

BONANZA WEALTH MANAGEMENT RESEARCH



15 October 2020

Wipro Ltd (Hold)

CMP : Rs. 341.50

Result Update

In Q2 FY21 company IT services revenue stood at \$1,992.40 Mn grew by 3.7% QoQ and de-grow by 2.8% YoY. In constant currency term IT services revenue grew by 2.0% QoQ and de-grow by 3.4% YoY. In Q2 FY21 revenue growth was led by robust pick up in volumes across new and existing customer. To deliver margin expansion company has improved on several operating parameters. Improvement in operating margin was led by appreciation in INR, higher offshore mix, improvement in utilization, lower employee attrition, and lower subcontracting cost. Operating margin improved by 20 bps QoQ at 19.2% and 110 bps YoY. Company doesn't expect to drop margin hereon. Net income for the quarter was at INR 24,656 Mn grew by 3.15% QoQ and de-grow by 3.23% YoY.

Company expect its revenue from IT services business to be in the range of \$2,022 Mn to \$2,062 Mn this translates to a sequential growth of 1.5% to 3.5% in Q3 FY21. Its trust and ability to deliver services has built long lasting relation with its client. Company strategy is to focus on growth in prioritized sector and market led by vertical solution offerings this will benefit company to generate revenue in future. It saw an improvement in demand environment as compared to previous quarter and deal pipeline continue to grow.

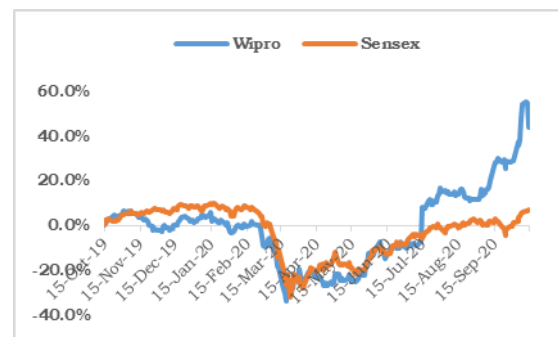
The new CEO unveiled a 5-pillar strategy 1) Absolute growth focus - better account mining 2) Focus and scale - prioritizing market/vertical 3) Expand beyond IT offering - solution-led approach 4) Talent - improving the talent pool by hiring architects, program managers 5) Simplification of operating model - reducing the number of P&L's, simplifying processes and improving systems to empower faster decision making and reduce time to respond to clients' needs. Management will continue to invest in the existing accounts, shape large transformation dues through best in class self-excellence and leverage partnership with large technologies.

It will invest in specific capability such as domain expertise,

Stock Details	
Market Cap (Rs Cr)	1,95,165.57
BSE Code	507685
NSE Code	WIPRO
Sector/Index	IT- Software
Year End	March
52 w.High/Low	381.70/159.60
Shares in Issue	5,71,44,38,884
BSE Sensex	39,728.41
NSE Nifty	11,680.35

Shareholding Pattern (%)	
Indian Promoters	74.02
DII's	7.61
FII's	7.84
Others	10.53

Key Ratios	
Div Yield	0.29%
TTM PE	18.52
ROE	17.3%
TTM EPS (INR)	16.93



Digital transformation architects large program managers, technology expertise.

Management expect the next big way of opportunity will be clearly driven by next generation service cloud, digital transformation, IOT. Robust growth in digital operation and platform contributes 15.50% of revenue grew by 8.59% QoQ and 2.48% QoQ growth in cloud and infrastructure services contributes 25.60% of revenue. Modern application service contributes 44.50% of revenue grew by 3.92% QoQ. Management remain optimistic in BFSI vertical through it will be impacted by furloughs, Communication vertical will grow faster, energy, utilities and technology vertical will return to grow in Q3 FY21. communication, manufacturing, healthcare and life science will continue to grow.

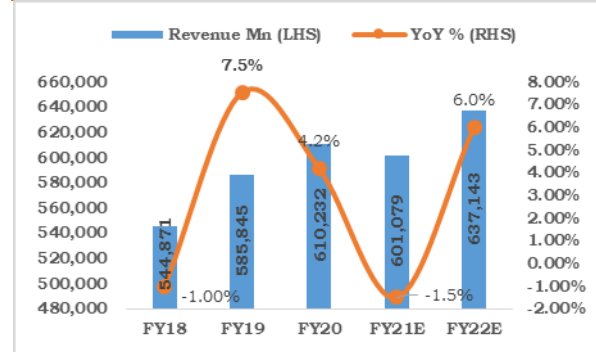
Company has won a multi-year, multi-million-dollar contract from US-based healthcare company and won a strategic, multi-year managed services contract from US-based manufacturing company.

Key business Highlights

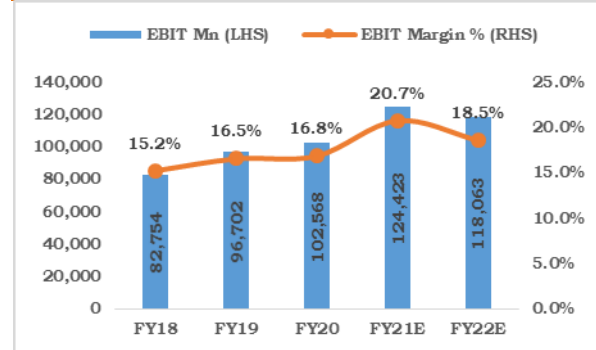
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Graphs & Charts

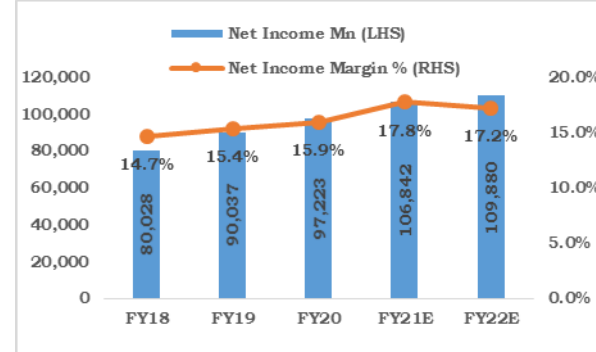
Net Sales Trend



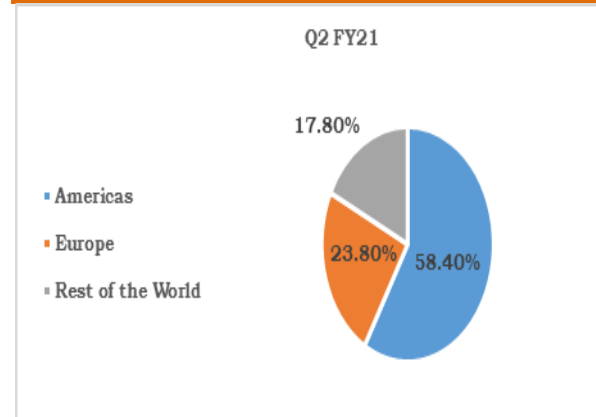
EBIT & EBIT Margin Trend



Net Profit & Net Profit Margin



Revenue from Product



Team Details

Name	Designation
Amit Lanjewar	Research Analyst

Disclosure:

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