

## RESEARCH

### **WIPRO | TARGET: Rs 256 | -2% | HOLD**

Aggressive large deal wins improve revenue visibility

### **AXIS BANK | TARGET: Rs 1,216 | +5% | HOLD**

Prudent recognition norms drag asset quality and profitability

### **LTIMINDTREE | TARGET: Rs 4,149 | -20% | SELL**

No signs of a turnaround under the new CEO, yet

## SUMMARY

### **WIPRO**

- Aggression in cost take out and vendor consolidation deals and better revenue conversion give confidence that Wipro IT services will grow
- The new CEO has started to deliver. While Wipro is indicating a pickup in 2H we need to see the quantum and hope it is not too margin dilutive
- Raise estimates a tad for both FY27/FY28. Higher visibility induces us to raise Target PE multiple. Raise stock to Hold from Sell

[Click here](#) for the full report.

### **AXIS BANK**

- Asset quality adversely impacted largely due to the adoption of prudent asset recognition norms
- PAT declined, driven by higher credit cost and moderate business growth
- Maintain HOLD with a revised TP of Rs 1,216; set at 1.5x FY27E (Jun'27) ABV

[Click here](#) for the full report.



## LTIMINDTREE

- 1QFY26 was a bit below our expectation on revenue but in line with EBIT margins. New CEO cautious and unwilling talk beyond a quarter
- Third successive quarter of US\$1.6bn TCV. It would require a bigger step up with good revenue conversion for growth to pick up
- Retain 'SELL' rating as they LTIM is yet to display the port merger promise. More work to do on both revenue growth and margins

[Click here](#) for the full report.

**HOLD**

TP: Rs 256 | ▼ 2%

**WIPRO**

| IT Services

| 18 July 2025

## Aggressive large deal wins improve revenue visibility

- Aggression in cost take out and vendor consolidation deals and better revenue conversion give confidence that Wipro IT services will grow
- The new CEO has started to deliver. While Wipro is indicating a pickup in 2H we need to see the quantum and hope it is not too margin dilutive
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**1QFY26 broadly meets expectations:** Revenue growth (-2% QoQ CC) and EBIT margin – 17.3% (ex one-off) were broadly along expected lines. Decline in revenue in the quarter was driven by Europe (-6.3%) and Consumer (RCPG) down 4% and BFSI (-3.8%).

**Order inflow strength was the biggest surprise:** The total TCV and Large deal TCV were up 51% and 131% respectively YoY CC. The latter includes 2 mega deal wins (against 2 in the entire of FY25). Many of the large deals are cost take out and vendor consolidation deals, many from its existing top clients.

**Key drivers for the strong TCV performance:** The consulting led (driven by Capco), AI first, domain expertise driven and proactive approach.

**Near term margins may see some pressure:** It was indicated that the large deals won have been against significant competitive pressure and require upfront investments to execute them. It was indicated that these deals will have a lower margin compared to the existing corporate margins. We suspect that they will be margin dilutive (below 17% EBIT level) for the rest of FY26. Wipro, however, maintained its aspirational band of 17-17.5% at the EBIT level.

**Certain sectors are still impacted by Macro:** Tariffs and geo-politics have impacted certain sectors like Manufacturing (Auto and industrial in particular) and the retail CPG sector. Wipro hopes that greater clarity on tariffs could improve demand conditions here in the coming quarters.

**Raise estimates and rating:** The greater visibility induced by the strong TCV accretion and the greater likelihood of conversion gives us greater confidence in our revenue and EPS estimates. While we cut margin estimates for FY26 we raise revenue for both FY27 and FY28. Greater confidence in our estimates induces us to raise the Target PE multiple by reducing discount vis-à-vis TCS from 20% to 15%. If Wipro outperforms on TCV from here on, both EPS and Target PE multiple could see further upgrades. Raise the rating to HOLD from SELL.

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## Key changes

| Target | Rating |
|--------|--------|
| ▲      | ▲      |

|                  |                |
|------------------|----------------|
| Ticker/Price     | WPRO IN/Rs 261 |
| Market cap       | US\$ 31.7bn    |
| Free float       | 27%            |
| 3M ADV           | US\$ 30.6mn    |
| 52wk high/low    | Rs 325/Rs 228  |
| Promoter/FPI/DII | 73%/8%/8%      |

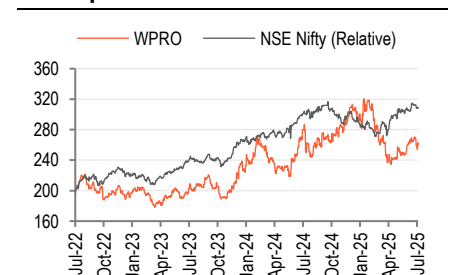
Source: NSE | Price as of 17 Jul 2025

## Key financials

| Y/E 31 Mar              | FY25A   | FY26E   | FY27E   |
|-------------------------|---------|---------|---------|
| Total revenue (Rs mn)   | 890,884 | 905,031 | 968,164 |
| EBITDA (Rs mn)          | 190,397 | 166,433 | 184,337 |
| Adj. net profit (Rs mn) | 131,354 | 135,049 | 145,489 |
| Adj. EPS (Rs)           | 12.5    | 12.9    | 13.9    |
| Consensus EPS (Rs)      | 12.5    | 12.5    | 13.7    |
| Adj. ROAE (%)           | 16.6    | 15.8    | 16.2    |
| Adj. P/E (x)            | 20.8    | 20.2    | 18.8    |
| EV/EBITDA (x)           | 14.2    | 16.1    | 14.3    |
| Adj. EPS growth (%)     | 20.9    | 2.7     | 7.7     |

Source: Company, Bloomberg, BOBCAPS Research

## Stock performance



Source: NSE



**HOLD**

TP: Rs 1,216 | ▲ 5%

**AXIS BANK**

| Banking

| 18 July 2025

## Prudent recognition norms drag asset quality and profitability

- **Asset quality adversely impacted largely due to the adoption of prudent asset recognition norms**
- **PAT declined, driven by higher credit cost and moderate business growth**
- **Maintain HOLD with a revised TP of Rs 1,216; set at 1.5x FY27E (Jun'27) ABV**

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**Asset recognition norms weigh on asset quality:** AXSB's asset quality deteriorated mainly due to the technical impact of its prudent adoption of strict asset recognition norms for slippages and subsequent upgrades. As a result, GNPA ratio increased by 29bps QoQ to 1.57% (1.41% ex- technical impact) as on June 30, 2025. Gross slippages rose sharply to Rs 82bn (+1.7x QoQ), including technical impact of Rs 27.1bn in Q1FY26. Of this, the retail segment accounted for 91% of total gross slippages. However, the economic loss due to technical impact is expected to be minimal, given that 80% of individual contracts slipped were entirely secured. Management expects slippages to be lower in the next 3 quarters of FY26, as Q1FY26 had the stock impact and technical recoveries will also flow through.

**High credit cost impacted PAT:** AXSB's PAT was Rs 58.1bn (-3.8% YoY) - 3.9% lower vs estimates, mainly due to higher credit cost of Rs 39.5bn (+93.6% YoY). The technical impact of prudent asset recognition norms adversely impacted PAT by Rs 6.1bn in Q1FY26. Excluding technical impact, PAT would have been up by 6.4% YoY in Q1FY26. However, PPOP increased by 13.9% YoY, mainly supported by healthy growth in non-interest income (+25.5% YoY) and a marginal rise in opex (+1.9% YoY). NIMs declined to 3.8% (-17bps QoQ), given a) 13bps impact of repricing (72% of floating rate advances with 59% repo linked) b) 4bps impact due to interest reversal (3bps on agri slippages and 1bps on technical impact).

**Business growth below system levels:** AXSB's advances growth remained muted at 8% YoY vs system growth of 9.5% (Jun'25). Loan growth was largely supported by retail loans (+6% YoY), which accounted for 59% of total loans. Deposit growth at 9.3% YoY was also below the system level of ~10.1% YoY (Jun'25). Management guided loan growth to be 300bps higher than system in the medium term.

**Maintain HOLD:** We expect the bank's return metrics to stay modest on prudent asset recognition norms and moderate business growth. We maintain HOLD and roll over valuation at 1.5x FY27E (Jun'27) ABV with revised SOTP-based TP of Rs 1,216 (earlier Rs 1,354).

## Key changes

| Target | Rating |
|--------|--------|
| ▼      | ◀ ▶    |

|                  |                  |
|------------------|------------------|
| Ticker/Price     | AXSB IN/Rs 1,160 |
| Market cap       | US\$ 41.7bn      |
| Free float       | 92%              |
| 3M ADV           | US\$ 88.2mn      |
| 52wk high/low    | Rs 1,319/Rs 934  |
| Promoter/FPI/DII | 8%/44%/41%       |

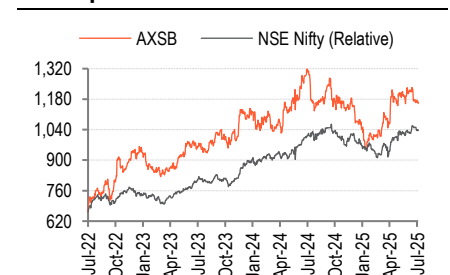
Source: NSE | Price as of 17 Jul 2025

## Key financials

| Y/E 31 Mar              | FY25A    | FY26E    | FY27E    |
|-------------------------|----------|----------|----------|
| NII (Rs mn)             | 5,43,478 | 5,73,937 | 6,64,385 |
| NII growth (%)          | 8.9      | 5.6      | 15.8     |
| Adj. net profit (Rs mn) | 2,63,735 | 2,46,835 | 3,08,779 |
| EPS (Rs)                | 85.3     | 79.7     | 99.7     |
| Consensus EPS (Rs)      | 85.3     | 89.5     | 103.7    |
| P/E (x)                 | 13.6     | 14.6     | 11.6     |
| P/BV (x)                | 2.0      | 1.8      | 1.5      |
| ROA (%)                 | 1.7      | 1.5      | 1.7      |
| ROE (%)                 | 15.9     | 12.9     | 14.1     |

Source: Company, Bloomberg, BOBCAPS Research

## Stock performance



Source: NSE



**SELL****TP: Rs 4,149 | ▼ 20%****LTIMINDTREE**

| IT Services

| 18 July 2025

## No signs of a turnaround under the new CEO, yet

- **1QFY26** was a bit below our expectation on revenue but in line with EBIT margins. New CEO cautious and unwilling talk beyond a quarter
- Third successive quarter of US\$1.6bn TCV. It would require a bigger step up with good revenue conversion for growth to pick up
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**Girish Pai**

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**1QFY26 performance so-so:** 1QFY26 revenue was US\$1.15 bn, reflecting CC growth of 0.8% QoQ (against our estimate of 2% CC growth). EBIT margin expanded by 50 bps QoQ to 14.3% (in line with our estimate of 14.5%). The QoQ growth in USD terms was driven by consumer business at 6.2%. Healthcare, Life Science & Public Services grew 4.8%. Europe led with 9.7%

**New CEO settling down:** Venu Lambu, the new CEO has a Fit4Future program which he is executing. The modest step up in the TCV from ~US\$1.4bn run rate to US\$1.6bn run rate is likely not giving him enough confidence to give a view beyond 2QFY26 (where he is indicating a similar momentum as seen in 1Q).

**Large deal momentum:** Management is seeing increased momentum in large deals and expects more announcements in 2Q, building a strong pipeline for the year. While quarterly order inflows fluctuate due to renewals and industry factors, on a yearly basis they expect higher large deal bookings.

**LTIM has disappointed post-merger:** While pre-merger LTI and Mindtree individually did well (possibly flaws were hidden due to the covid related demand surge), the performance post-merger of the two entities has been disappointing, both on revenue growth and on margins. The market's hope that it would grow ahead of Tier-1 peers and probably closer to its Tier-2 peers was dashed in both FY24 and FY25. EBIT margins have also come off from the levels of where they were immediately post-merger.

**Target PE multiple remains constrained due to weak execution:** We currently assign a 10% discount to the target PE multiple of TCS to arrive at the Target PE multiple of LTIM (19.2x), which we maintain from our last report. Assigning this to June FY27 EPS we arrive at a TP of Rs4149 and retain our SELL rating as we believe the current valuation (28x on 12 month forward basis) is unjustified for weak execution.

## Key changes

| Target | Rating |
|--------|--------|
| ▲      | ◀ ▶    |

|                  |                   |
|------------------|-------------------|
| Ticker/Price     | LTIM IN/Rs 5,195  |
| Market cap       | US\$ 17.9bn       |
| Free float       | 31%               |
| 3M ADV           | US\$ 18.7mn       |
| 52wk high/low    | Rs 6,768/Rs 3,802 |
| Promoter/FPI/DII | 69%/7%/15%        |

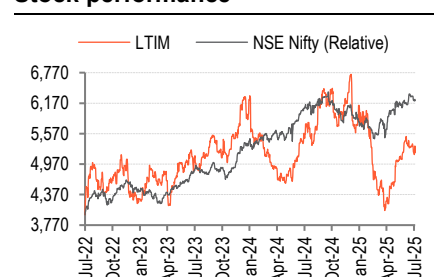
Source: NSE | Price as of 17 Jul 2025

## Key financials

| Y/E 31 Mar              | FY25A   | FY26E   | FY27E   |
|-------------------------|---------|---------|---------|
| Total revenue (Rs mn)   | 380,081 | 404,175 | 443,869 |
| EBITDA (Rs mn)          | 64,949  | 70,082  | 80,079  |
| Adj. net profit (Rs mn) | 48,809  | 54,149  | 62,317  |
| Adj. EPS (Rs)           | 153.4   | 180.1   | 210.1   |
| Adj. ROAE (%)           | 22.9    | 23.0    | 23.9    |
| Adj. P/E (x)            | 33.9    | 28.8    | 24.7    |
| EV/EBITDA (x)           | 23.4    | 21.7    | 18.7    |
| Adj. EPS growth (%)     | (0.8)   | 17.5    | 16.6    |

Source: Company, Bloomberg, BOBCAPS Research

## Stock performance



Source: NSE



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**BUY** – Expected return >+15%

**HOLD** – Expected return from -6% to +15%

**SELL** – Expected return <-6%

**Note:** Recommendation structure changed with effect from 21 June 2021

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