

## **Wipro Q4 consolidated net flat at Rs 1,729 cr**

Consumer care goods to software company Wipro's guidance for its flagship IT services business for the first quarter of FY14 continued to show that the company is yet to see a turnaround in its business growth story.

Wipro expects its IT revenue to be in the range of \$1,575 million to \$1,610 million for the first quarter of FY14, indicating a growth rate of a negative 0.6% to growth of 1.6%.

"Clearly recovery is still far away for Wipro and demand environment for the IT industry still needs to recover. Wipro's guidance does disappoint as the first half of the financial year is much stronger in terms of growth than the second half, and it seems that the company does not see much happening," said Ankur Rudra of Ambit Capital.

For the fourth quarter ending March 31, 2013, Wipro's IT Services earnings before interest and tax (EBIT) was Rs 1,727 crore (\$317 million), an increase of 10% y-o-y. Wipro's IT services revenue logged a growth of 13% year-on-year at Rs 8,554 crore.

Azim Premji, Chairman of Wipro, commenting on the results said, "We have completed the demerger of the 'Diversified Business' effective March 31, 2013 to make Wipro Limited a pure play IT company. We are confident that being a technology-focused company will provide a fresh momentum for growth."

The group's consolidated net profit for the quarter grew 17% at Rs 1,729 crore on a year-on-year basis, and revenues for the quarter at Rs 11,026 crore grew 12% year-on-year.

"The cross currencies have been volatile and impacted our financial performance in the quarter. Excluding the impact of foreign exchange, we have been able to maintain margins on a sequential basis. We have shown significant improvements in cash flow generation for the year," said Suresh Senapaty, Executive Director & Chief Financial Officer of Wipro.

For the full year, Wipro's IT business reported revenue of Rs 33,843 crore (\$6.21 billion), an increase of 19% y-o-y. Its EBIT was Rs 6,993 crore (\$1.28 billion), an increase of 18% y-o-y.

"We continue to see improvement in our customer satisfaction and employee engagement. Our continued investments in the go-to-market organization positions us well for the future," T K Kurien, Executive Director & Chief Executive Officer, IT Business.

The IT Services segment had 1,45,812 employees as of March 31, 2013, an increase of 2,907 people in the quarter. Company added 52 new customers for the quarter.

What pulled the company's quarter revenue numbers down was weak telecom and BFSI vertical followed by a weakness in Europe and ADM segment. However, growth was pushed by India and Infrastructure services business.

Compared to the top three firms who have also announced their numbers, both Wipro and Infosys continue to struggle. While Infosys has guided for a growth of 6-10% for the fiscal year 2013-14, Wipro's quarterly guidance signals to a weak demand scenario.

*(Business Standard)*