



Research Report

Wipro Limited



Prepared By-

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About

Wipro Limited, founded in 1945 by Mohamed Hasham Premji, has transformed from a vegetable oil manufacturer to a leading multinational corporation in the information technology and consulting industry. Wipro is investing \$1 billion over the next three years to further advance its AI, data and analytics capabilities, expand its AI solutions, develop new R&D and platforms, enhance its FullStride Cloud offerings, and build new consulting capabilities to help clients unlock value through AI. As part of this AI strategy, Wipro will train all 250,000 employees on AI fundamentals and responsible use of AI over the next 12 months, and provide more specialized AI training for employees in relevant roles.

Key Products

- Applications
- Artificial Intelligence
- Business Process
- Cloud
- Consulting
- Cybersecurity
- Data & Analytics
- Digital Experiences
- Engineering
- Sustainability

Synopsis of Financials

- IT services revenue grew sequentially by 0.1% in reported currency.
- Order bookings in Q4 stood at \$3.6 billion, with large deal bookings TCV of \$1.2 billion.
- Total large deal bookings TCV for FY'24 was \$4.6 billion, showing a growth of 17.4%.
- Revenue for FY'24 was \$10.8 billion in reported currency.

Stock data (as 28th June 2024)

Nifty Price	: 24,064.45
52 week High (in Rs.)	: 546
52 week Low (in Rs.)	: 375
Market Cap. (in Crore)	: 2,69,107
NSE Code	: <u>WIPRO</u>

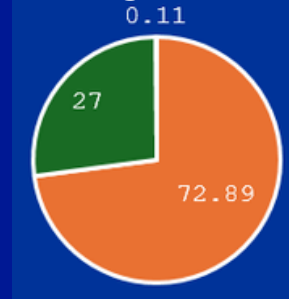
Stock data



-NIFTY50

- Wipro Limited

Shareholding Pattern (March 2024)



-PUBLIC GROUP

-PROMOTER GROUP

-Employee Trust

Financial Summary

Particulars	March 2024	March 2023	March 2022
Sales	89,760	90,488	79,312
Sales Growth %	-0.80%	14.09%	28.06%
Expenses	73,008	73,649	62,628
Operating Profit	16,752	16,839	16,684
OPM %	19%	19%	21%
Net Profit	11,112	11,366	12,243
EPS in Rs	21.14	20.68	22.31

Quarterly Results



Particular	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Sales	22,540	23,229	23,190	22,831	22,516	22,205	22,208
Expenses	18,608	18,690	18,671	18,627	18,546	18,007	17,828
Operating Profit	3,932	4,539	4,519	4,204	3,970	4,198	4,381
OPM %	17%	20%	19%	18%	18%	19%	20%
Other Income	512	649	632	640	740	598	653
Interest	227	290	286	309	303	312	331
Depreciation	797	923	847	738	897	932	840
Profit before tax	3,420	3,975	4,018	3,798	3,509	3,552	3,862
Tax %	23%	23%	23%	24%	24%	24%	26%
Net Profit	2,649	3,065	3,094	2,886	2,667	2,701	2,858

Source: Screener

Key Ratios

Particulars	FY23	FY24	YoY Change
Revenue in ₹ million	909,348	897,943	(1.3%)
IT Services Operating Margin	15.6%	16.1%	0.5%
Net Income Margin	12.5%	12.3%	(0.2%)
Earnings per share in ₹	20.73	20.89	0.8%
Price Earning Ratio (times) ¹	17.6	23.0	5.36
Return on Networth ²	15.8%	14.5%	(1.3%)
Current Ratio (times)	2.5	2.6	0.11
Debtors Turnover (times)	7.1	7.5	0.36
Free Cash Flow as % of Net Income ³	102.3%	152.7%	50.4%
Debt-equity (times)	0.19	0.19	(0.00)
Interest Coverage Ratio (times) ⁴	13.9	10.8	(3.01)

Source: Annual Report

Yearly Results

Particulars	March 2024	March 2023	March 2022
Equity Capital	1,045	1,098	1,096
Reserves	73,488	76,570	64,307
Borrowings	16,465	17,467	17,593
Other Liabilities	23,611	21,789	24,280
Total Liabilities	1,14,609	1,16,924	1,07,276
Fixed Assets	43,628	44,757	37,990
CWIP	723	617	1,602
Investments	33,384	33,073	26,154
Other Assets	36,873	38,477	41,531
Total Assets	1,14,609	1,16,924	1,07,276

Synopsis Quater Results

Con-Call Q1 FY'24: Key Highlights

Business Strategy:

- Focus on accelerating large deal momentum by being proactive with clients and partners.
- Strengthen relationships with large clients and partners to drive growth.
- Emphasize industry-specific offerings and business solutions infused with AI.
- Build a talented workforce ready for AI to deliver specific business solutions.
- Simplify operating model and focus on execution rigor with speed.

Strategic Acquisitions:

- Majority share taken in Aggne, a consulting and managed services company serving the insurance industry.
- Launched Wipro Enterprise AI-Ready Platform with IBM to create customized AI environments for clients.

Guidance:

- Guiding for a sequential growth of (-1.5%) to (+0.5%) in constant currency for Q1'25.
- Expect margins to remain range-bound similar to the previous quarters.

Challenges & Opportunities:

- Acknowledged challenges in the economic environment and uncertainties.
- Optimistic about the long-term opportunities in the technological shift.
- Focus on accelerating growth and addressing immediate priorities to revitalize the company.

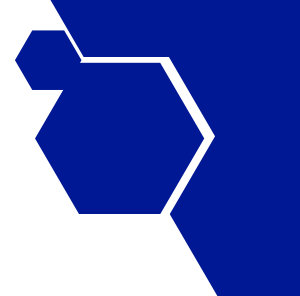
M&A Strategy:

- Committed to remaining selective in M&A, focusing on newer technologies and market access.
- Will continue to invest in strategic acquisitions that align with the company's growth strategy.

Margin Improvement:

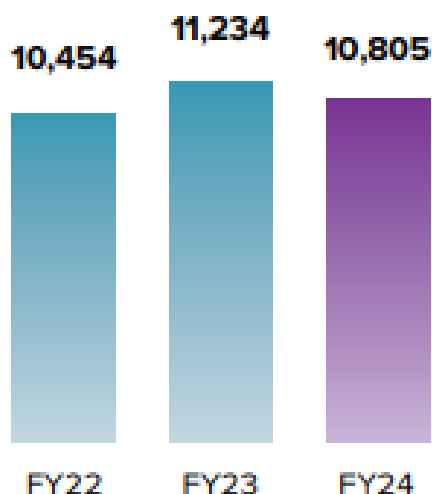
- Margins have expanded due to factors like improved utilization, increased offshoring, and fixed price contribution.
- Potential for further margin improvement through optimization of internal processes, productivity enhancements, and leveraging AI.

Revenue Highlights



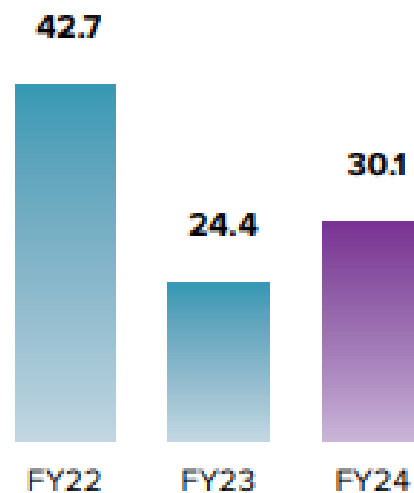
IT Services Revenue

(\$Mn)

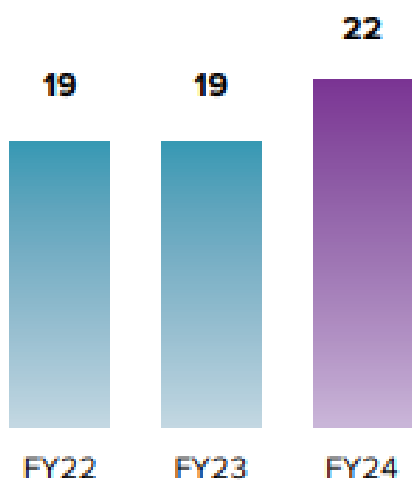


Market Capitalization⁴

(\$ Bn)

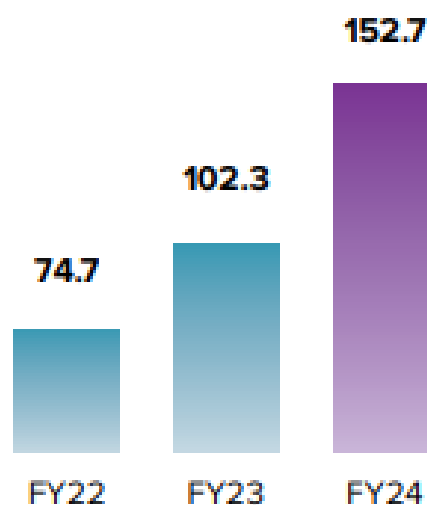


Number of \$100 Mn+ Customers



Free Cash flow to Net Income³

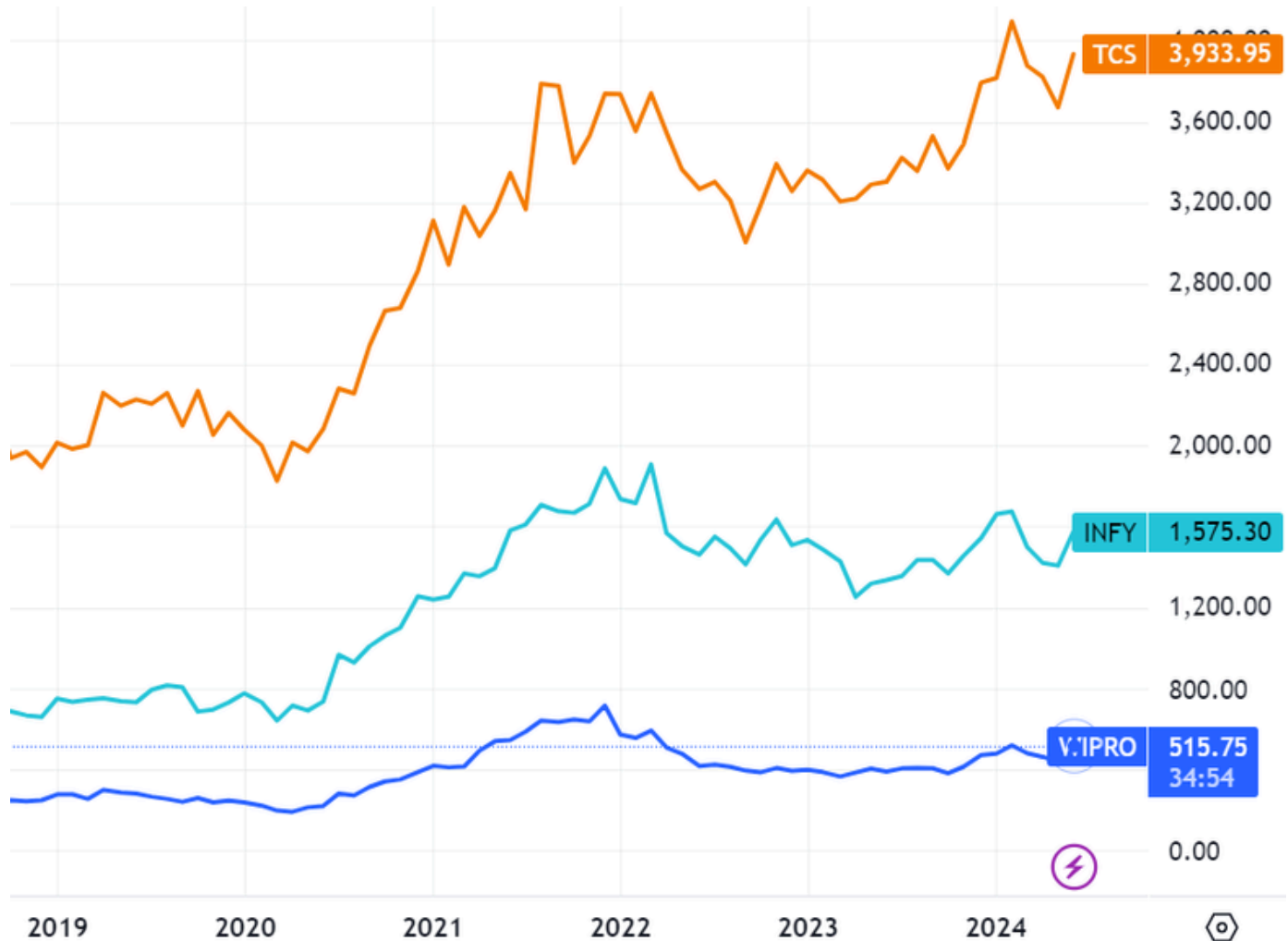
(%)



Peer Comparison



Peer Stock Performance (5Y) Indexed



Source: Trading View

Peer Financial Performance

S.No.	Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	NP Qtr Rs.Cr.	Qtr Profit Var %	Sales Qtr Rs.Cr.	Qtr Sales Var %	ROCE %
1.	TCS	3918.05	30.44	1417584.85	1.40	12502.00	9.15	61237.00	3.51	64.28
2.	Infosys	1574.50	25.16	653715.92	2.44	7975.00	30.04	37923.00	1.29	39.99
3.	HCL Technologies	1449.00	25.04	393210.08	3.56	3995.00	0.13	28499.00	7.11	29.84
4.	Wipro	514.55	24.70	269106.75	0.20	2858.20	-7.80	22208.30	-4.23	16.93
5.	LTIMindtree	5364.30	34.63	158870.97	1.20	1100.70	-1.24	8892.90	2.32	31.17

Source: Screener

Final Outlook



WIPRO: SELL | LTP: 515

Wipro on 19th April reported a 7.8 per cent year-on-year drop in its consolidated net profit to Rs 2,834.6 crore for the March quarter. However reported a 5.2 per cent quarter-on-quarter increase in consolidated net profit for the January-March period. The company's revenue from operations was down 4.2 per cent on-year to Rs 22,208.3 crore, according to an exchange filing. The net profit (attributable to equity holders of the company) declined to Rs 2,834.6 crore in Q4FY24 from Rs 3,074.5 in the year-ago period, translating into a 7.8 per cent fall.

The company has delivered a poor sales growth of 8.75% over past five years.

Dividend payout has been low at 12.2% of profits over last 3 years. Working capital days have increased from 75.8 days to 158 days.

Wipro has given sequential guidance of (-) 1.5 per cent to +0.5 per cent in constant currency for IT services revenue, for the April-June quarter. The company said in its outlook for the first quarter of 2024-25, said that they expect revenue from the IT services business segment within the range of USD 2,617 million to USD 2,670 million.

Wipro's share price has fallen 40% in the last two years. Several brokerage firms have lowered their target prices for Wipro in recent months.