Economy News

- Government has decided to continue with the export subsidy of Rs 3,300 per tonne on raw sugar shipments for the April-May period.(BS)
- India's gems and jewellery exports, which contribute about 15 per cent of the country's overseas shipments, fell by about 9 per cent to $39.5 billion in 2013-14.(BS)
- To minimize transfer pricing disputes, the Indian tax department is likely to sign advance pricing agreements with Japan and the UK in the next few weeks.(Mint)

Corporate News

- **Essar Oil** may have to compete with other petroleum majors if it wants to get the Ratna and R-Series oilfields near Mumbai. The Ministry of Petroleum and Natural Gas plans to auction the fields once again. (BL)
- **Jet Airways** has terminated the services of close to 40 employees from various departments, including cargo and human resources on the grounds of non- performance. (BL)
- PricewaterhouseCoopers is expected to submit its final report on **Multi Commodity Exchange** to commodity market regulator Forward Markets Commission today. (BL)
- **Unitech** is increasing its construction spending so that it can deliver at least six million sq ft of developed area this financial year, a jump from its rate of four million sq ft annually in the past few years. (BS)
- Expansion plans of **Hindustan Copper's** have been delayed further as the company is yet to secure the National Board for Wildlife's approval for expanding its flagship Malanjkhand mine in Madhya Pradesh. (BS)
- **NMDC** has devised a short-term strategy, which includes a small-scale mining and setting up of a minor processing plant, for its gold project in Tanzania. (BS)
- **Gujarat Pipavav Port Ltd** has lowered its capital expenditure plan for 2014-15 by Rs.6.5 bn to Rs 4.5 bn and deferred a proposal to expand its bulk berth capacity because of a lack of demand. (ET)
- **Titan Company** aims to grow to $5 billion (Rs 300 bn) in revenue by 2019 as the gold-to-watches listed unit of the Tata group looks to expand into new segments, including women's wear and accessories. (ET)
- Reliance Capital is earnt to have emerged as the highest nonbinding bidder for the 24 per cent stake being divested by promoter **Financial Technologies India (FTIL)** in India's largest commodity bourse MCX. (ET)
- **Reliance Industries Ltd (RIL)** has divested its 30% stake in an oil and gas block in Peru to Australia's Woodside Petroleum and Pluspetrol of Argentina to trim its overseas properties. (Mint)
- **Tata Motors Ltd's** Jaguar Land Rover (JLR) unit plans to start making cars in China by the end of this year. (Mint)
- **Tilaknagar Industries** is looking to sell a minority stake to private equity (PE) firms or a strategic investor to repay its debt. (Mint)

Source: ET = Economic Times, BS = Business Standard, FE = Financial Express, BL = Business Line, ToI: Times of India, BSE = Bombay Stock Exchange

Equity

	17 Apr 14	% Chg 1 Day	1 Mth	3 Mths
Indian Indices				
SENSEX Index	22,629	1.6	3.6	7.4
NIFTY Index	6,779	1.6	4.0	8.3
BANKEX Index	14,626	1.8	5.7	17.2
BSET Index	8,907	1.2	0.5	(5.2)
BSETCG INDEX	12,075	1.6	4.4	24.6
BSEOIL INDEX	9,714	1.8	4.5	10.7
CNXMcap Index	8,833	1.5	8.3	14.3
BSESMCAP INDEX	7,524	1.4	12.4	16.2
World Indices				
Dow Jones	16,409	(0.1)	0.4	(0.3)
Nasdaq	4,096	0.2	(5.5)	(2.4)
FTSE	6,625	0.6	0.3	(3.0)
NIKKEI	14,516	0.7	2.7	(7.5)
HANGSENG	22,696	0.1	5.5	(1.6)

Value traded (Rs cr)

	17 Apr 14	% Chg - Day
Cash BSE	2,883	11.5
Cash NSE	14,267	(0.2)
Derivatives	222,672	18.4

Net inflows (Rs cr)

	16 Apr 14	% Chg	MTD	YTD
FII	(62)	(33)	2,785	22,230
Mutual Fund	(198)	(241)	(2,616)	(10,274)

FII open interest (Rs cr)

	16 Apr 14	% Chg
FII Index Futures	13,591	6.4
FII Index Options	53,194	4.0
FII Stock Futures	39,693	4.9
FII Stock Options	2,357	2.0

Advances / Declines (BSE)

17 Apr 14	A	B	T	Total	% total
Advances	174	1159	376	1,709	59
Declines	34	657	346	1,037	36
Unchanged	1	86	54	141	5

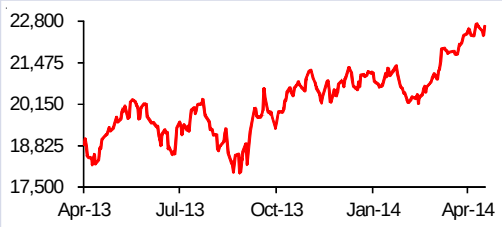
Commodity

	17 Apr 14	% Chg 1 Day	1 Mth	3 Mths
Crude (NYMEX) (US$/BBL)	104.1	(0.2)	4.6	9.5
Gold (US$/OZ)	1,294.1	(0.1)	(3.7)	3.6
Silver (US$/OZ)	19.6	(0.0)	(4.8)	(2.8)

Debt / forex market

	17 Apr 14	1 Day	1 Mth	3 Mths
10 yr G-Sec yield %	8.9	8.9	8.8	8.6
Re/US$	60.3	60.4	61.2	61.6

Sensex



RESULT UPDATE

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HCL TECHNOLOGIES LTD (HCLT)

PRICE: RS.1425 **RECOMMENDATION: ACCUMULATE**
TARGET PRICE: RS.1509 **FY16E P/E: 13.4x**

HCLT's results were higher than expectations, on the margins front. Revenue growth of 2.9% in CC terms was in line with expectations. It is also higher than that reported by Infosys and TCS and Wipro. While IMS revenues grew by 5% QoQ, 3Q saw Application Services growing by 2.9%. However, over the past 6 quarters, overall revenue growth has come in largely on the back of IMS only. We will wait for sustainable growth in Application Services before penciling higher growth for FY15 / FY16. We believe that, the competition in IMS market is set to intensify with several players now focusing more on this segment. Margins were significantly higher v/s estimates despite salary hikes, due to projects reaching steady-state, G&A spend rationalization and improved efficiencies. Utilization levels excluding trainees have remained at about 84% in 3Q and it may be difficult to increase the same further. The company needs to improve growth rates in non-IMS businesses and implement more levers to sustain margins. Our FY15E and FY16E earnings stand at Rs.96.7 (Rs.95) and Rs.106, respectively. Our PT stands at Rs.1509 (Rs.1422), based on 12M - ending March 2016 earnings. Our target valuations are at a suitable discount to those accorded to Infosys. The stock has remained flattish post our REDUCE rating during the previous quarter. We recommend ACCUMULATE (REDUCE), as we roll-over valuations to FY16.

Summary table

(Rs mn)	FY14E	FY15E	FY16E
Sales	329,403	363,279	406,584
Growth (%)	28.0	10.3	11.9
EBITDA	86,576	93,454	102,039
EBITDA margin (%)	26.3	25.7	25.1
PBT	77,666	87,784	96,554
Net profit	61,308	68,363	75,193
EPS (Rs)	86.7	96.7	106.4
Growth (%)	52.2	11.5	10.0
CEPS (Rs)	97.2	107.8	118.5
BV (Rs/share)	276.6	358.9	448.8
Dividend / share (Rs)	12.0	14.0	16.0
ROE (%)	23.0	19.5	16.9
ROCE (%)	27.9	24.2	21.2
Net cash (debt)	75,753	123,261	170,687
NW Capital (Days)	72.7	72.9	73.4
P/E (x)	16.5	14.8	13.4
P/BV (x)	5.2	4.0	3.2
EV/Sales (x)	2.8	2.4	2.1
EV/EBITDA (x)	10.8	9.5	8.2

Source: Company, Kotak Securities - Private Client Research

3QFY14 results

(Rs.mn)	2QFY14	3QFY14	QoQ (%)	3QFY13	YoY (%)
Revenues	**81,840**	**83,490**	**2.0**	**64,246**	**30.0**
Expenditure	60,580	61,170		49,853	
Operating Profit	21,260	22,320	5.0	14,393	55.1
Depreciation	1,850	1,720		1,634	
Gross Profit	19,410	20,600		12,759	61.5
Interest	-	-		-	
Other Income	(470)	(70)		888	
PBT	**18,940**	**20,530**	**8.4**	**13,647**	**50.4**
Tax	3,980	4,290		3,249	
PAT	**14,960**	**16,240**	**8.6**	**10,398**	**56.2**
Share of income	-	-		-	
ESOP charge	-	-		207	
Minority interest	-	-		(0.1)	
Adj. PAT	14,960	16,240	8.6	10,191	59.4
Shares (mns)	706.9	706.9		704.8	
EPS (Rs) *	**21.2**	**23.0**		**14.5**	
Margins					
OPM (%)	26.0	26.7		22.4	
GPM (%)	23.7	24.7		19.9	
NPM (%)	18.3	19.5		16.2	

Source : Company

CC growth of 2.9%; largely led by IMS, once again

- Revenues grew by 2.9% in CC terms (3% in 2Q).
- The growth is encouraging in a seasonally weak quarter and is also higher than the growth reported by Infosys, Wipro and TCS.
- The growth has been largely led by the IMS business, which reported a 5% CC growth.
- Application Services revenues have also risen by 2.9%, which is encouraging. However, we will wait for sustenance of the growth rates in this business before becoming more positive on longer term prospects of this business. Engineering business reported flat revenues.
- The software services business needs to witness better traction. The business has grown at a rate of sub-2% QoQ for the past eight quarters now (excluding 3Q).
- The growth in IMS and BPO indicates that, the spending on run-the-business initiatives continues as clients focus on these spends only.
- HCLT added about 1858 (1035) engineers on a net basis. The utilization levels have remained flat QoQ.
- In 2Q, we had seen that, revenue growth had out-paced the growth in billable hours, indicating higher employee productivity (non-linearity) / higher on-site content.
- We will watch this data closely in the future as this is one of the important levers for margin sustenance.

IMS business leads growth

- HCLT won 12 large deals worth TCV of $1bn during the quarter. In 1Q and 2Q also, it had large deals worth TCV of $1bn, each. Several of these deals are in the IMS space.
- Also, this is the seventh successive quarter when the growth has been led largely by IMS business. While the growth in IMS is encouraging and has been led by the leadership position of HCLT in the re-bid market, the dependence on this business is not healthy. We have been concerned about this over the past few quarters.
- The IMS re-bid market is now expected to face higher degree of competition, with other large peers also increasing focus on the same. To that extent, we believe that, it is important for HCLT to start improving the growth of the other businesses.

Services - Constant Currency Growth QoQ (%)

	1QFY13	2QFY13	3QFY13	4QFY13	1QFY14	2QFY14	3QFY14
Ent Application Services	(2.00)	(1.30)	4.40	(3.20)	1.00	1.20	4.20
Custom application	1.60	1.70	0.60	2.60	1.20	1.40	2.10
Engg & R&D	0.30	0.50	0.80	4.40	1.50	2.00	0.10
Infrastructure	10.30	10.00	9.00	9.40	8.80	4.80	5.00
BPO	4.80	0.70	2.40	3.90	1.70	11.40	(1.30)

Source : Company

- Also, now with the macro scenario becoming more accommodative, we believe that, HCLT should start reporting better growth in the IT services business also, as in the case of 3Q, where growth has been 2.9% QoQ.
- Till date, HCLT has been aggressively pursuing run-the-business spends and has won deals in the past few quarters.

Margins higher than estimates despite some salary increments

- EBIDTA margins were about 100bps higher QoQ. We had expected a 30bps fall in margins. This is the third successive quarter of margin surprise.
- Some salary hikes had been postponed to the 2H on the back of changes in the reward cycle and ratings system. Thus, 3Q had an impact of about 34bps and 4Q will also have a similar impact due to balance salary hikes.
- Margins were also impacted by the slight rupee appreciation.
- However, facilities consolidation, more steady-state contracts and cost efficiencies helped margins rise substantially.
- The management indicated that, facilities consolidation will continue to lead to savings. 14 facilities are expected to be consolidated in FY14. The benefit is expected to be about $15mn. This amounts to less than 0.3% margin benefit for the company.

Sustenance of margins may be difficult

- Utilisation rates were steady, after an 80bps fall in 2Q. HCLT is operating at utilization rates of 84% - 85% (excluding trainees). While this is high by historical standards, the management expects to maintain this. Non-linear initiatives and large absolute bench should sustain these levels in the future.
- However, we do expect some moderation here. With some moderation in utilization rates and with further investments in business generation, margins may moderate in the near term. Benefits from G&A expenses rationalization are also expected to be muted.
- We have factored in moderation in margins in FY15 and FY16.
- We have also assumed the Rupee to average 60/USD in FY15 and FY16 v/s 61.4/USD in FY14, a further headwind for margins.
- We believe that, the company will need to pull other levers to sustain and improve margins hereon.
- HCLT and TCS are operating at high utilization levels whereas Infosys and Wipro have more space to use this lever to improve margins.

Revenue growth analysis

- The overall client profile has improved for HCLT. The new relationships are scaling up as reflected in the growth in number of accounts in all buckets from $1mn to $100mn during 9MFY14.
- While the new accounts are scaling up the larger accounts are also sustaining momentum with a 4.8% CC growth in Top 20 accounts. HCLT has also been penetrating deeper into its clients by offering diverse services.
- US sustained last quarter's revenues but Europe and RoW reported strong QoQ growth.
- We understand that, the cost pressures are pushing European companies to outsource and off-shore more, in turn helping Indian vendors.
- The management has indicated that, companies in the Financials Services space in Europe have initiated the vendor consolidation process and are opening up to appointing new vendors to replace incumbents.

Geography - Constant Currency Growth QoQ (%)

	1QFY13	2QFY13	3QFY13	4QFY13	1QFY14	2QFY14	3QFY14
USA	4.0	3.4	3.6	2.8	4.0	3.4	0.4
Europe	2.7	4.2	6.3	9.6	1.0	5.0	4.8

Source : Company

- Within verticals, FS reported a 6.4% CC growth, which was encouraging. Emerging momentum verticals like Utilities and Retail chipped in with robust growth rates. Hitech / Manufacturing also reported growth of about2.1%.
- We have been maintaining that, manufacturing has been seeing good demand trends as clients scout for new products in an increasingly competitive market.

Future prospects

- Revenues are expected to rise by 13% in FY15 and 12% in FY16, in USD terms. We expect the rupee to average about 60 per USD.
- Margins are expected to moderate in FY15 and FY16. The expected rupee appreciation, lower utilization rates and salary increments are expect to be only partially offset by higher offshore proportion and cost optimization initiatives.
- We expect the company to report an EPS of Rs.97 in FY15E and Rs.106 in FY16E. This is after assuming a further equity dilution due to ESOPs.

Valuations

- We value HCLT at valuations which are at a discount to TCS / Infosys. We have ascribed higher valuations to the larger peers, due to the improving demand scenario. This leads us to a PT of Rs.1509 (Rs.1407) based on 12M-ending March 2016 earnings estimates.
- HCLT has been benefitting due to its focus on the re-bid market with the IMS business growing at a fast pace.
- We believe that, the competition in this market is set to intensify with several players now focusing more on this segment.
- Also, the margin improvement due to G&A savings over the past two quarters has been surprising but, is likely to have a much muted impact, going ahead. Utilization levels excluding trainees have reached 84% - 85% levels and may not increase further.

We recommend ACCUMULATE on HCL Technologies with a price target of Rs.1509

- Thus, while the company has consistently grown revenues and sustained margins over the past few quarters it needs to improve growth rates in non-IMS businesses and implement more levers to sustain margins.
- The stock has remained flat post our previous REDUCE recommendation. We recommend **ACCUMULATE**, as we roll-over valuations to FY16.

Concerns

- A delayed recovery in major user economies may impact our projections.
- A sharp acceleration in the rupee from our assumed levels may impact our earnings estimates for the company.

RESULT UPDATE

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WIPRO TECHNOLOGIES LTD

PRICE: Rs.588 **RECOMMENDATION: ACCUMULATE**
TARGET PRICE: Rs.616 **FY16E PE: 14.6x**

Wipro's 4QFY14 results were above estimates on the margin front. Revenues grew by 2.5% in CC terms (2.3% in 3Q), slightly lower than our estimates. Margins rose QoQ largely due to the higher automation and productivity gains, utilization as well as currency gains. Employee strength in IT services fell QoQ for the third successive quarter. However, utilization levels remain at comfortable levels and can act as a lever for margin improvement, going ahead. The management has guided for a (-)0.30% - (+)2% QoQ growth for 1Q. Seasonality in India revenues and pressure on verticals like Retail are expected to impact growth rates. The management has indicated a better pipeline and record conversions, which should result in higher growth 2Q onwards. The EPS works out to Rs.36.2 (Rs.34.9) for FY15 and Rs.40.4 for Fy16. We value the stock at Rs.616 (Rs.581) based on FY16E earnings and maintain ACCUMULATE. Our target valuations are at a suitable discount to larger peers. The company's revenue growth trajectory has improved in the past few quarters. We will become more positive on the stock after seeing consistent high revenue growth, going ahead.

Summary table

(Rs mn)	FY14	FY15E	FY16E
Sales	437,628	480,084	528,777
Growth (%)	16.9	9.7	10.1
EBITDA	100,392	113,489	125,035
EBITDA margin (%)	22.9	23.6	23.6
PBT	101,004	113,419	125,705
Net profit	78,403	89,034	99,307
EPS (Rs)	31.7	36.2	40.4
Growth (%)	27.2	14.3	11.5
CEPS (Rs)	36.1	41.4	45.9
BV (Rs/share)	139.3	166.4	196.2
Dividend / share (Rs)	6.0	7.0	9.0
ROE (%)	25.7	24.3	22.7
ROCE (%)	31.5	29.5	27.8
Net cash (debt)	156,472	206,978	277,141
NW Capital (Days)	73.1	78.4	78.8
P/E (x)	18.6	16.2	14.6
P/BV (x)	4.2	3.5	3.0
EV/Sales (x)	3.0	2.6	2.2
EV/EBITDA (x)	12.9	10.9	9.4

Source: Company, Kotak Securities - Private Client Research

4QFY14 - Margins spring a surprise

(Rs mn)	4QFY14	3QFY14	QoQ (%)	4QFY13	YoY (%)
Turnover	117,045	113,317	3.3	96,431	21.4
Expenditure	88,355	86,790		76,623	
EBDITA	**28,690**	**26,527**	**8.2**	**19,808**	**44.8**
Depreciation	2,880	3,109		2,745	
Interest	842	898		395	
Other Income	3,959	3,812		3,139	
PBT	**28,927**	**26,332**	**9.9**	**19,807**	**46.0**
Tax	6,536	6,060		3,973	
PAT	**22,391**	**20,272**	**10.5**	**15,834**	**41.4**
Share of profit	0	0		0	
EO Items	0	0		0	
Minority interest	-126	-125		-82	
Adjusted PAT	**22,265**	**20,147**	**10.5**	**15,752**	**41.3**
E.O. items	0	0		0	
PAT after E.O. items	22,265	20,147		15,752	
EPS (Rs)	**9.03**	**8.17**		**6.39**	
EBIDTA(%)	24.5	23.4		20.5	
EBIT (%)	22.1	20.7		17.7	
Net Profit (%)	19.1	17.9		16.4	

Source : Company

IT services

Revenues higher by 2.3% in CC terms

- Wipro's IT Services revenues reported a 2.3% growth in CC terms, which was slightly lower than estimates. The company has stopped reporting the volume-realisation break-up in view of the increasing non-linearity.
- Wipro's growth rates have improved over the past three quarters. The company reported a 2.3% CC growth 3Q and a 3.2% CC growth in 2Q (which was the highest growth reported by the company in the past 7 quarters).

- These reflect the benefits of the client farming and hunting initiatives undertaken by the company and also reflect some stability in quarterly growth rates.
- The CC growth is lower than that reported by HCLT but better than Infosys and TCS.

Macro scene improving

- The management has indicated improvement in the overall macro scene. It has witnessed improvement in the discretionary revenues trajectory in 4Q and growth seems to be returning to this segment.
- The client budgets have been finalized in 4Q and are expected to be largely flat or marginally higher.
- The US is recovering in terms of demand and deal closures are happening at a relatively faster rate. We have been basing our constructive sectoral view on a potential improvement in the demand scenario.
- As compared to the year-ago period, the deal pipeline is better and the conversions are faster, which is encouraging.
- Wipro's win rates have improved by 50% over the recent past and conversions have been at a record in 4Q. The same trend continues in 1QFY15.

Demand generation initiatives yield results

- During the recent reorganization process, the management has made several changes to the structure to align it more with the demand generation process and increasing efficiency.
- The variable component of the management and mid-management salaries has been linked to client satisfaction and also employee satisfaction.
- It has set up dedicated hunting and farming organisation to get more market share in existing accounts and the run-the-business budgets.
- According to the management, the hunting pipeline and deal wins are a significant part of the overall deal wins during the quarter.
- Wipro added 49 (42) new accounts during the quarter.
- In terms of the large deals, Wipro is seeing a higher number of those in the market and is also participating in a higher number of these deals.
- Another dedicated organization has been created within the company to target the change-the-business budgets.
- The company is focusing more on the Top 125 accounts to get a higher share of the wallet. Wipro has gained market share in several of these 125 accounts.

Gains from Automation in execution

- To supplement the demand generation initiatives, Wipro has strengthened its execution engine.
- The company is now focusing on automating a larger part of its delivery. It has developed a proprietary platform - 'ServiceNext" which helps automate the repetitive part of the projects and has already won two projects on the same.
- Because of this platform, Wipro is now able to effectively compete in the commoditized ADM space (by offering competitive pricing).
- This, along with other efficiency measures, has also helped company improve margins by about 50bps in 4Q (54bps in 3Q).
- Contribution from fixed price projects has also improved to 51.3% from 48.2% in FY13, helping improve profitability.
- Wipro is focusing more on non-linear growth and has reduced the number of employees in IT services marginally during 2Q, 3Q as well as 4Q.

Geographic and vertical-wise growth

- Wipro saw growth across geographies during the quarter, except from APAC.
- Europe has bounced back after reporting subdued growth in 1HFY14. Clients in Europe are looking at more cost reduction and efficiency improvement initiatives, leading to higher IT spending.
- However, the demand from Europe is patchy with growth coming from a few pockets rather than it being a secular trend.
- On the other hand, the US is seeing better trends and the pipeline is also stronger in that geography.
- Revenues from the US grew by 2.9% in CC terms.

Revenue growth in constant currency terms - Geography - wise

(%)	4QFY14	3QFY14	4QFY13
USA	2.90	3.20	1.00
Europe	3.10	5.40	-0.90
India & ME	4.10	5.50	7.00
APAC and other Ems	-3.10	-5.20	4.30

Source : Company

- Vertical-wise, the growth was secular with all verticals (except manufacturing) reporting a QoQ growth in CC terms. Global Media / telecom and Finance Solutions, reported strong growth.
- However, Wipro is facing headwinds in retail, insurance and hi-tech verticals.
- In retail, the discretionary part of the spend is being cut and that has impacted Wipro.
- Within telecom, the OEM space remains stressed and Wipro is looking at communications / media verticals to support growth.
- In the Energy / Utilities vertical, Wipro is seeing increased demand from the upstream segment and that too largely from emerging markets.
- Within BFSI, the company is weak in insurance and plans to focus increasingly on strengthening its position there. Within the capital market segment, it is seeing discretionary spends coming back and that is encouraging.
- On the other hand, in banking, Wipro is pursuing three opportunities - Digital, Compliance and Infrastructure management services. Retail banks are looking more at cutting costs in RTB and spending the same on CTB, especially on digital initiatives.

Revenue growth in constant currency terms - Vertical - wise

(%)	4QFY14	3QFY14	4QFY13
Global Media / Telecom	4.40	1.10	-1.90
Finance Solns	3.80	3.10	-0.30
Maft & Hitech	-0.90	0.80	3.40
Hcare, Life S, Sers	2.90	7.60	2.80
Retail & Trans	1.70	1.60	1.30
Energy & Util	2.20	4.80	3.90

Source : Company

EBIT margins - better than estimates

- EBIT margins in IT services improved by about 150bps during the quarter. They were better than estimates.
- Margins improved due to the impact of higher automation and productivity gains, better utilization levels as well as currency benefits.
- The company saw a marginal reduction in employee base. This is largely due to the focus on execution and non-linear growth.
- Going ahead, Wipro has got levers like utilization rates, S&M expenses leverage, non-linear revenues etc, which may negate the impact of future salary hikes.

Guidance for 1QFY15 - lower than expected

- The guidance for 1QFY15 is lower than expectations.
- Wipro has guided for revenues in the band of $1.715bn - $1.755bn for 1QFY15, as compared to $1.72bn in 4Q. This works out to a growth of (-)0.3% - (+)2% QoQ on a CC basis.
- The management has attributed the same to seasonality in India business as well as to the strain in retail vertical.
- Based on the conversions, the company expected growth in 2Q to be better than 1Q.
- While Wipro has achieved good revenues growth in the past three quarters, it needs to bring in more consistency in growth rates. We also need to see the impact of the slowdown in retail, insurance and hi-tech verticals, going ahead.
- We need to see if the company is able to achieve and sustain higher growth rates as compared to those of the past few quarters.

Valuations and recommendations

- For FY15 and FY16, we expect USD revenues to grow by about 11%, each. We have assumed rupee to average 60/USD in FY15 and FY16.
- Margins are expected to be maintained in FY15 and FY16. The expected rupee appreciation and salary hikes may impact margins. However, higher utilization rates and better leverage on costs, along with higher non-linear proportion are expected to nullify the impact.

We recommend ACCUMULATE on Wipro Technologies with a price target of Rs.616

- We have assumed tax at 21.5% for FY15 and 21% for FY16. Consequently, PAT is expected to rise to Rs.89.0bn in FY15 and Rs.99.3bn in FY16. EPS works out to Rs.36.2 and Rs.40.4, respectively.
- Our PT stands at Rs.616 based on FY16 estimates (Rs.581 based on FY15). The stock has remained ranged over the past quarter. We maintain **ACCUMULATE.**
- Our exit multiple works out to 15.3x FY16E EPS. The valuations are higher than those accorded to HCLT.
- Consistent revenue growth in future will make us more positive on the stock.

Risks and concerns

- A delayed recovery in major user economies and a sharper-than-expected appreciation of rupee remain the key risks for earnings.

Bulk deals

Trade details of bulk deals

Date	Scrip name	Name of client	Buy/ Sell	Quantity of shares	Avg. price (Rs)
17-Apr	Amulya Leas	Commercial Advertising & Marketing	B	113,500	31.3
17-Apr	Amulya Leas	Raghvir Singh Garg	S	100,000	31.3
17-Apr	Ankush Finstock	Veena Rajesh Shah	S	48,000	5.3
17-Apr	Ankush Finstock	Pankajbhai Shah Ankit	B	35,000	5.3
17-Apr	Bayer Crop	Bayer AG	S	1,884,163	1,418.6
17-Apr	Bayer Crop	Bilag Industries Pvt Ltd	B	1,884,163	1,418.6
17-Apr	Cubical Fin	Shantharam M J	B	69,000	72.8
17-Apr	Goldcorp	Goldcrest Exports	S	560,449	19.4
17-Apr	Goldcorp	Anupa Tanna Shah	B	560,449	19.4
17-Apr	Gulf Oil Corp-$	Ram Buxani	S	500,000	118.1
17-Apr	Gulf Oil Corp-$	Bridge India Fund	B	500,000	118.1
17-Apr	Kriptol Ind	Rosydevi Pawankumar Agrawal	S	206,000	4.0
17-Apr	Looks Health	Dsons Projects Pvt Ltd	S	43,600	95.0
17-Apr	Objectone Info	Sanjay S Singhvi Huf	S	107,544	27.2
17-Apr	Objectone Info	Soni Krupa Sanjay	B	53,125	26.8
17-Apr	Objectone Info	Mittul Dineshbhai Patel	S	95,000	26.6
17-Apr	Parichay Invest	Naresh Gaikwad	S	17,176	15.0
17-Apr	Parichay Invest	Desai Mahesh	B	15,491	15.0
17-Apr	RCL Retail	Aryaman Commerce Pvt Ltd	B	102,000	20.7
17-Apr	RCL Retail	Moonlight Udyog	S	102,000	20.7
17-Apr	Sarup Inds-$	Arora Amit	S	16,517	30.0
17-Apr	Shantanu Sheo	Ivory Consultants Pvt Ltd	S	344,001	12.3
17-Apr	Trilogic Digital	Ankur Shivkumar Joshi	S	94,005	37.0
17-Apr	Tuni Textile	Timelink Sales Pvt Ltd	S	955,000	1.1

Source: BSE

Gainers & Losers

Nifty Gainers & Losers

	Price (Rs)	chg (%)	Index points	Volume (mn)
Gainers				
Hindalco Ind	141	4.4	NA	8.6
Tata Motors	429	4.4	NA	4.6
Ambuja Cements	217	4.3	NA	1.6
Losers				
HDFC Bank	719	(1.0)	NA	3.1
United Spirit	2,853	(0.6)	NA	0.9
Power Grid	107	(0.5)	NA	6.1

Source: Bloomberg

Forthcoming events

Company/Market

Date	Event
21-Apr	Alpha Hitech, HEG, Hindustan Zinc, LIC Housing Finance, Supreme Petro earnings expected
22-Apr	Agro Tech Foods, HDFC Bank, MRF, Rallis India, Tata Elxi, Tata Metalicks, Tinplate Co, VST Industries,
23-Apr	BSL, Cairn India, Indiabulls Real Estate, L&T Finance Holdings, M&M Finance, SKF India, Supreme Inds, Ultratech Cements earnings expected
24-Apr	ACC, Ambuja Cements, Biocon, Granules India, Infotech Ent, South Indian Bank, earnings expected
25-Apr	Axis Bank, Bosch, Esab India, Exide Ind, ICICI Bank, IDFC, Kirloskar oil Engines, Siemens, earnings expected

Source: Bloomberg

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