

Wipro Limited

Instruments	Amounts	Rating Action
		April 2016
Fund based (inter-changeable) facilities	Rs.3,126.0 crore ¹ (Revised from Rs.1,385.0 crore)	[ICRA]AAA (Stable) / Reaffirmed
Fund based (inter-changeable) facilities	USD 996 million (Revised from USD 999.0 million)	[ICRA]AAA (Stable) / Reaffirmed
External Commercial Borrowings (ECBs)	USD 150.0 million	[ICRA]AAA (Stable) / Reaffirmed
Non-fund based facilities	Rs.3,652.0 crore (Revised from 3,527.9 crore)	[ICRA]AAA (Stable) / Reaffirmed
Fund based (inter-changeable) facilities	Rs.3,126.0 crore (Revised from Rs.1,385.0 crore)	[ICRA]A1+ / Reaffirmed
Fund based (inter-changeable) facilities	USD 996 million (Revised from USD 999.0 million)	[ICRA]A1+ / Reaffirmed

ICRA has re-affirmed the [ICRA]AAA (pronounced ICRA triple A) rating to the Rs.3,126.0 crore (revised from Rs.1,385.0 crore) fund based (inter-changeable) facilities, the USD 996.0 million (revised from USD 999.0 million) fund based (inter-changeable) facilities, the USD 150 million ECBs and the Rs.3,652.0 crore (revised from Rs.3,527.9 crore) non-fund based facilities of Wipro Limited (“Wipro” / “the Company”)². The outlook on the long-term rating is stable. ICRA has also re-affirmed the short term rating of [ICRA]A1+ (pronounced ICRA A one plus) to the Rs.3,126.0 crore (revised from Rs.1,385.0 crore) fund based (inter-changeable) facilities and the USD 996.0 million (revised from USD 999.0 million) fund based (inter-changeable) facilities of Wipro. Though a part of bank limits of the Company are denominated in foreign currency, ICRA rating for the same are on national rating scale, as distinct from international rating scale.

The ratings reaffirmation continues to take into account Wipro’s long track record, its established presence in the global information technology (IT) services outsourcing industry and the company’s diversified business profile across industries, services and geographies lending stability to revenues. Over the last few quarters, the company’s revenues under energy and utilities vertical (accounting for 15% of Wipro’s IT services revenues during FY2016) have been impacted by tightened discretionary spends in the sector owing to steep drop in oil prices and volatility in gas prices in the global market. This was however cushioned to some extent by healthy business volumes under retail, consumer goods and transportation and healthcare verticals thereby supporting the overall revenues. ICRA notes that the company’s efforts towards strengthening presence in other verticals together with expected growth in business volumes under new contracts are expected to support its revenue growth going forward. Further, over the last few years, Wipro has been investing incrementally on new technology areas such as social media, mobility, analytics and cloud computing. ICRA believes, Wipro’s continued focus on enhancing technological capabilities combined with its strong delivery track record would aid in deal wins and in turn support long term business growth

The ratings continue to factor Wipro’s strong financial profile characterized by healthy operating accruals, sound liquidity position and comfortable debt coverage metrics. As on March 31, 2016, the company’s net gearing stood negative supported by strong cash and liquid investment balances to the tune of Rs.23,690.0 crore. The ratings also take into account high competitive pressures (from companies in India as well as other low-cost countries), wage inflation, pricing pressure and the foreign currency fluctuations exerting pressure on the profitability of Indian participants apart from geo-political risks such as restriction on visas and costs associated with it. These risks are, however, mitigated to some extent by Wipro’s large scale of operations, its diversified revenue mix and the company’s focus on relatively high margin services. Though Wipro continues to pursue inorganic investment opportunities, ICRA expects the company’s credit metrics to remain supported by its large cash reserves and healthy operating accruals.

Company Profile

¹ 100 lakhs = 1 crore = 10 millions

² For complete rating scale and definitions, please refer ICRA’s website (www.icra.in) or other ICRA Rating Publications



Wipro Limited (Wipro / the company) is the third largest Indian player in the global information technology (IT) Services outsourcing industry. Wipro was incorporated in 1945 and was at the time largely a consumer care products manufacturer and commenced the IT services business in 1980. The company's operations can be broadly classified into: IT Services - comprising for about 94% of consolidated revenues and IT products – accounting for the balance about 6%. Within the IT services division, Wipro provides infrastructure services, analytics, application services, product engineering, consulting, and business process services among others. As on March 31, 2016 Wipro had presence in over 60 countries, employing over 172,000 employees catering to over 1,200 active clients.

Recent Results

During FY2016, the Company reported net profit of Rs.8,892.2 crore on operating revenues of Rs.51,244.0 crore as against net profit of Rs.8,660.9 crore on operating revenues of Rs.47,053.4 crore FY2015.

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For further details, please contact:

Analyst Contacts:

Mr. Subrata Ray (Tel. No. +91 22 6114 3408)
subrata@icraindia.com

Relationship Contacts:

Mr. Jayanta Chatterjee (Tel. No. +91-80-43326401)
jayantac@icraindia.com

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**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**Mobile: **9871221122**Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai**Mr. L. Shivakumar**Mobile: **9821086490**Email: shivakumar@icraindia.com

3rd Floor, Electric Mansion
Appasaheb Marathe Marg, Prabhadevi
Mumbai—400025,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata**Mr. Jayanta Roy**Mobile: **+91 9903394664**Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai**Mr. Jayanta Chatterjee**Mobile: **9845022459**Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore**Bangalore****Mr. Jayanta Chatterjee**Mobile: **9845022459**Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad**Mr. L. Shivakumar**Mobile: **989986490**Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax:
+91-79-25569231

Pune**Mr. L. Shivakumar**Mobile: **989986490**Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range
Hills Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-
25561231

Hyderabad**Mr. Jayanta Chatterjee**Mobile: **9845022459**Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500