

Bloomberg Code	WPRO IN
No of share O/S (in crs)	547.9
Market Cap (in Rs. crs)	3,14,563.16
Face Value (in Rs.)	2
Dividend Yield (%)	0.17
52 Wk High/Low	589/252

Shareholding (%)	
Promoters	73.02
Institutional	15.37
Public	11.25
Total	100.00

**Key Highlights:**

Wipro Ltd reported a net revenue of Rs. 18,467 cr, which was a growth of 13.7% on a sequential basis and 23.8% on a YoY basis. IT service revenue stood at USD 2,415 mn during the quarter; this was a growth of 12.0% QoQ and 21.3% YoY in constant currency (CC) terms. The growth in revenue was broad-based across sectors and markets and was led by a surge in volumes. EBITDA for the quarter stood at Rs 4,195 cr (+31.6% YoY/+4.2% QoQ) and the EBITDA margin at 22.7% (+130bps YoY/-210bps QoQ). IT Services Operating Margin for the quarter stood at 18.8%, a contraction of 30 bps YoY and 220 bps QoQ. This was higher than the guidance of 17.5% after consolidating 2 months of Capco results and significant investments in talent and supply chains. The offshore mix dropped 50bps to 54.0% but utilization improved to 77.7%. Net Profit for Q1FY22 was Rs 3,243 cr, a growth of 35.7%/9.1% in YoY/QoQ terms and net profit margin stood at 17.6% (+160bps YoY/-70bps QoQ).

**Market Share and Segmental Performance** (All figures are in YoY CC terms):

Americas 1 grew 18% YoY with Health and Consumer verticals witnessing the strongest tractions. Americas 2 grew 24% driven by strong volume increases and Capco has further elevated its performance. Demand from the BFSI sector has remained strong across all service offerings. The European business has delivered a YoY growth of 32.5% on the back of several large wins and the Capco acquisition. UK, Southern Europe and Germany led this growth. APNEA market grew 0.8% with improved environments in Australia, New Zealand and South East Asia. From a service offering standpoint, the iDEAS global business line grew by 18.3% QoQ and 25.3% YoY. Demand has increased in new age offerings like cloud transformation. The iCORE line grew by 3.7% QoQ and 15.9% YoY. Infrastructure services and digital operations grew in double digits on a YoY basis.



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**Concall Highlights:**

- This quarter witnessed the closing of 8 large deals resulting in a TCV of \$715 mn. Large wins were exceptionally strong in the Americas 1 market.
- Top 10 customers grew 13.4% QoQ and 17.9% YoY in CC terms. Wipro added 2 new customers in the above \$100 mn category and 2 in the above \$50 mn category.
- Net employee additions in the quarter were 12,178 which is 80% of additions in FY21 and the highest in the last decade. Attrition rate in the current quarter was higher at 15.5%.
- In the near future, some inflationary employee costs are expected due to salary hikes for 80% of the employees effective September 1<sup>st</sup>.
- Guidance for revenue growth (CC) in the next quarter is 5-7%. With the strong current quarter performance and next quarter guidance the management expects double digit growth in FY22.
- Operating cash flow stands at 104% of net income and free cash flow at 90% of net income. Gross cash at the end of Q1 stood at \$4.1 bn and cash net of debt stood at \$2.6 bn.
- Forex performance – There were \$3.4 bn of hedges at the end of Q1.

**Valuation**

At the CMP of Rs. 574.1 the stock is trading at 27.8x P/E with an estimated FY22 EPS of Rs. 20.7.

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## Financial Summary

Revenues grew by 23.8% YoY and 13.7% sequentially in reported terms on the back of broad based growth across segments mainly aided by a pick up in volumes.

Tax rate for Q1 was lower at 16.1% due to a certain closure of audits in taxation matters

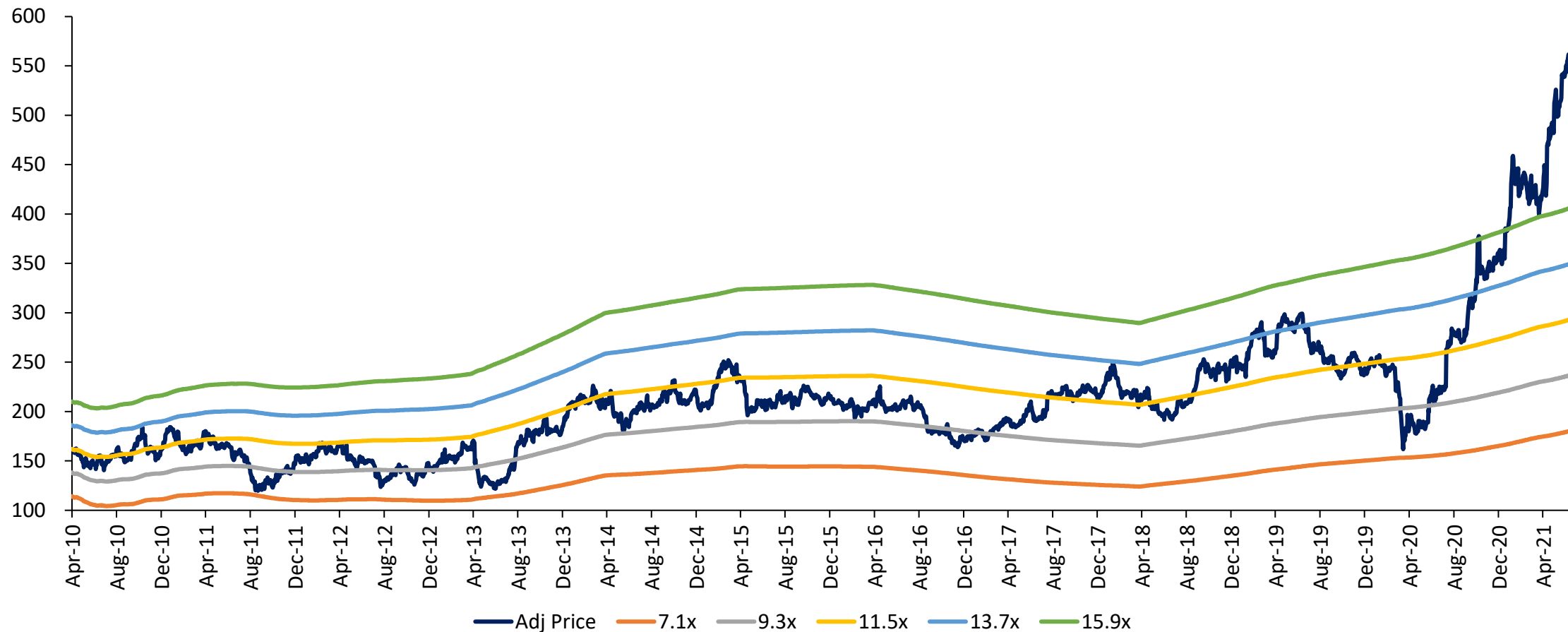
PAT for the quarter was up by 9.2% QoQ and 34.8% YoY to Rs. 3,247 cr. PAT margin contracted by 70bps QoQ but expanded by 150bps YoY

Figures are in Rs Cr.	Q1FY22	Q1FY21	YoY (%)	Q4FY21	QoQ (%)	FY20	FY21	YoY (%)
Net Sales	18,467	14,913	23.8	16,245	13.7	61,138	61,943	1.3
Raw Material Cost	151	194	-22.5	210	-28.3	936	727	-22.3
<i>RM Cost to Sales (%)</i>	<i>0.8</i>	<i>1.3</i>		<i>1.3</i>		<i>1.5</i>	<i>1.2</i>	
Employee Cost	10,271	8,026	28.0	8,617	19.2	32,657	33,237	1.8
<i>Employee Cost to Sales (%)</i>	<i>55.6</i>	<i>53.8</i>		<i>53.0</i>		<i>53.4</i>	<i>53.7</i>	
Operating Expenses	3,851	3,504	9.9	3,391	13.6	15,202	13,207	-13.1
<i>OPEX to Sales (%)</i>	<i>20.9</i>	<i>23.5</i>		<i>20.9</i>		<i>24.9</i>	<i>21.3</i>	
EBITDA	4,195	3,189	31.6	4,028	4.2	12,342	14,771	19.7
<i>EBITDA Margin (%)</i>	<i>22.7</i>	<i>21.4</i>		<i>24.8</i>		<i>20.2</i>	<i>23.8</i>	
Depreciation	826	615	34.2	699	18.1	2,086	2,763	32.5
Interest	75	130	-42.6	112	-33.5	733	509	-30.6
Other Income	578	649	-10.9	533	8.4	2,725	2,391	-12.3
<i>Other Income to Sales (%)</i>	<i>3.1</i>	<i>4.3</i>		<i>3.3</i>		<i>4.5</i>	<i>3.9</i>	
Exceptional Income / Expenses	0	0		0		0	0	
Profit Before Tax	3,873	3,092	25.2	3,750	3.3	12,249	13,890	13.4
<i>Tax Rate (%)</i>	<i>16.1</i>	<i>22.1</i>		<i>20.7</i>		<i>20.2</i>	<i>21.8</i>	
Profit After Tax	3,247	2,408	34.8	2,974	9.2	9,769	10,855	11.1
<i>PAT Margin (%)</i>	<i>17.6</i>	<i>16.1</i>		<i>18.3</i>		<i>16.0</i>	<i>17.5</i>	
Adjusted EPS	5.9	4.2	41.5	5.2	13.8	17.0	18.9	
Shareholder's Funds						55,322	54,901	
BV per share						96.8	96.1	
Net Debt						-25,609	-27,768	
Net Debt to Equity						-0.5	-0.5	
Net Debt to EBITDA						-2.1	-1.9	
CAPEX						2,014	1,704	
RoE						17.6	19.7	
ROIC						27.5	34.6	
P/E	27.8	12.9		24.8		11.6	24.8	
P/B						2.0	4.9	
EV/EBITDA						7.0	16.3	

# Segmental Performance

Year ending Mar (Rs Cr)	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	FY18	FY19	FY20	FY21
<b>Geographical Revenue Breakup (%)</b>													
America	58.7	59.6	59.2	59.1	59.0	58.4	58.5	58.5	58.1	53.4	56.8	59.1	59.1
Europe	24.6	23.5	23.7	24.1	23.7	23.8	28.0	28.4	30.2	25.6	25.5	24.0	27.3
Rest of the World	16.7	16.9	17.1	16.8	17.3	17.8	13.5	13.1	11.7	21.0	17.7	16.9	13.6
<b>Revenue by Offerings (%)</b>													
iDEAS				58.4	58.0	57.6	57.3	56.8	60.1			58.3	57.4
iCORE				41.6	42.0	42.4	42.7	43.2	39.9			41.7	42.6
<b>Verticalwise Break Up (%)</b>													
Banking, Financial and Insurance Services	31.6	31.3	30.9	30.4	30.7	31.2	30.5	30.5	33.4	28.1	30.9	31.0	30.7
Communication	5.9	5.7	5.7	5.5	5.1	5.3	5.2	5.0	5.1	6.4	5.7	5.7	5.2
Consumer Business	15.6	16.0	16.9	16.8	15.9	16.2	16.4	17.0	17.3	15.8	15.7	16.3	16.4
Energy, Utilities, Res & Services	12.8	12.9	12.9	12.8	13.2	12.9	13.1	13.2	13.1	12.9	12.8	12.9	13.1
Health Business Unit	13.2	13.0	13.1	13.5	13.5	13.7	13.9	13.0	11.9	14.1	13.2	13.2	13.5
Manufacturing	7.9	8.1	8.2	8.2	8.1	8.2	8.3	7.9	7.0	22.7	8.2	8.1	8.1
Technology	13.0	13.0	12.3	12.8	13.5	12.5	12.6	13.4	12.2	-	13.5	12.8	13.0
<b>Clientwise Break up (TTM)</b>													
> \$100 Mn	13	13	14	15	13	11	10	11	13	8	10	15	11
> \$75Mn	23	23	22	22	22	24	24	27	27	20	22	22	27
> \$50 Mn	41	41	41	40	39	39	38	40	42	39	41	40	40
> \$20 Mn	92	92	96	96	97	100	97	93	95	95	96	96	93
> \$10 Mn	166	165	169	166	163	166	168	167	176	171	172	166	167
> \$5 Mn	259	261	260	260	258	257	260	257	273	277	262	260	257
> \$3 Mn	340	341	344	341	348	342	341	349	361	369	339	341	349
> \$1 Mn	564	569	572	574	577	573	567	566	601	631	571	574	566
<b>Headcount Breakup (Nos.)</b>													
Total	1,74,850	1,81,453	1,87,318	1,82,886	1,81,804	1,85,243	1,90,308	1,97,712	2,09,890	1,63,827	1,71,425	1,82,886	1,97,712
IT	1,60,734	1,66,463	1,72,086	1,67,978	1,67,237	1,70,437	1,75,470	1,82,344	1,93,001	1,48,612	1,57,065	1,67,978	1,82,344
Sales & Support	14,116	14,990	15,232	14,908	14,567	14,806	14,838	15,368	16,889	15,215	14,360	14,908	15,368

### 1 year forward P/E band chart



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