

A Second Ascendance

When Wipro's non-software businesses were demerged seven years ago, it was a clutch of disparate, unglamorous businesses seeking the space to grow. The privately held company has grown rapidly since and is ready for its moment in the sun

:: Suman Layak

Billionaires and their excesses are under attack around the world. But a quality widely associated with one of India's richest men, Wipro Ltd Chairman Azim Premji, continues to be frugality. Stories about his simple, frugal choices are as much part of corporate lore in India as his storied entrepreneurial journey – turning a Vanaspati business he took over at 21 upon the demise of his father into a global software services giant worth \$25 billion today.

Harsh Goenka, RPG Group chairman and a long-time friend of Premji's, recalls getting a call from the Bengaluru-based tycoon several years ago. He wanted to discuss options in company cars as Wipro was considering providing cars to its executives. Premji wanted to know how the performance and mileage of the Ambassador compared with that of the Premier Padmini, which, incidentally, the RPG Group had once tried to acquire, unsuccessfully. Goenka also recalls how Premji (now 73) refused to own a mobile phone for a long time. Goenka's perspective on Premji's famous frugality is that the second richest Indian, with a personal net worth of \$16 billion, is extracting

TL;DR

- In 2012-13, non-IT/software businesses of Wipro were demerged as Wipro Enterprises to give these businesses freedom to grow
- WEPL has grown rapidly through acquisitions and organic growth, and now has a diverse portfolio
- More than half the revenues are now from overseas

"Seeing our strategies being copied by MNCs gave the organisation the confidence to take on MNCs"

Vineet Agarwal,
 CEO, Wipro Consumer Care & Lighting



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BASIC NUMBERS

₹9,340 cr
 Sales & other income

₹1,082 cr
 Profit after tax

Wipro Enterprises numbers for 2017-18

At 3-4 times revenues (crossing ₹7,000 cr), the FMCG business of WEPL could be valued as high as

₹28,000 cr

At 2-3 times revenues (₹3,000 cr) WEPL's infra & engg business can be worth

₹6,000-9,000 cr

WEPL's net cash in hand

₹3,500 cr

Valuation of stakes in JVs could be another

₹5,000-7,000 cr

Source: Industry estimates on valuation; company estimates for revenues and cash for 2018-19



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UPSIDE POTENTIAL

Valuation of WEPL at the time of demerger from Wipro Ltd in 2012-13

₹11,000 cr

Net worth/valuation in 2014-15

₹18,000 cr

Valuation* today is likely to be upwards of

₹40,000 cr

*Market estimates

value out of every situation. "Whenever he travels, Premji insists on meeting some customers of Wipro. He is also a great learner. When he drops by at my office, I can see he is sucking out information from every conversation," Goenka says.

This focus on maximising value from his own time means Premji is careful and methodical about spending it. Currently, three broad buckets are getting a third each of his professional time. One is the software services behemoth Wipro Ltd (market cap: ₹1.7 lakh crore), another is a range of philanthropic activities to which he has pledged most (\$12 billion) of his wealth. The third slice goes into a relatively lesser known and much smaller company called Wipro Enterprises Pvt Ltd (WEPL). Entirely privately held, this unit is witnessing bold bets and hectic deal-making. It has posted strong growth and is poised to emerge as a power-

house of brands and businesses spanning industries.

Demerged from Wipro Ltd in 2012-13, WEPL runs businesses under two broad groups – infrastructure and engineering, and consumer care and lighting. Some of its businesses are new, while some had been started by Premji even before he invested in software and IT. While much smaller than Wipro Ltd, WEPL promises high growth.

The unlisted WEPL (98.45% stake is with Premji) has in the last five years placed audacious bets that would have been impossible under the larger Wipro Software Services business. We are talking about diverse units selling industrial wastewater treatment services, aviation actuators (used in aircraft landing gears) and 3D-printed transmitters for space missions like the geosynchronous satellite