

BSE Sensex 20,039	S&P CNX 6,064
Bloomberg	WPRO IN
Equity Shares (m)	2,457.3
M.Cap. (INR b)/(USD b)	976/18.1
52-Week Range (INR)	453/326
1,6,12 Rel.Perf.(%)	0/-7/-23

CMP: INR397
TP: INR470
Buy
Financials & Valuation (INR b)

Y/E March	2013E	2014E	2015E
Sales	434.8	467.5	516.4
EBITDA	87.0	90.7	101.4
PAT	66.4	68.4	77.2
EPS (INR)	27.0	27.8	31.4
EPS Gr. (%)	-11.0	3.0	12.8
BV/Sh. (INR)	130.9	150.0	172.1
RoE (%)	21.9	19.8	19.5
RoCE (%)	20.3	18.9	18.9
Payout (%)	24.1	26.9	25.5
Valuations			
P/E (x)	14.7	14.3	12.6
P/BV (x)	3.0	2.6	2.3
EV/EBITDA (x)	10.3	9.6	8.4
Div yld (%)	1.6	1.9	2.0

- **Volume declined QoQ:** Wipro's 3QFY13 volumes declined 1% QoQ v/s est of growth of 1.6%; impacted by seasonality and attempt to drive higher productivity. However, pick-up in deal signings partly alleviates concerns.
- **PAT higher than estimate:** Revenue at USD1,577m and IT Services EBIT margin at 20.2% (after adjusting for ERF) were in line, despite low volumes, due to realization improvement of +3.2% QoQ CC onsite and +3% QoQ CC offshore. However, PAT at INR17.16b beat our est (INR15.95b) on higher other income (INR3.4b v/s est of INR2.3b) and lower tax rate (21.9% v/s est of 23%).
- **Guides 0.5-3% QoQ growth for 4QFY13:** Prospects of growth revival remain afloat due to [1] better deal closures in 3QFY13 v/s 2QFY13, [2] 1.7x increase in the deal pipeline YoY, 2x increase in the number of large deals in the pipeline YoY. Guidance of 0.5-3% QoQ growth in 4QFY13 is due to low activity levels in 4Q amid budget finalizations, limiting visibility on ramp-ups.
- **Current margins should sustain:** Wipro's IT Services EBIT margin has stayed in a tight band of 20-21% as lower utilization (at historical lows), and higher SGA have offset currency and productivity tailwinds. We see current margin levels sustainable, given levers of productivity and utilization going forward.
- **Upgrading estimates marginally; Buy:** Post the 3QFY13 results we have upgraded our EBIT margin est by 20bp/90bp and our EPS est by 2.7%/2.3% for FY14/FY15 to factor in the improved productivity. While uninspiring volume growth has kept the valuation multiple for Wipro in check, we see some traction in revenues, going forward. Wipro's recent announcement of demerger of non-IT business will: [1] improve RoCE by over 3pp, and [2] sharpen focus on IT Services. Maintain **Buy**.

Wipro Quarterly Performance (IFRS)

(INR Million)

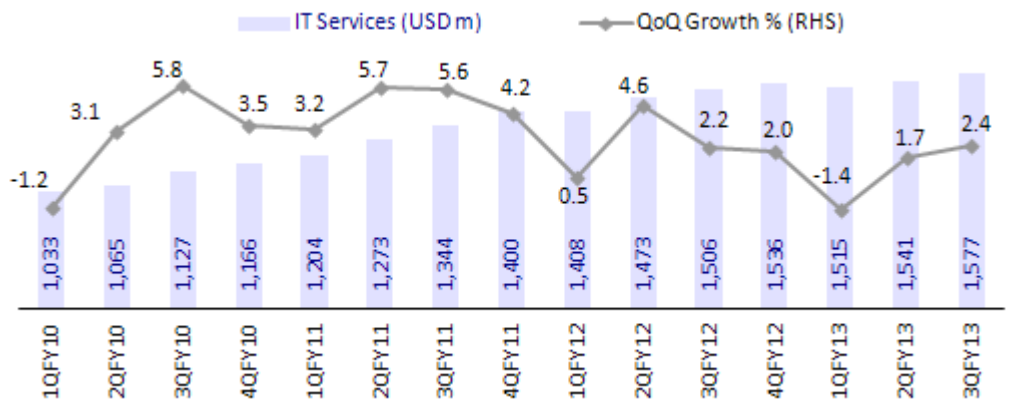
Y/E March	FY12				FY13				FY12	FY13E	Est. 2QE	Var. (%/bp)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Revenues	85,640	90,945	99,972	98,691	106,530	106,566	109,487	112,183	375,248	434,766	109,200	0.3
Q-o-Q Change (%)	3.2	6.2	9.9	-1.3	7.9	0.0	2.7	2.5	20.7	15.9	2.5	0bp
EBITDA	17,290	17,397	19,843	19,611	21,426	21,382	21,422	22,746	74,141	86,976	21,363	0.3
Margins (%)	20.2	19.1	19.8	19.9	20.1	20.1	19.6	20.3	19.8	20.0	19.6	0bp
Other Income	1,542	962	1,249	20,774	1,223	2,662	3,402	2,629	24,527	9,916	2,313	47.1
PAT	13,349	13,009	14,564	33,599	15,802	16,106	17,164	17,286	74,521	66,358	15,953	7.6
Q-o-Q Change (%)	-2.9	-2.5	12.0	130.7	-53.0	1.9	6.6	0.7			-0.9	700bp
Y-o-Y Change (%)	1.2	1.2	10.4	144.3	18.4	23.8	17.9	-48.6	40.7	-11.0	9.5	800bp
Diluted EPS (INR)	5.4	5.3	5.9	13.7	6.4	6.6	7.0	7.0	30.3	27.0	6.5	7.5
USD Revenues	1,408	1,473	1,506	1,536	1,515	1,541	1,577	1,608	5,921	6,241	1,575	0.1
Q-o-Q Change (%)	0.5	4.6	2.2	2.0	-1.4	1.7	2.4	2.0	13.4	5.4	2.2	0bp
Gross Margin (%)	29.9	28.6	30.3	30.6	31.3	31.0	31.6	30.9	29.9	31.4	31.6	0bp
SGA (%)	12.5	12.2	13.0	13.5	14.0	13.9	13.9	13.8	12.8	13.9	14.1	0bp
IT Services EBIT (%)	22.0	20.0	20.8	20.7	21.0	20.7	20.2	21.1	20.8	20.7	20.3	0bp
Tax rate (%)	18.9	18.0	20.7	10.6	20.2	23.9	21.9	23.0	15.6	22.3	23.0	-100bp
Net Employee additions	4,105	5,240	5,004	-814	2,632	2,017	2,336	2,465	13,535	9,450	3,115	
Utilization-incl.trainees (%)	71.2	70.1	67.0	67.8	69.5	67.5	65.0	66.0	69.0	67.0	67.0	-197.4
Q-o-Q Volume Growth(%)	1.8	6.0	1.8	0.8	0.8	0.2	-1.0	1.0	11.5	4.1	1.6	-300bp
Q-o-Q Realization Chg. (%)	-2.1	-0.5	2.7	0.5	-2.2	1.5	3.3	1.0	3.2	2.4	0.6	300bp
Offshore revenues (%)	47.6	45.7	45.6	46.1	45.6	46.1	46.2	46.6	46.2	46.3	46.2	0bp
Rev Guidance (USDm)	1,394-	1,436-	1,500-	1,520-	1,520-	1,520-	1,560-	1,585-				
	1,422	1,464	1,530	1,540	1,550	1,550	1,590	1,625				

E: MOSL Estimates

3QFY13: Revenue and OPM in line despite weak volumes, due to productivity gains; higher other income and lower tax drive above-estimate PAT

Wipro' IT Services revenues at USD1,577m grew +2.4% QoQ (in line with our estimate of USD1,575m) and against guidance of USD1,560-1,590m. Revenue in constant currency was USD1,571m, growth of 2% (in line with our estimate of 1.8% QoQ).

IT Services revenue grew in line with our estimate despite weak volumes...



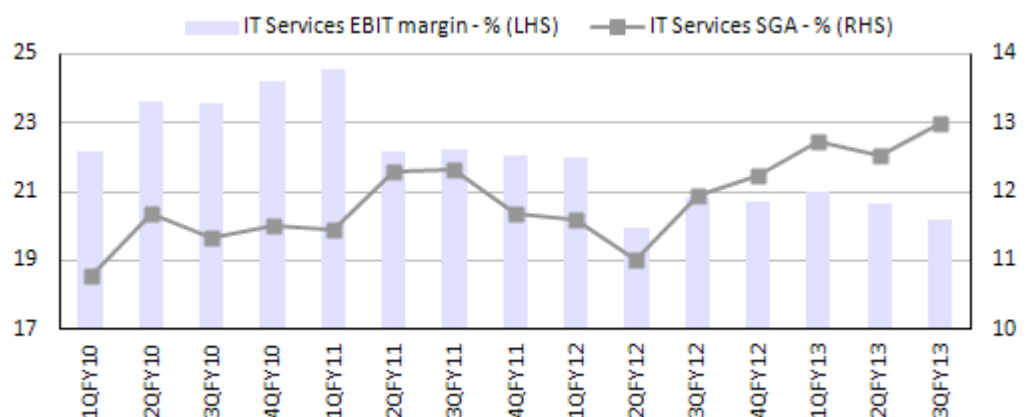
Source: Company, MOSL

Volume growth in 3QFY13 was a key disappointment, declining 1% QoQ, while we had estimated growth of 1.6% QoQ. In line revenue growth was driven by realization improvement of +3.2% QoQ CC at onsite and +3% QoQ CC at offshore.

Overall company revenue was INR109.5b, +2.7% QoQ, in line with our estimate of +2.5% growth. Realized rupee rate during the quarter was INR54.1/USD, v/s our estimate of INR54.15/USD.

IT services EBIT margin (after adjusting for ERF gains in the top line) was 20.2%, down 50bp QoQ (in line with our estimate of 20.3%, -40bp). In line margin was despite tailwind from productivity-led efficiencies during the quarter, as the gains were offset by lower utilization v/s our estimate (71.7% including trainees v/s estimate of 73.3%).

...and EBIT margin was in line with our estimate despite lower utilization - both due to better realization



Source: Company, MOSL

Overall company EBIT margin (adjusting ERF gains) was 17.1%, down 30bp QoQ, v/s our estimate of 50bp QoQ decline to 16.9%.

PAT was above estimate at INR17.16b (estimate of 15.95b), driven primarily by higher other income and lower tax rate. Total other income was INR3.4b, well above our estimate of INR2.3b. Effective tax rate was 21.9%, v/s estimate of 23%.

IMS and Business Applications drove growth among services

Among Services, IMS drove growth in 3QFY13 (4.6% QoQ, 45% of incremental revenues), followed by Business Application Services (4.7% QoQ, 61% of incremental revenues). ADM was flattish QoQ while Product Engineering and Mobility declined.

Growth during the quarter was driven by IMS and Business Application among Services

Services	Contribution to Rev. (%)	Growth QoQ (%)	Contr to incr. rev (%)
Technology Infrastructure Services	23.7	4.6	44.8
Analytics and Information Management	7.1	2.4	7.1
Business Application Services	31.4	4.7	60.9
BPO	8.8	3.5	13.0
Product Engineering and Mobility	7.5	-6.4	-22.0
ADM	21.5	-0.4	-3.8
Total	100.0	2.4	100.0

Source: Company, MOSL

Incremental revenues during the quarter came almost entirely from Europe

Among geographies, growth during the quarter came mainly from Europe (+7.5% QoQ, 89% of incremental revenues). Wipro is the only company in the top tier to witness a QoQ decline in the US geography during the quarter.

Among Geographies, Europe stole the show in 3QFY13

Geographies	Contribution to Rev. (%)	Growth QoQ (%)	Contr to incr. rev (%)
US	49.9	-0.8	-17.6
Europe	29.6	7.5	88.7
Japan	1.0	-6.9	-3.2
India & Middle East business	8.8	4.7	17.2
RoW	10.7	3.3	14.9

Source: Company, MOSL

Healthcare & Life Sciences grew fastest among verticals

Among verticals, growth was driven by Healthcare & Life sciences (+6.7% QoQ, 26.8% of revenues). Healthcare and Energy & Utilities also drove healthy deal signings during the quarter.

Healthcare & Life Sciences was the fastest growing vertical

Verticals	Contribution to Rev. (%)	Growth QoQ (%)	Contr to incr. rev (%)
Global Media and Telecom	14.3	1.7	10.1
Finance Solutions	26.9	2.0	22.7
Manufacturing and Hi-Tech	18.7	0.8	6.0
Healthcare, Life Sciences and Services	9.9	6.7	26.8
Retail and Transportation	15.1	3.1	19.3
Energy and Utilities	15.1	2.4	15.1

Source: Company, MOSL

Top client declined while top 2-5 contributed handsomely towards growth

Revenue growth in 3QFY13 was driven by top 2-5 clients (7.8% QoQ growth, 31% of incremental revenues), re-emphasizing the company's continued focus of mining the top accounts. Number of clients contributing over USD100m+ revenues on an LTM basis inched up to 10 (v/s 9 in 2QFY13, 1 in 3QFY11).

Top client declined sequentially while top 2-5 grew at a healthy rate

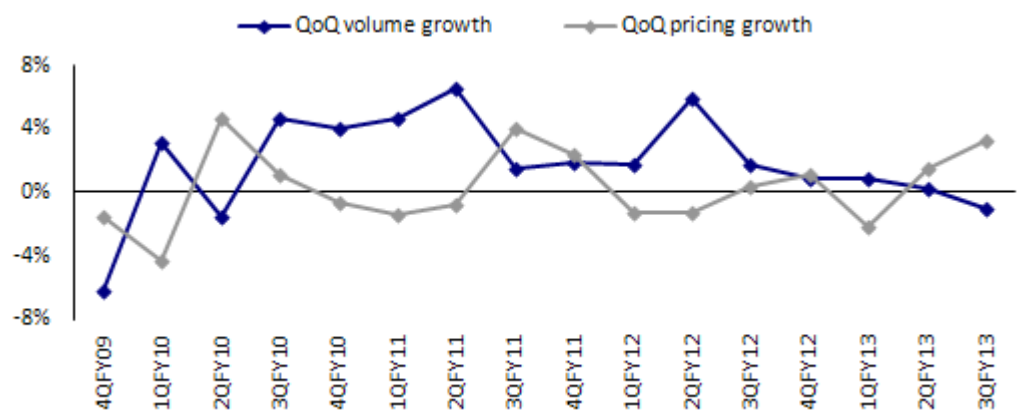
Clients	Contribution to Rev. (%)	Growth QoQ (%)	Contr to incr. rev (%)
Top Client	3.2	-14.0	-9.5
Top 2-5	10.0	7.8	31.1
Top 6-10	9.2	1.3	5.0
Non-top 10	77.6	2.2	73.4

Source: Company, MOSL

Disconcerting volume growth, allayed somewhat by deal signings lending revenue visibility

One metric of particular concern pertaining to Wipro has been the volume growth. Volume declined 1% QoQ, the worst performance in the past 15 quarters and also among the top-tier. This was the fourth quarter in a row when growth in volumes came under 1%. We understand that partly it is also because volumes during the quarter saw dual impact of [1] Wipro trying to address pricing concerns in run-the-business (RTB) segments through better productivity from Fixed Price contracts and outcome based models and [2] Lower working days QoQ. Shift away from T&M and increased automation facilitate the potential to cut down on the number of people deployed for a particular task, thereby driving productivity.

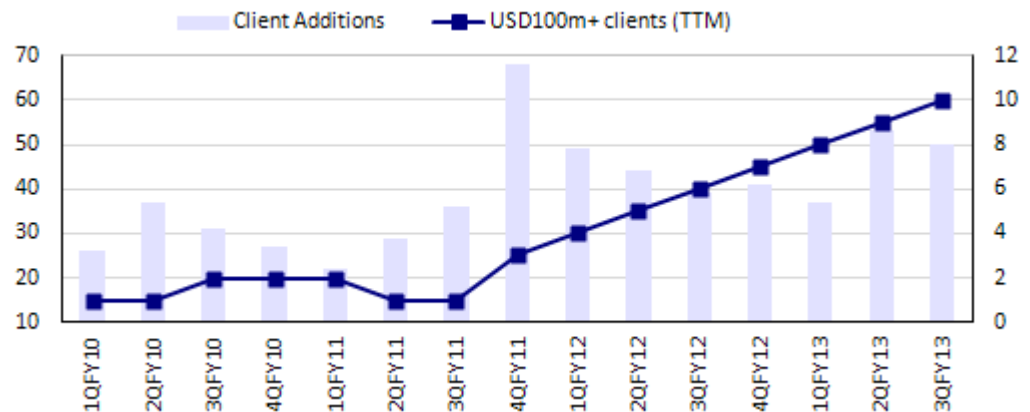
Weak volume growth has offset productivity gains



Source: Company, MOSL

Also, our concerns around volume growth are partly alleviated by the fact that Wipro has signed a healthy amount of deals towards the end of 2QFY13 and in 3QFY13. Prospects of growth revival remain afloat due to: [1] better deal closures in 3QFY13 v/s 2QFY13, while 2Q too, was a decent quarter from deal signings' perspective, [2] 1.7x increase in the deal pipeline YoY and [3] 2x increase in the number of large deals in the pipeline YoY.

Client mining in top accounts continues to yield impressive results, strong customer additions in last 2 quarters



Source: Company, MOSL

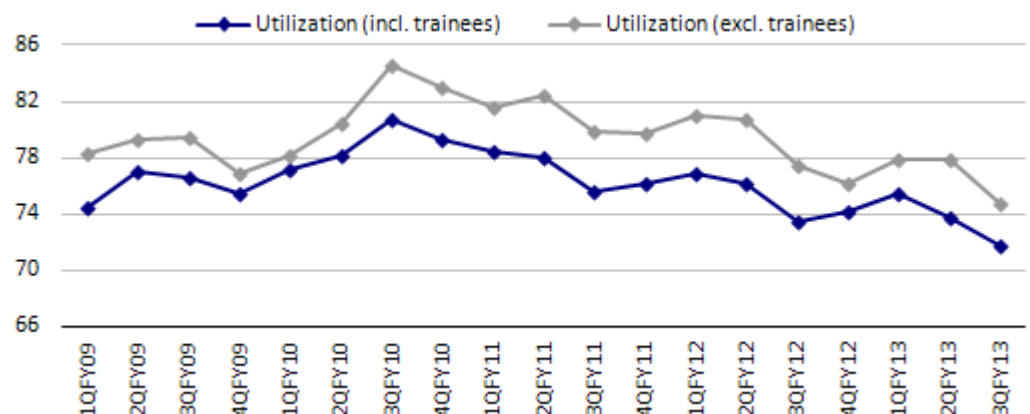
Guidance: wider spread reflects uncertainty around the trajectory of spends during the quarter

Wipro guided for 4QFY13 revenue in the band of USD1,585-1,625m, implying sequential growth band of 0.5%-3% QoQ. Our revenue growth estimate for 4QFY13 was 1.9% and we expected guidance band of 1%-3%. Lower and wider band of revenue in the guidance, despite better deal signings and improving climate is understandable given low levels of activity in the first half of the quarter due to budget finalizations, which would limit the company's visibility on the ramp ups in contracts closed earlier.

Margins continue to remain in a tight band; levers will help sustain the band with an upward bias

Over the past 6 quarters, Wipro's IT Services EBIT margins have remained in a tight band of 20%-21% despite the margin levers from currency gains and productivity benefits. Offsets to tailwinds on margins came from lower utilization, which is down 540bp to 71.7% (including trainees) during this period, and investments in SGA, which have increased by 190bp during this period. We agree with the company's approach of staying invested through both technical resources and sales feet in a weak environment, in order to be prepared for growth.

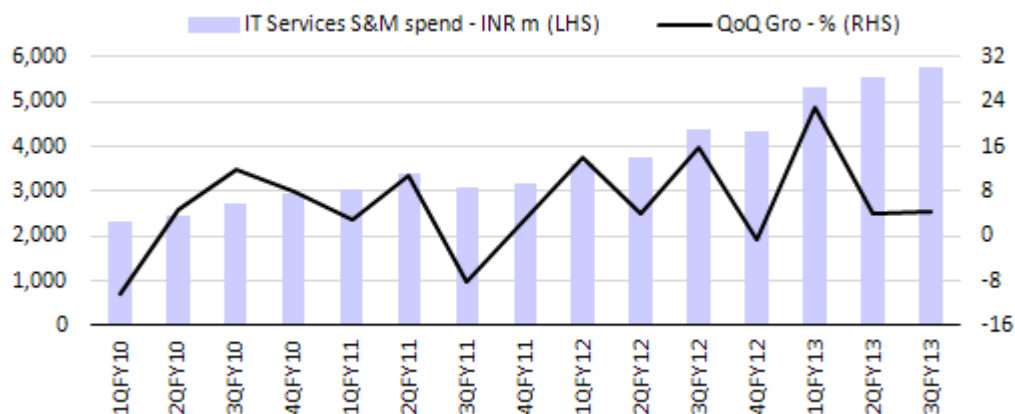
Utilization levels are at historical lows



Source: Company, MOSL

We don't see the company faced with many challenges to its guidance of sustaining the margin band in the near term given the levers of: [1] Productivity, with further scope in RTB segment, [2] Utilization, which is at the lowest levels historically.

Investments in S&M have ramped up even in a weak environment



Source: Company, MOSL

Change in estimates: Estimates largely unchanged; minor upgrade in earnings driven by higher base of realization rate

Our estimates are little changed post the results. We expect Wipro to grow its USD revenues by 9.3% in FY14 and 10% in FY15. We are modeling a 2.4% revenue CQGR both in FY14 and FY15 for the company.

We expect the narrow band of IT Services EBIT margin to sustain. Our EBIT margin estimates are up by 21bp/90bp for FY14E/FY15E to 20%/20.3%, factoring in higher realization base. We believe Wipro has enough levers to grow the margins going forward, but remain conservative, building in continued investments into the business by the company.

Our EPS estimates for FY14E/15E are up 2.7%/2.3% to INR27.8/31.4, on the back of marginally higher EBIT margin estimates.

Change in Estimates

	Revised			Earlier			Change (%)		
	FY13E	FY14E	FY15E	FY13E	FY14E	FY15E	FY13E	FY14E	FY15E
INR/USD	54.3	53.0	53.0	54.3	53.0	53.0	0.0	0.0	0.0
USD Revenue (m)	6,241	6,823	7,507	6,236	6,846	7,519	0.1	-0.3	-0.2
EBIT Margin (Overall) %	17.5	16.9	17.1	17.4	16.6	16.2	5bp	34bp	90bp
EBIT Margin (IT Services) %	20.7	20.0	20.3	20.8	19.7	19.4	-8bp	21bp	92bp
EPS (INR)	27.0	27.8	31.4	26.3	27.1	30.7	2.6	2.7	2.3

Source: Company, MOSL

Valuation and view: Expect some revenue traction going forward on the back of deals signed; maintain Buy

We expect Wipro to grow its USD revenues at a CAGR of 10% over FY13-15 and EPS at a CAGR of 8% over this period. The stock trades at 14.3x FY14E and 12.6x FY15E EPS. While uninspiring growth in volumes has kept the multiple for Wipro in check, we see some traction in revenues going forward as the ramp ups in signed deals accelerate. Wipro's recent announcement of de-merger of non-IT business is a positive given it will: [1] improve RoCE of the business by over 3pp and [2] increase the focus on IT Services. Our target price of INR470 (18% upside) discounts FY15E EPS by 15x. Maintain **Buy**.

Other result highlights

- Revenue mix shifted in favor of onsite by 40bp QoQ to 53.8%
- Revenue from Fixed Price contracts increased by 40bp QoQ to 46.2%
- The company added 50 new customers during the quarter, on the back of 53 customers in the previous quarter. Wipro closed the quarter with 966 active clients v/s 939 clients in 2QFY13
- DSO improved to 68 days in 3QFY13, from 72 days in the previous quarter
- Hedge book stands at USD1.8b as on December 31, 2012
- Net employee addition was 2,336 v/s estimate of 3,115
- TTM attrition (comparable to other IT services attrition reporting) at 14.2% v/s 14.6% in 2QFY13

QoQ USD rev. growth comparison (%)

	Wipro	Infosys	TCS	HCL Tech
Industry				
BFSI	2.0	1.6	2.9	3.4
Manufacturing	0.9	4.6	7.1	2.3
Retail	3.1	0.1	3.3	1.2
Telecom	1.3	3.1	-4.7	-2.0
Services				
ADM	0.0	-0.9	1.7	2.5
IMS	4.3	7.9	6.1	10.9
BPO	2.7	17.6	3.3	1.7
Region				
US	-0.7	1.6	2.9	3.4
Europe	7.5	16.6	3.3	6.0

Source: Company, MOSL

Growth Matrix QoQ (%)

	2QFY11	3QFY11	4QFY11	1QFY12	2QFY12	3QFY12	4QFY12	1QFY13	2QFY13	3QFY13
Geography										
US	3.2	2.4	3.6	-1.2	2.1	3.8	1.2	-2.3	1.5	-0.8
Europe	10.3	12.7	3.1	2.7	5.3	0.1	0.2	0.1	2.1	7.5
Japan	5.7	5.6	4.2	-26.3	23.6	2.2	-13.7	16.6	-13.9	-6.9
India & Middle East business	4.6	5.6	6.6	-0.6	8.1	0.0	7.6	-9.6	-0.6	4.7
Other Emerging markets	12.0	4.1	10.1	11.2	12.2	2.2	8.9	5.9	5.7	3.3
RoW	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Verticals										
Global Media and Telecom	4.5	6.2	5.4	-1.8	-2.2	0.3	-1.3	-1.4	-1.7	1.7
Finance Solutions	5.7	7.1	1.9	0.5	6.2	3.0	-0.6	-2.1	4.0	2.0
Manufacturing and Hi-Tech	2.8	1.0	2.6	0.5	0.9	2.2	2.5	0.2	-0.4	0.8
Healthcare, Life Sciences and Services	7.7	0.7	5.2	-2.4	0.5	4.3	2.0	-0.4	-4.3	6.7
Retail and Transportation	10.0	4.9	6.2	-4.0	2.5	3.6	5.4	-3.9	1.7	3.1
Energy and Utilities	5.7	17.4	7.4	14.3	23.6	0.0	6.6	0.1	8.2	2.4
Services										
Technology Infrastructure Services	6.2	7.1	5.2	1.0	6.5	0.4	6.2	-0.5	3.5	4.6
Analytics and Information Management	9.5	7.4	6.0	7.2	7.9	2.2	5.1	3.0	1.7	2.4
Business Application Services	5.4	3.8	3.9	2.9	5.0	3.2	1.3	-1.0	1.7	4.7
BPO	2.6	0.2	9.8	-4.6	-1.0	-1.2	-1.6	1.1	5.3	3.5
Product Engineering and Mobility	7.0	3.2	0.5	1.7	5.9	2.2	-0.4	2.3	-1.9	-6.4
ADM	5.7	9.1	2.6	-2.7	3.3	4.0	0.3	-6.0	-0.1	-0.4
R&D	0.8	-0.3	-3.5	0.5	4.6	3.1	-2.9	-1.4	-1.7	-8.2
Consulting	17.9	12.9	4.2	0.5	8.0	-4.1	-1.4	-15.0	-2.4	-1.9

Source: Company, MOSL

Wipro: an investment profile

Company description

Wipro is the third largest Indian IT services company and the largest third-party BPO operator in India. It is the largest third-party R&D services provider globally, employing over 142,000 employees. It offers among the widest range of IT and ITes services and its corporate governance and transparency are at the highest level in the industry.

Key investment arguments

- It is the largest player in infrastructure management services (IMS), the fastest growing service line for Indian IT companies.
- It has a strong presence in domestic and emerging markets, growing ahead of developed markets.
- Post restructuring, company has seen impressive client additions and mining of large clients to increase its number of customers in the higher contribution buckets (USD100m+ clients up from 1 to 10 in 2 years)

Key investment risks

- Risk pricing in FPP projects could go wrong (46.2% revenues from FPP in 3QFY13).
- Increased investments in the pursuit for growth will keep margins muted in the near term. Margin recovery will be hit if growth challenges persist over the medium term.

Comparative valuations

		Wipro	Infosys	TCS
P/E (x)	FY13E	14.7	17.2	18.8
	FY14E	14.3	15.9	17.2
P/BV (x)	FY13E	3.0	4.2	6.8
	FY14E	2.6	3.7	5.5
EV/Sales (x)	FY13E	2.1	3.3	4.0
	FY14E	1.9	2.9	3.5
EV/EBITDA (x)	FY13E	10.3	11.4	13.9
	FY14E	9.6	10.3	12.3

Shareholding pattern (%)

	Dec-12	Sep-12	Dec-11
Promoter	78.3	78.3	79.2
Domestic Inst	3.1	3.5	3.6
Foreign	9.7	9.2	8.4
Others	8.9	9.0	8.8

Recent developments

- Wipro has won a multi-year IT Infrastructure Outsourcing engagement with one of the largest Retailers in Australia.
- Wipro has won a multi-year engagement with a large not-for-profit Healthcare Provider in the US to enable the seamless integration of the IT infrastructure of its recently acquired entities

Valuation and view

- We expect Wipro to grow its USD revenue at a CAGR of 10% over FY13-15E and EPS at a CAGR of 8% during this period
- Valuations at 14.3x FY14E and 12.6x FY15E EPS. Maintain **Buy** with a TP of INR470 (15x FY15E EPS).

Sector view

- In the last few quarters, increasingly weak macroeconomic data have been emanating from both the US and Europe, which implies deceleration in growth for Indian IT services.
- Early commentary on CY13 IT budgets indicates that growth in FY14 is likely to compare with that in FY13.
- We reckon frontline Indian IT companies would be better placed to sail through the near-term challenges mentioned above. Niche IT/ITes companies with strong business models are also likely to be better placed to face uncertainties in the near term.

EPS: MOSL forecast v/s consensus (INR)

	MOSL Forecast	Consensus Forecast	Variation (%)
FY13	27.0	26.3	2.8
FY14	27.8	28.6	-2.8

Target price and recommendation

Current Price (INR)	Target Price (INR)	Upside (%)	Reco.
397	470	18.4	Buy

Stock performance (1 year)



Financials and Valuations

Income Statement		(INR Million)			
Y/E March	2012	2013E	2014E	2015E	
Sales	375,248	434,766	467,535	516,424	
Change (%)	20.7	15.9	7.5	10.5	
Operating Costs	253,045	287,323	312,292	344,554	
SG&A	48,062	60,467	64,512	70,514	
EBITDA	74,141	86,976	90,731	101,356	
% of Net Sales	19.8	20.0	19.4	19.6	
Depreciation & Amort.	10,129	11,010	11,624	12,839	
EBIT	64,012	75,966	79,108	88,517	
Margins	17.1	17.5	16.9	17.1	
Other Income	24,194	10,183	10,503	11,844	
Income from Eq. Inv.	333	-267	-260	-260	
PBT	88,539	85,882	89,351	100,101	
Tax	13,762	19,183	20,610	22,581	
Rate (%)	15.5	22.3	23.1	22.6	
PAT	74,777	66,699	68,740	77,520	
Minority Interest	-256	-341	-360	-360	
PAT bef EO	74,521	66,358	68,380	77,160	
Extraordinary items	0	0	0	0	
Net Income	74,521	66,358	68,380	77,160	
Change (%)	40.7	-11.0	3.0	12.8	

Balance Sheet		(INR Million)			
Y/E March	2012	2013E	2014E	2015E	
Share Capital	4,917	4,925	4,925	4,925	
Reserves	280,397	316,267	363,120	417,317	
Net Worth	285,314	321,192	368,045	422,242	
Minority Interest & others	10,492	10,993	10,993	10,993	
Loans	58,958	63,019	63,005	63,005	
Capital Employed	354,764	395,204	442,043	496,241	
Gross Block	113,369	130,791	146,791	166,791	
Less : Depreciation	54,381	67,220	67,220	67,220	
Net Block	58,988	63,571	79,571	99,571	
Investments	41,961	87,408	87,408	87,408	
Intangible Assets	72,166	78,879	78,879	78,879	
Other non current assets	27,897	26,672	27,828	29,187	
Curr. Assets	234,989	243,196	282,188	326,827	
Debtors	110,353	128,432	137,720	151,775	
Inventories	10,662	13,103	14,090	15,563	
Cash & Bank Balance	77,666	56,381	80,011	103,141	
Adv., Other Current Assets	36,308	45,280	50,368	56,348	
Current Liab. & Prov	81,237	104,521	113,831	125,631	
Net Current Assets	153,752	138,674	168,357	201,196	
Application of Funds	354,764	395,204	442,043	496,241	

E: MOSL Estimates

Ratios		2012	2013E	2014E	2015E
Basic (INR)					
EPS		30.3	27.0	27.8	31.4
Book Value		116.5	130.9	150.0	172.1
DPS		6.0	6.5	7.5	8.0
Payout %		19.8	24.1	26.9	25.5
Valuation (x)					
P/E		13.1	14.7	14.3	12.6
EV/EBITDA		12.3	10.3	9.6	8.4
EV/Sales		2.4	2.1	1.9	1.6
Price/Book Value		3.4	3.0	2.6	2.3
Dividend Yield (%)		1.5	1.6	1.9	2.0
Profitability Ratios (%)					
RoE		28.4	21.9	19.8	19.5
RoCE		19.4	20.3	18.9	18.9
Turnover Ratios					
Debtors (Days)		95	100	104	102
Asset Turnover (x)		5.8	7.0	7.3	6.7
Leverage Ratio					
Debt/Equity Ratio(x)		0.2	0.2	0.2	0.2

Cash Flow Statement		(INR Million)			
Y/E March	2012	2013E	2014E	2015E	
CF from Operations	60,456	67,185	69,501	78,155	
Cash for Wkg. Capital	-16,462	-6,207	-6,053	-9,709	
Net Operating CF	43,994	60,978	63,448	68,447	
Net Purchase of FA	-14,023	-15,593	-27,624	-32,839	
Net Pur. of Investments	-11,691	-50,935	-1,156	-1,359	
Net Cash from Invest.	-25,714	-66,528	-28,780	-34,198	
Issue of Shares/Other adj	-11,533	-11,507	0	0	
Proceeds from LTB/STB	2,780	4,246	-14	0	
Dividend Payments	-17,196	-18,657	-21,527	-22,962	
Net CF from Finan.	-1,755	-15,735	-11,038	-11,119	
Free Cash Flow	29,971	45,385	35,824	35,608	
Net Cash Flow	16,525	-21,285	23,630	23,130	
Opening Cash Bal.	61,141	77,666	56,381	80,011	
Add: Net Cash	16,525	-21,285	23,630	23,130	
Closing Cash Bal.	77,666	56,381	80,011	103,141	

NOTES

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