

October 18, 2021



Current Price: ₹ 707.55

STOCK DATA

BSE Code	507685
NSE Symbol	WIPRO
Reuters	WIPR.BO
Bloomberg	WPRO IN

VALUE PARAMETERS

52 W H/L(Rs)	739.80/331.15
Mkt. Cap.(Rs Cr)	387795.38
Latest Equity(Subscribed)	1096.16
Latest Reserve (cons.)	60665.9
Latest EPS (cons.) -Unit Curr.	22.10
Latest P/E Ratio -cons	32.02
Latest Bookvalue(cons.) -Unit Curr.	112.69
Latest P/BV - cons	6.28
Dividend Yield -%	0.14
Face Value	2.00

SHARE HOLDING PATTERN (%)

Description as on	% of Holding 30/06/2021
Foreign	13.04
Institutions	5.69
Non Promoter Corp. Hold.	0.85
Promoters	73.02
Public & Others	7.40

Consolidated Results

	Qtr Ending	Qtr Ending	Var. (%)	Qtr Ending	In Cr. Var. (%)
	Sept. 2021	Jun. 2021		Sept. 2020	
Sales	19668.90	18467.40	7	15096.70	30
OPM (%)	21.20	22.72	-7	22.77	-7
OP	4169.40	4195.00	-1	3437.10	21
Other income	504.70	578.60	-13	554.70	-9
PBIDT	4674.10	4773.60	-2	3991.80	17
Interest	145.90	74.60	96	126.70	15
PBDT	4528.20	4699.00	-4	3865.10	17
Depreciation	771.70	825.70	-7	657.80	17
PBT	3756.50	3873.30	-3	3207.30	17
Tax	825.90	625.30	32	722.90	14
PAT	2930.60	3248.00	-10	2484.40	18
Minority interest	-0.10	5.40	-102	18.70	-101
Net profit	2,930.70	3,242.60	-10	2,465.70	19
EPS (Rs)	5.35	5.92	-10	4.31	24

Wipro Q2FY22 results: Revenue up 7%QoQ thanks to growth across all verticals beats estimates

Consolidated revenue of Wipro for the quarter ended Sep 2021 stood at Rs 19668.90 crore, a growth of 7%QoQ and 30%YoY. The revenue of IT services was up 7% to Rs 19379.9 crore. Revenue of IT services in US dollar terms was at USD 2580, a growth of 6.9%QoQ and 29%YoY. In constant currency terms it was up by 8.1%QoQ. Excluding the two recent acquisitions the organic growth in CC terms was 4.6%QoQ in Q2FY22 and the growth was largely volume led.

In terms of strategic market units in Q2FY22, the Americas 1 grew 6.5%QoQ, Americas 2 grew 7.1%, Europe 7.1% and APMEA 6.6%. In terms of sectors the BFSI reported a growth of 11.1%, consumer 6.5%, Health 5.1%, Energy/utilities 0.6%, Technology 6.5%, manufacturing 3.1% and communication 6.1%.

Eventually the net profit (after MI) was Rs 2930.70 crore, a growth of -10%QoQ and +19%YoY.

Quarterly performance QoQ comparison

Consolidated revenue (including other operating income) has increased 7% to Rs 19668.9 crore. Operating profit margin has declined from 22.7% to 21.2%, leading to 1% decline in operating profit to Rs 4,170.40 crore. Purchase of finished goods cost rose from 0.78% to 0.83%. Employee cost increased from 55.64% to 56.58%. Other expenses rose from 20.86% to 21.37%. Selling and administration expenses fell from 3.02% to 2.72%. Software technology development services cost rose from 13.34% to 13.88%. Other income fell 13% to Rs 504.7 crore. PBIDT fell 2% to Rs 4674.10 crore. Provision for interest rose 96% to Rs 145.9 crore. PBDT fell 4% to Rs 4528.2 crore. Provision for depreciation fell 7% to Rs 771.7 crore.

Profit before tax down 3% to Rs 3,756.50 crore. Provision for tax was expense of Rs 825.9 crore, compared to Rs 625.3 crore. Effective tax rate was 22% compared to 16.1%. Net profit attributable to owners of the company decreased 10% to Rs 2930.70 crore.

Quarterly performance YoY comparison

Consolidated revenue (including other operating income) has increased 30% to Rs 19668.9

crore. Operating profit margin has declined from 22.8% to 21.2%, leading to 21% rise in operating profit to Rs 4169.40 crore. Purchase of finished goods cost fell from 1.11% to 0.83%. Employee cost increased from 55.21% to 56.58%. Other expenses rose from 20.86% to 21.37%. Selling and administration expenses fell from 3.02% to 2.72%. Software technology development services cost rose from 13.44% to 13.88%. Other income fell 9% to Rs 504.7 crore. PBIDT rose 17% to Rs 4674.10 crore. Provision for interest rose 15% to Rs 145.9 crore. PBDT rose 17% to Rs 4528.20 crore. Provision for depreciation rose 17% to Rs 771.7 crore. Profit before tax grew 17% to Rs 3756.50 crore. Provision for tax was expense of Rs 825.9 crore, compared to Rs 722.9 crore. Effective tax rate was 21.99% compared to 22.54%. Net profit attributable to owners of the company increased 18.86% to Rs 2,930.70 crore.

Sales of IT Services segment has gone up 31% to Rs 19,379.90 crore (accounting for 98.07% of total sales). Sales of IT Products segment has gone up 12% to Rs 189.40 crore (accounting for 0.96% of total sales). Sales of India State Run Enterprise segment has gone down 12% to Rs 186.70 crore (accounting for 0.94% of total sales). Profit before interest, tax and other unallocable items (PBIT) has jumped 24.11% to Rs 3,492.00 crore. PBIT of IT Services segment rose 22% to Rs 3,441.30 crore (accounting for 98.55% of total PBIT). PBIT of IT Products reported profit of Rs 9.40 crore compared to loss of Rs 30.10 crore. PBIT of India State Run Enterprise segment rose 261% to Rs 39.30 crore (accounting for 1.13% of total PBIT). PBIT of Reconcilience Items segment rose 66.67% to Rs 2.00 crore (accounting for 0.06% of total PBIT). PBIT margin of IT Services segment fell from 19.17% to 17.76%. PBIT margin of IT Products segment rose from negative 17.72% to 4.96%. PBIT margin of India State Run Enterprise segment rose from 5.16% to 21.05%. PBIT margin of Reconcilience Items segment rose from negative 400.00% to 42.55%. Overall PBIT margin fell from 18.57% to 17.67%.

Guidance for Q3FY22

Expect revenue from IT Services business to be in the range of USD2631 million to USD2683 million for the quarter ending Dec 31, 2021 translating into a sequential growth of 2.0% to 4.0%.

Management Comment

Thierry Delaporte, CEO and Managing Director said, "The Q2 results demonstrate that our business strategy is working well. We grew at over 4.5% organic sequential growth for a second quarter in a row, resulting in a 28% YoY growth in the first half of this financial year. I thank our customers, partners, and colleagues as we surpassed the \$10Bn milestone of annualized revenue run rate."

Jatin Dalal, Chief Financial Officer said, "We sustained our operating margins in Q2 in a narrow band even after absorbing the full impact of our recent acquisitions and investing significantly in our business across sales, capabilities and talent. We completed a salary increase covering 80% of our colleagues, making it the second hike in this calendar year. We delivered a robust growth in EPS of 23.8% YoY."

Other developments

Equity capital decreased from Rs 1,143.00 crore as of 30 September 2020 to Rs 1,096.20 crore as of 30 September 2021. Per share face Value remained same at Rs 2.00. Promoters' stake as of 30 September 2021 was 73.02%, compared to 74.02% as of 30 September 2020 and 73.02% as of 30 June 2021.

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