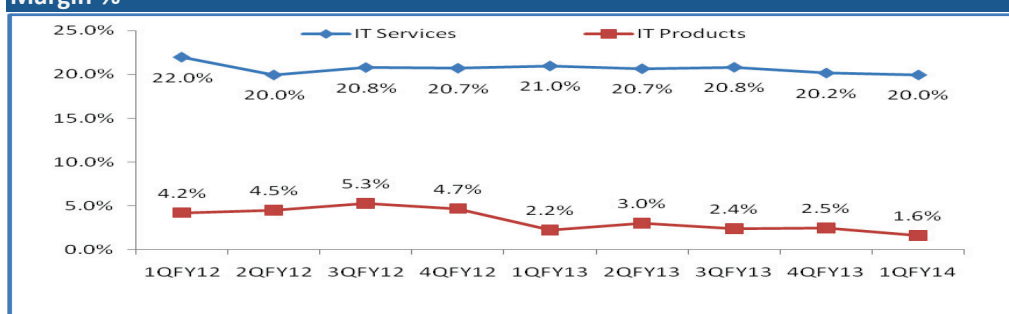
Wipro Ltd

Sales growth-%(QoQ)



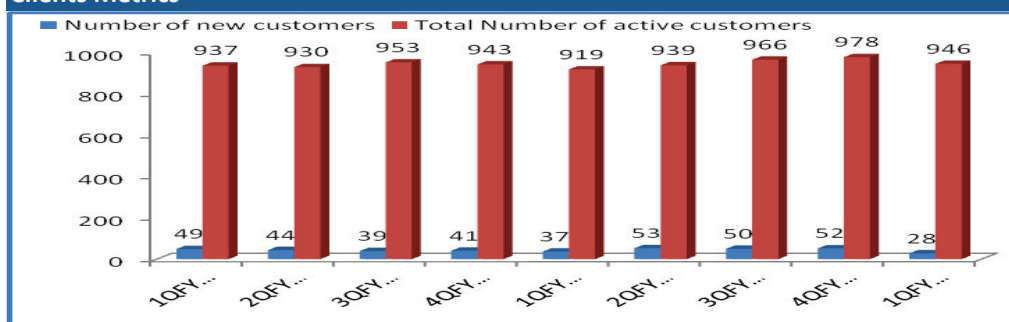
(Source: Company/Eastwind)

Margin-%



(Source: Company/Eastwind)

Clients Metrics



(Source: Company/Eastwind)

Clients Metrics: The company added 28 new customers during the quarter. The active customer base currently stands at 946 as against 978 in the previous quarter. Some of the customers who fallen below the threshold level due to the depreciating rupee.

Employee Metrics: The company added 1,469 employees during the quarter taking the total employee count to 147,281. The voluntary attrition came down by 50 basis points QoQ to 13.2% on Trailing twelve month basis.

The company's cash and cash equivalents for the quarter stood at Rs9,009.5 crore against Rs8,483.8 crore in the previous quarter.

Expects Revenue from IT services to b in the range of \$1620mn-1650mn(\$/INR at 57.24, GBP/\$ at 1.31, AUD/\$ 0.97, €/ \$ at 1.31),

The company expects margins to be stable with an upward bias over the medium term.

Wipro Ltd

Key facts from management commentry

- The company expects margins to be stable with an upward bias over the medium term.
- Expects Revenue from IT services to b in the range of \$1620mn-1650mn(\$/INR at 57.24, GBP/\$ at 1.31, AUD/\$ 0.97, €/ \$ at 1.31),
- In US there was a pickup in deal closures, and management is hopeful of the momentum continuing, while Europe was strong in patches.
- Retail banking, Energy and Utilities and Healthcare are seeing good traction, while Telecom, Investment banking and Hi-tech continue to be soft.

Financials;

Rs, Cr	FY10	FY11	FY12	FY13	FY14E	FY15E
Net Sales-USD	4390.4	5220.7	5921.0	6217.8	6859.3	7526.8
Net Sales	27212.9	31038.5	32205.5	37685.1	40469.7	44031.8
Raw Materials Cost	5037.6	1492.2	203.9	354.1	404.7	440.3
Purchases of stock-in-trade	0.0	3399.1	2520.8	2723.5	2832.9	3302.4
WIP	0.0	-65.2	111.2	-18.3	60.0	65.3
Employee Cost	10724.5	12721.0	14835.0	17962.7	19830.2	21355.4
Subcontracting / technical fees / 3rd	483.1	533.7	0.0	0.0	0.0	0.0
Other expenses	5018.3	6511.5	7621.5	8674.6	9315.6	10135.5
Total Expenses	21263.5	24592.3	25292.4	29696.6	32443.4	35299.0
EBITDA	5949.4	6446.2	6913.1	7988.5	8026.4	8732.8
Depreciation	754.3	789.1	921.9	991.3	1064.5	1158.2
Other Income	437.6	770.9	898.2	1131.7	1214.1	1321.0
EBIT	5632.7	6428.0	6889.4	8128.9	8175.9	8895.5
Interest Cost	123.2	193.2	337.1	269.3	229.7	183.8
PBT	5509.5	6234.8	6552.3	7859.6	7946.2	8711.7
Tax	916.3	969.5	1295.5	1691.2	1748.2	1960.1
PAT	4593.2	5265.3	5256.8	6168.4	6198.0	6751.6
Growth-%						
Sales-USD	1.6%	18.9%	13.4%	5.0%	10.3%	9.7%
Sales	5.9%	14.1%	3.8%	17.0%	7.4%	8.8%
EBITDA	14.8%	8.4%	7.2%	15.6%	0.5%	8.8%
PAT	18.6%	14.6%	-0.2%	17.3%	0.5%	8.9%
Margin -%						
EBITDA	21.9%	20.8%	21.5%	21.2%	19.8%	19.8%
EBIT	20.7%	20.7%	21.4%	21.6%	20.2%	20.2%
PAT	16.9%	17.0%	16.3%	16.4%	15.3%	15.3%
Expenses on Sales-%						
Employee Cost	39.4%	41.0%	46.1%	47.7%	49.0%	48.5%
Operation and other expenses	18.4%	21.0%	23.7%	23.0%	23.0%	23.0%
Tax rate	16.6%	15.5%	19.8%	21.5%	22.0%	22.5%
Valuation						
CMP	706.8	478.3	373.0	435.6	468.0	468.0
No of Share	146.8	245.4	246.2	246.3	246.4	246.4
NW	18244.3	22487.0	28531.4	28381.2	32849.5	37871.4
EPS	31.3	21.5	21.4	25.0	25.2	27.4
BVPS	124.3	91.6	115.9	115.2	133.3	153.7
RoE-%	25.2%	23.4%	18.4%	21.7%	18.9%	17.8%
Dividen Payout ratio	14.7%	29.4%	32.8%	24.0%	27.9%	25.6%
P/BV	5.7	5.2	3.2	3.8	3.5	3.0
P/E	22.6	22.3	17.5	17.4	18.6	17.1

(Source: Company/Eastwind)