

WIPRO LIMITED - STANDALONE

Audited Financial Results for the Quarter and Nine Months Ended December 31, 2013

(₹ in millions, except share and per share data, unless otherwise stated)

Sl No.	PARTICULARS	Quarter Ended		Nine Months Ended		Year ended March 31, 2013
		December 31, 2013	September 30, 2013	December 31, 2012 *	December 31, 2013	December 31, 2012 *
1	Income from operations					
	(a) Net sales/income from operations (net of excise duty)	99,899	95,895	84,689	283,117	246,779
	(b) Other operating income	792	2,170	697	3,053	2,729
	Total income from operations (net)	100,691	98,065	85,386	286,170	249,508
2	Expenses					
	(a) Cost of materials consumed	1,875	(197)	501	2,029	2,457
	(b) Purchase of stock-in-trade	4,533	5,744	6,437	15,614	17,859
	(c) Change in inventories of finished goods, work-in-progress and stock-in-trade	(410)	230	512	(501)	(317)
	(d) Employee benefits expense	46,482	46,535	40,188	136,032	118,204
	(e) Depreciation and amortisation expense	1,873	1,771	1,707	5,398	5,291
	(f) Sub contracting/technical fees/third party application	11,321	10,434	8,627	31,997	25,696
	(g) Other expenses	11,941	11,970	10,519	33,967	30,670
	Total expenses	77,615	76,487	68,491	224,536	199,860
3	Profit from operations before other income, finance costs and exceptional items (1 – 2)	23,076	21,578	16,895	61,634	49,648
4	Other income	4,411	1,199	1,857	6,822	6,202
5	Profit from ordinary activities before finance costs and exceptional items (3 + 4)	27,487	22,777	18,752	68,456	55,850
6	Finance costs	924	1,010	797	2,804	2,584
7	Profit from ordinary activities after finance costs but before exceptional items (5 – 6)	26,563	21,767	17,955	65,652	53,266
8	Exceptional Items	–	–	–	–	–
9	Profit from ordinary activities before tax (7 – 8)	26,563	21,767	17,955	65,652	53,266
10	Tax expense	6,084	5,603	4,033	15,948	12,182
11	Net Profit from ordinary activities after tax (9 – 10)	20,479	16,164	13,922	49,704	41,084
12	Extraordinary items (net of tax expense)	–	–	–	–	–
13	Net Profit for the period (11 – 12)	20,479	16,164	13,922	49,704	41,084
14	Paid up equity share capital (Face value ₹ 2 per share)	4,931	4,930	4,925	4,931	4,925
15	Reserve excluding Revaluation Reserves as per balance sheet of the previous accounting year					237,369
16	<u>EARNINGS PER SHARE (EPS)</u>					
	<i>(i) Before extraordinary items</i>					
	Basic (in ₹)	8.34	6.58	5.67	20.25	16.75
	Diluted (in ₹)	8.32	6.57	5.67	20.20	16.72
	<i>(ii) After extraordinary items</i>					
	Basic (in ₹)	8.34	6.58	5.67	20.25	16.75
	Diluted (in ₹)	8.32	6.57	5.67	20.20	16.72
A	Public shareholding ⁽¹⁾					
1	Number of shares	605,731,374	605,403,338	491,988,307	605,731,374	491,988,307
	Percentage of holding (as a % of total public shareholding)	25.05%	25.04%	19.98%	25.05%	19.98%
2	Promoters and promoter group shareholding					
	(a) Pledged/Encumbered					
	– Number of shares	Nil	Nil	Nil	Nil	Nil
	– Percentage of shares	Nil	Nil	Nil	Nil	Nil
	(as a % of the total shareholding of promoter and promoter group)					
	– Percentage of shares	Nil	Nil	Nil	Nil	Nil
	(as a % of the total share capital of the Company)					
	(b) Non-encumbered					
	– Number of shares ⁽²⁾	1,812,022,464	1,812,022,464	1,927,880,883	1,812,022,464	1,927,880,883
	– Percentage of shares	100.00%	100.00%	100.00%	100%	100%
	(as a % of the total shareholding of promoter and promoter group)					
	– Percentage of shares	74.95%	74.96%	78.29%	74.95%	78.29%
	(as a % of the total share capital of the company, excluding ADS Shareholding))					

⁽¹⁾ Public shareholding as defined under clause 40A of the listing agreement (excludes shares beneficially held by promoters and holders of American Depository Receipt).

⁽²⁾ Includes 440,557,453 (September 30, 2013: 440,557,453; March 31, 2013 : 501,557,453; December 31, 2012: 206,030,453) equity shares on which Promoter does not have beneficiary interest.

* Refer Note 6

Status of redressal of Complaints received for the period October 1, 2013 to December 31, 2013						
Sl No.	Nature of the complaint	Nature	Unresolved as at October 1, 2013	Complaints received during the quarter	Complaints disposed during the quarter	Unresolved as at December 31, 2013
1	Non-Receipt of Securities	Complaint	–	28	28	–
2	Non Receipt of Annual Reports	Complaint	–	25	25	–
3	Correction/Duplicate/Revalidation of dividend warrants/Demerger Fractional Payout Warrants	Request	–	208	208	–
4	SEBI/Stock Exchange Complaints	Complaint	–	9	9	–
5	Non Receipt of Dividend warrants	Complaint	–	71	71	–
	TOTAL		–	341	341	–

Note: There are certain pending cases relating to disputes over title to shares in which the company has been made a party. However, these cases are not material in nature.

1. The above audited interim financial results for the quarter and nine months ended December 31, 2013 have been approved by the Board of Directors of the Company at its meeting held on January 17, 2014. The statutory auditors have expressed an unqualified audit opinion.
2. The audited interim financial results have been prepared from the audited condensed interim financial statements as at and for the quarter and nine months ended December 31, 2013. The financial statements are prepared in accordance with Generally Accepted Accounting Principles in India (GAAP) under the historical cost convention on the accrual basis, except for certain financial instruments which are measured on a fair value basis. GAAP comprises Accounting Standards as prescribed by Companies (Accounting Standards) Rules, 2006, Companies Act, 1956 (to the extent applicable), the provisions of Companies Act, 2013 (to the extent notified), Accounting Standards ('AS') issued by Institute of Chartered Accountants of India (ICAI) and other generally accepting accounting principles in India.
3. The total income from operations (net) represents the aggregate revenue and includes foreign exchange gains / (losses), net, of ₹ 787, ₹ 2,083 and ₹ 660 for the quarter ended December 31, 2013, September 30, 2013 and December 31, 2012, respectively and ₹ 2,791 and ₹ 2,548 for the nine months ended December 31, 2013 and 2012, respectively and ₹ 2,753 for the year ended March 31, 2013 respectively. Foreign exchange gain / (losses), net, are also included in the segment revenues for the respective periods.
4. The Company has applied the principles of AS 30, Financial Instruments: Recognition and measurement, as per announcement by ICAI to the extent such principles of AS 30 does not conflict with existing accounting standards prescribed by Companies (Accounting Standards) Rules, 2006, Companies Act, 1956 (to the extent applicable), the provisions of Companies Act, 2013 (to the extent notified) and other authoritative pronouncements.

The Company has designated derivate contracts USD 222 Million (March 31, 2013: USD 357 Million), Euro 25 Million (March 31, 2013: Euro 40 Million) and has also designated a dollar-denominated foreign currency borrowing amounting to USD 150 Million during the current period (March 31, 2013: Nil) as a hedging instrument to hedge net investment in non-integral foreign operations. The Company had also designated a yen-denominated foreign currency borrowing in combination with Cross Currency Interest Rate Swaps (CCIRS) amounting to JPY 24.5 billion, as a hedging instrument to hedge net investment in a non-integral foreign operation, which was repaid during the quarter ended June 30, 2013. As equity investments in non-Integral foreign subsidiaries / operations are stated at historical cost, in these standalone condensed interim financial statements, the changes in fair value of derivative contracts and impact of restatement of foreign currency borrowing amounting to gain/(loss) of ₹ 476, ₹ (1,828) and ₹ (1,116) for the quarter ended December 31, 2013, September 30, 2013 and December 31, 2012 respectively, ₹ (3,574) and ₹ (1,761) for the nine months ended December 31, 2013 and 2012, respectively and ₹ (1,107) for the year ended March 31, 2013 has been recorded in the statement of profit and loss.

As at December 31, 2013 the Company has recognised gain/ (loss) of ₹ (1,750) (March 31, 2013: ₹ 1,278) relating to derivative financial instruments that are designated as effective cash flow hedges in the shareholders' fund.

The following table presents the aggregate contracted principal amounts of the Company's derivative contracts outstanding as at:

<i>(In millions)</i>		
Particulars	As at December 31, 2013	As at March 31, 2013
Designated derivative instruments		
Sell	\$ 539	\$ 777
	£ 48	£ 61
	AUD -	AUD 9
	€ 76	€ 108
Interest rate swap	\$ 150	\$ 30
Non designated derivative instruments		
Cross currency swaps	¥ -	¥ 31,511
Sell	\$ 970	\$ 1,598
	AUD 77	AUD 60
	£ 102	£ 73
	€ 88	€ 87
	JPY 490	JPY -
	SGD 8	SGD -
	ZAR 169	ZAR -
Buy	\$ 500	\$ 767
	¥ -	¥ 1,525

5. Employees covered under Stock Option Plans and Restricted Stock Unit (RSU) Option Plans are granted an option to purchase shares of the Company at the respective exercise prices, subject to requirements of vesting conditions. These options generally vest over a period of five years from the date of grant. Upon vesting, the employees acquire one equity share for every option. The maximum contractual term for aforementioned stock option plans is generally 10 years.

The stock compensation cost is computed under the intrinsic value method and amortised on a straight line basis over the total vesting period. The Company has granted 30,000, Nil and 4,915,150 options under RSU Options Plan during the quarter ended December 31, 2013, September 30, 2013 and December 31, 2012 and 30,000 and 4,915,150 options for the nine months ended December 31, 2013 and 2012, respectively and 4,925,150 options for the year ended March 31, 2013. The Company has recorded stock compensation expense of ₹138, ₹135 and ₹249 for the quarter ended December 31, 2013, September 30, 2013 and December 31, 2012 respectively, ₹ 419 and ₹ 576 for the nine months ended December 31, 2013 and 2012, respectively and ₹ 804 for the year ended March 31, 2013.

6. During the year financial year 2012-2013, the Company completed the demerger of other business such as consumer care and lighting, infrastructure engineering business and other non-IT business of the company (Collectively, the "Diversified Business"). The scheme of demerger became effective on March 31, 2013 with the appointed date of April 01, 2012. The result of the corresponding period as published in the previous year i.e. December 31, 2012 included the results of Diversified Business of the Company, as at the time of announcement of such result, the scheme of Demerger had not become effective. As the scheme become effective on March 31, 2013 with appointed date of April 01, 2012, the financial results for the corresponding period of the previous year have been recast to give impact of the said scheme.

The details of profit and loss for the quarter and nine months ended December 31, 2013 and December 30, 2012 are as follows:

Particulars	Quarter ended December 31, 2013	Quarter ended December 31, 2012		Nine months ended December 31, 2013	Nine months ended December 31, 2012	
	Reported	Recasted*	Reported	Reported	Recasted*	Reported
Total Revenue (Including Other Income)	105,102	87,243	95,807	292,992	255,710	280,872
Total expenses	78,539	69,288	76,701	227,340	202,444	224,450
Profit before taxes	26,563	17,955	19,106	65,652	53,266	56,422
Taxes						
Current tax	5,869	3,538	3,791	15,866	11,985	12,645
Deferred tax	215	495	485	82	197	175
Profit after tax	20,479	13,922	14,830	49,704	41,084	43,602

* Pertains to continuing operations

7. The segment information for the quarter ended December 31, 2013, September 30, 2013 and nine months ended December 31, 2013 is as follows:

The Company is organized by business, which primarily include IT Services (comprising of IT Services and BPO Services) and IT Products and Others. Consequent to the demerger of Consumer Care and Lighting, Infrastructure Engineering and other non-IT businesses (collectively, “the Diversified Business”), the Company has re-organized the IT Services business with the object of making industry practice its focal point for performance evaluation and internal financial reporting and decision making. Consequently, the format for reporting IT services business has been changed to industry segments (Industry practice). Industry segments primarily consist of Banking, Financial Services and Insurance (BFSI), Healthcare and Life Sciences (HLS), Retail, Consumer, Transport and Government (RCTG), Energy and Natural Resources (ENU), Manufacturing (MFG) and Global Media and Telecom (GMT). The secondary segment is identified based on the geographic location of the customer.

The IT Services reportable segment information for the comparative period by industry class of customers is not restated to reflect the above change as the comparative information cannot be reasonably determined. However the Company has presented segment information for the previous period on old basis of segment reporting.

Information on reportable segments on the new basis of segmentation for the quarter ended December 31, 2013, September 30, 2013 and nine months ended December 31, 2013 is given below:

Particulars	Quarter ended		Nine months ended December 31, 2013
	December 31, 2013	September 30, 2013	
<u>Segment revenue</u>			
IT Services			
BFSI	25,545	24,480	72,345
HLS	9,177	8,293	24,631
RCTG	12,728	12,817	36,836
ENU	14,775	14,176	41,499
MFG	17,284	17,399	49,962
GMT	13,018	13,333	38,025
Total of IT Services	92,527	90,498	263,298
IT Products	8,316	7,636	23,135
Others	(157)	(156)	(525)
Total	100,686	97,978	285,908
<u>Segment result</u>			
IT Services			
BFSI	6,637	5,774	17,181
HLS	1,725	1,626	4,563
RCTG	2,958	2,929	8,147
ENU	4,622	3,982	11,948
MFG	4,563	4,286	12,058
GMT	2,913	3,145	8,317
Total of IT Services	23,418	21,742	62,214
IT Products	(207)*	100	(15)*
Others	(135)	(264)	(565)
Total	23,076*	21,578	61,634*
Interest and Other Income, Net	3,487	189	4,018
Profit before tax	26,563	21,767	65,652
Income tax expense	(6,084)	(5,603)	(15,948)
Profit for the period	20,479*	16,164	49,704*

* The Segment result of IT Products segment and the Company for the quarter and nine months ended December 31, 2013, includes non-recurring expense of ₹ 209 incurred due to cessation of manufacturing of ‘Wipro branded desktops, laptops and servers’. Segment result of the IT Products segment and the Company excluding the above non-recurring expense is ₹ 2 and ₹ 23,285 for the quarter ended December 31, 2013, respectively and ₹ 194 and ₹ 61,843 for the nine months ended December 31, 2013, respectively and profit after tax of the Company excluding the above non-recurring expense is ₹ 20,644 and ₹ 49,869 for the quarter and nine months ended December 31, 2013, respectively.

Information on reportable segments on the old basis of segmentation for the quarter, nine months ended December 31, 2012 and year ended March 31, 2013 is given below:

Particulars	Quarter ended December 31, 2012	Nine months ended December 31, 2012	Year ended March 31, 2013
<u>Segment revenues</u>			
IT Services	76,391	224,889	304,909
IT Products	9,066	25,076	30,900
Eliminations including corporate	(108)	(638)	(791)
TOTAL	85,349	249,327	335,018
<u>Segment Result</u>			
IT Services	16,732	49,465	65,333
IT Products	219	581	674
Others	(56)	(398)	(777)
TOTAL	16,895	49,648	65,230
Interest and Other Income, Net	1,060	3,618	6,821
Profit before tax	17,955	53,266	72,051
Income Tax expense	(4,033)	(12,182)	(15,549)
Profit for the period	13,922	41,084	56,502

Notes to Segment Report:

- a) The Company has the following reportable segments:

IT Services: IT Services industry segments primarily consisting of Banking, Financial Services and Insurance (BFSI), Healthcare and Life Sciences (HLS), Retail, Consumer, Transport and Government (RCTG), Energy, Natural Resources and Utilities (ENU), Manufacturing (MFG) and Global Media and Telecom (GMT). Key service offering includes software application development and maintenance, research and development services for hardware and software design, business application services, analytics, consulting, infrastructure outsourcing services and business process outsourcing services.

IT Products: The IT Products segment sells a range of Wipro personal desktop computers, Wipro servers and Wipro notebooks. The Company is also a value added reseller of desktops, servers, notebooks, storage products, networking solutions and packaged software for leading international brands. In certain total outsourcing contracts of the IT Services segment, the Company delivers hardware, software products and other related deliverables. Revenue relating to these items is reported as revenue from sale of IT Products.

The Others' segment consists of business segments that do not meet the requirements individually for a reportable segment as defined in AS 17 Segment Reporting and includes corporate and treasury.

Segment revenue and Segment results includes the respective amounts identifiable to each of the segment. Segment revenue resulting from business with other business segments are on the basis of market determined prices.

- b) For the purpose of segment reporting, the Company has included the impact of "foreign exchange gains/ (losses), net in revenues which are reported as part of Other Income in the Financial Statements. Segment results includes ₹ 5, ₹ 87 and ₹ 262 for the quarter ended December 31, 2013, September 30, 2013 and nine months ended December 31, 2013 respectively of certain operating other income which is reflected in Other Income in the Financial Statements.
- c) The Company generally offers multi-year payment terms in certain total outsourcing contracts. These payment terms primarily relate to IT hardware, software and certain transformation services in outsourcing contracts. The finance income on deferred consideration earned under these contracts is included in the revenue of the respective segment and is eliminated under reconciling items.
- d) Segmental Capital Employed: Assets and liabilities are not identified to any of the reportable segments, since they are used interchangeably between segments. The Management believes that it is impracticable to provide segment disclosures relating to total assets and liabilities since a meaningful segregation of the available information is onerous.

8. On January 17, 2014, the Board of Directors of the Company declared an interim dividend of ₹ 3 (\$0.05) per equity share and ADR (150% on an equity share of par value of ₹ 2).
9. Corresponding figures for previous periods presented have been regrouped, where necessary, to conform to the current period's classification.

Place: Bangalore
Date: Januray17, 2014

By order of the board,

Azim H Premji
Chairman