HOLD
TP: Rs 175 | ∀ 2%

WIPRO | IT Services | 17 July 2026

FY27 likely the fourth successive year of revenue decline

- **1QFY27 was not as bad as estimated in revenue but EBIT margin compression was sharper. 2Q Rev. guide was tad weaker than expected**
- **Execution remains the key challenge for Wipro as has been the case over multiple years across various CEOs**
- **Tweak USD revenue and EPS down a tad. Retain Target PE multiple of 12x on June 2028 EPS and maintain a Hold**

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1QFY27 was not as bad as anticipated on revenue but was weak on margin: Considering current weak demand environment due to macro issues, AI disruption and vendor consolidation we expected QoQ revenue decline to be steeper at 1.9%. Wipro delivered a decline of 1.2%. EBIT margin however was weaker than expected both by us and the street. At 16% it was lower than our estimate of 16.4%. Consensus was likely at 16.9%. Wipro's good margin management has been a highlight in recent times when revenue growth has been quite weak. However, that too failed in 1QFY27 probably because of weaker deal profitability due to aggressive commercial terms on some of the large deals that it won in recent times.

Weak total TCV and large deal TCV accretion signals a fourth successive year of USD revenue decline: Despite good Total TCV and large deal TCV (until 1QFY27) the conversion to revenue and leakage from existing book of business in an intensely competitive environment has meant weaker than expected growth in the last three years (among the weakest run in our Tier-1 coverage). The weaker TCV numbers in 1QFY27 for both Total TCV and large deal TCV has meant a weaker outlook on revenue growth. Implying that we could see a fourth successive year of revenue decline in FY27 in USD terms. Weak growth has now become a significant issue under all types of CEOs – both external and internal. Also, weak demand and intensely competitive market has not helped Wipro.

Pare estimates and maintain Hold rating: We tweak USD revenue and INR EPS estimates down. We keep a 15% discount to benchmark. We think 12x June 2028 EPS (15% discount to the benchmark) captures potential risks associated with Wipro. Our changed valuation methodology is addressed in our recent note (**'Show me the growth'**). The hopes of a turnaround under the CEO Srini Pallia are slowly evaporating. The risk remains that market may take a harsher view on the company and its relevance in the AI disrupted world and attach a lower target PE multiple and the stock could find much lower levels than what we are currently anticipating.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	WPRO IN/Rs 178
Market cap	US$ 19.6bn
Free float	27%
3M ADV	US$ 54.9mn
52wk high/low	Rs 273/Rs 169
Promoter/FPI/DII	73%/9%/5%

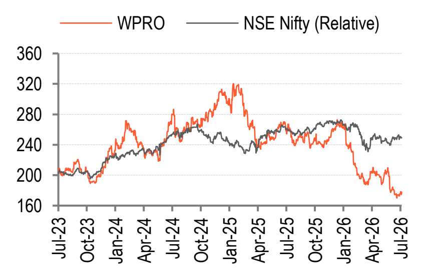
Source: NSE | Price as of 16 Jul 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	926,240	989,454	1,015,438
EBITDA (Rs mn)	193,268	192,299	208,005
Adj. net profit (Rs mn)	131,702	131,706	140,752
Adj. EPS (Rs)	12.5	13.1	14.3
Consensus EPS (Rs)	12.5	13.7	14.3
Adj. ROAE (%)	15.3	15.1	15.4
Adj. P/E (x)	14.2	13.5	12.5
EV/EBITDA (x)	10.0	10.5	10.3
Adj. EPS growth (%)	0.1	4.8	8.4

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Key Points from the quarter and the earnings call

- IT services revenue stood at US$ 2,614.5mn, declining 1.2% QoQ (better than our estimate of a decline of 1.9%) and growing 0.9% YoY in CC terms
- EBIT margin was 16% (below our estimate of 16.4%), 120bps decline QoQ and 10bps decline YoY, with the decline driven by incremental salary hike impact, ramp-up of large deals won earlier and ongoing AI investments, partly offset by rupee depreciation and operational efficiencies
- Geography-wise growth (CC terms)
    - Americas 1 (includes following industry sectors in the United States of America, Latin America and Canada: Communication, Media and Networks, Technology Software and Gaming, Technology New Age, Health and Consumer) declined 0.3% YoY and 2.3% QoQ
    - Americas 2 (Banking and Financial Services, Energy, Manufacturing and Resources and Capital Markets and Insurance) declined 7.3% YoY and 2.5% QoQ
    - Europe grew 6.0% YoY and declined 0.9% QoQ. Europe grew YoY with strong traction in BFSI and Technology & Communications, while Energy, Manufacturing & Resources remained soft
    - APMEA grew 13.5% YoY and 4.4% QoQ, led by continued momentum in BFSI and Consumer
- Sector-wise growth (CC terms)
    - BFSI grew 2.6% YoY and declined 1.2% QoQ. BFSI momentum is building entering 2Q. Europe BFSI delivered YoY growth led by ramp-up of previously announced large deals. APMEA continued to see strong BFSI traction from deal ramp-ups, existing engagements and new deal wins. Americas BFSI is also seeing good momentum. Ramp-up of large BFSI deals is taking longer as clients are scaling projects more gradually. Discretionary spending and client decision-making remain slow, but recovery is expected. Cost optimization and vendor consolidation continue to be the key demand drivers in BFSI. Savings from cost optimization are increasingly being reinvested by clients into AI capabilities. Reinvestment into AI is expected to support new transformation projects and recovery in discretionary spending
    - Consumer grew 1.9% YoY and 0.7% QoQ
    - Technology & Communications grew 10.8% YoY and 0.2% QoQ
    - EMR declined 8.9% YoY and 3.6% QoQ
    - Health declined 3.0% YoY and 2.6% QoQ
- 2Q IT services revenue guidance was US$2.574 bn-US$2.627 bn, implying constant currency sequential growth of -1.5% to +0.5%. This was a tad weaker than our expectation of -1% to +1%.

- Total TCV stood at US$3.4bn, declining 2.5% QoQ and 32.2% YoY; Large deal TCV stood at US$1.6bn, growing 13% QoQ and declining 39% YoY
  - Some deal decisions slipped into 2Q, while the pipeline remains healthy
  - Pipeline remains strong across cost optimization and vendor consolidation deals
  - Strong pipeline in BFSI across Americas and APMEA, Consumer across Americas and APMEA, Manufacturing in UK/Europe and Healthcare in the US
  - Services pipeline remains strong in cloud & infrastructure, cloud-native applications, AI consulting, AIOps, vendor consolidation and cost takeout
  - New opportunities are emerging in Sovereign AI and AI data centers
  - Overall pipeline remains robust and healthy
- Total Headcount stood at 2,43,044, addition of 888 QoQ. Excluding Aggne, net headcount declined by around 2,500 employees QoQ
- Macro environment remains resilient, but uncertainty continues to influence decision-making
- Technology investments have not slowed. They have become more focused, with continued spending on AI, data, cloud, modernization, cybersecurity and productivity-led transformation, although decision cycles are longer and spending is evaluated more rigorously
- AI disruption is expanding the market rather than shrinking it
- As tokenization evolves, clients are increasingly focused on net productivity and stronger linkage between investments and outcomes
- Pipeline remains healthy despite selective client spending
- Pipeline remains healthy across Europe, particularly in the UK and Nordics
- Client priorities are shifting beyond technology modernization toward AI-enabled operating models that improve service quality, reduce operational complexity, strengthen resilience and deliver sustainable productivity gains
- Wipro stated that AI remains a structural opportunity, with AI now embedded in almost all ongoing deals and implementations. Largest opportunity lies in new AI services, referred to as ‘Reimagine AI’. AI-native business unit is building industry-specific and cross-industry platforms, with continued investment despite near-term margin dilution. US$500 mn Wipro Ventures fund is focused on AI, data and cybersecurity startups to strengthen the Wipro Intelligence platform. It continues to strengthen ecosystem partnerships with frontier AI companies
- Focus remains on returning margins to the 17-17.5% band though specific timeline not given.
  - Continued investment in AI-native business, talent, infrastructure, platforms and solutions remains a strategic priority

    - Focus remains on balancing margin improvement with investments for future AI growth
    - Long-term model is expected to evolve toward platform plus services rather than pure services

- Demand environment remains soft, reflected in 2Q guidance
- Americas BFSI is seeing improving traction
- EMR remained weak in Europe and APMEA, but there have been recent deal wins in Europe
- BFSI client insourcing impact is behind and is no longer going to affect the performance
- AI is reshaping spend allocations, with traditional IT, BPO and support budgets getting compressed as clients shift spending toward AI
- Large traditional deals involving cost optimization and vendor consolidation continue to face margin pressure, with investments required in some deals for long-term opportunities
- Healthcare includes Payers, Providers, Life Sciences and Medical Devices, with a large presence in US Payers and Providers. weakness is driven by sustained pressure in the US healthcare ecosystem from structural and demographic factors. Client budgets remained flat or declined, with focus on cost takeout, AI and compliance spending. Focus remains on Medicare, Medicaid and ACA-related opportunities, supported by existing platforms. Changes in member onboarding and member services over the last 1-2 quarters also impacted performance. Healthcare is adopting AI more slowly, but AI remains a structural opportunity
- AI deal margins will vary by deal structure and use case
    - Large cost takeout deals will continue to embed AI-led forward productivity
    - Reimagine AI projects are expected to deliver premium pricing
    - Data, AI advisory and similar AI services are expected to be accretive to rate realization and margins
    - Large deals will remain competitive, while newer AI programs are expected to be margin accretive

We have an Underweight stance on Indian IT Services

We reinitiated coverage on the Indian IT Services with an Underweight stance through a report on 1 January 2025 (**Slow is the (new/old) normal**) and reiterated our view with updates on 12th March 2025 (**FY26 unlikely to be better than FY25**), 10th July 2025 (**Uncertainty stays and 'eating the tariff' may impact even FY27**) and 12 January 2026 (**A fourth slow year?**).

While both earnings and PE multiples have corrected since 1 Jan 2025, the industry's structural organic revenue growth from here on will be much lower vs ~7% CAGR seen during FY15-FY20; possibly ~2-3% CAGR over FY25-FY30 in constant currency (CC) terms.

We believe the release of advanced AI models will cause significant disruption to the industry rendering the sector to be a 'value trap'. We wrote about this in our 17 February 2026 report (**Existential threat, value trap or Temporary blip**) and through our 6 April 2026 report (**Narrative of FY27 being modestly better, set for its first test**).and the 9 July 2026 one (**'Show me the growth' phase will keep valuations compressed**)

Multiple speed breakers drive our Underweight stance

Gen AI and GCCs are going to disrupt growth: We believe that AI/Gen AI will lead to compression of revenue for the industry in the next 12-24 months, as companies self-cannibalize to hold on to their existing clients. Rapid growth of the GCCs is a threat to outsourcing. While there seems to be collaboration between outsourcers and their clients in setting up these GCCs, there will be growth discontinuity when the business is insourced at some point.

Massive hyper scaler AI capex should accentuate re-alignment in IT spend: Software players, including hyper scalers, are increasing capex on AI-related data centres. This will drive higher pricing, forcing enterprises to allocate more IT spend to Cloud/SaaS and move it away from the ones with lower bargaining power – global IT Services players.

Higher competition: Indian Tier-1 companies now face higher competition from Accenture, Tier-2 players and Cognizant, likely slowing their growth vs FY15-FY20. This is besides the fact that by FY26, Tier-1 revenue has reached US$ 85bn, double that in FY15 (6.5% CAGR). Due to the higher base now, growth may not be as rapid. In AI reinvention services we see a new set of competitors come in the forms of AI deployment companies from Anthropic, Open AI, Microsoft, Google etc. While professional services companies of software players did not make much of an impact in the past, we believe the situation could be different this time. With the requirement of a large army of offshore bodies being taken away by AI models, we believe players with high technical skills and deep domain and workflow expertise will become competitors. We will have several players from other industries as well senior management personnel from current incumbents to step out and startup companies and compete with the incumbents.

How we are valuing companies: We are using PE methodology. However, we are moving away from the earlier stance that we had taken of using TCS as our industry benchmark and using 16.8x (average PE multiple of TCS over the last 10 years less 1.5SD) as the Target PE multiple. We have been giving subjective premium/discount to this benchmark target PE to arrive at target PE multiples for the rest of our coverage

Considering the underperformance of TCS in terms of growth in FY26 and the likelihood of that repeating in the foreseeable future we have decided to shift from using TCS as the benchmark and move to Tier-1 PE multiple based valuation. That too using the valuation seen in the FY15-FY20 timeframe when the Tier-1 USD revenue CAGR was ~7% in organic terms. Our analysis indicates that Tier-1 (consisting of TCS, Infosys, HCLT, Wipro and Tech Mahindra) were collectively trading at mean multiple of 17.6x forward EPS with an SD of 1.7. We are using 14.1x as the benchmark multiple for the basis of valuation which is mean multiple of Tier-1 companies during this period less 2SD. We have been giving subjective premium/discount to this benchmark target PE to arrive at target PE multiples for the rest of our coverage

Our target PE multiples are lower than those used by consensus/competitors**.** Through our choice of the benchmark target PE multiple, we seek to capture the mortality and relevance risk that players face in this era of advanced AI models.

Tier- 2 valuation reflects growth gap with Tier-1

Tier-2 set has been taking away market share from the Tier-1 set, due to better execution as well as their smaller size. And, unlike previous cycles, they have performed better than the Tier-1 set, largely on better management teams.

However, current PE premium to Tier-1s is excessive for certain stocks, because to deliver on the high consensus revenue growth expectations, they may be taking on more cost take-out projects that are likely to impact margins adversely.

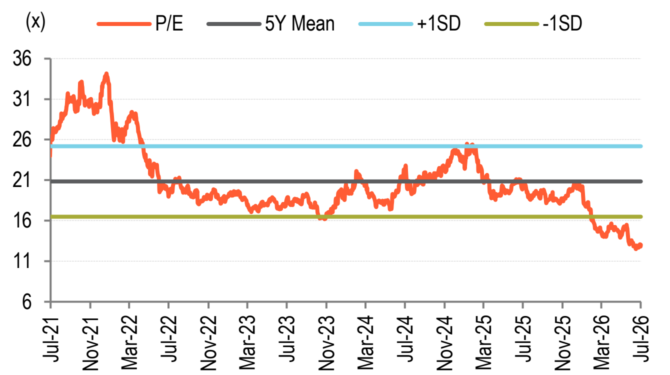
Also, some of the Tier-2s have been underperforming on the growth front, being discretionary project-oriented businesses struggling to pivot to a cost-take-out-driven demand environment.

Fig 1 – Quarterly results: Comparison of actuals with estimates

Y/E March (Rsmn)	1QFY26	4QFY26	1QFY27	YoY (%)	QoQ (%)	1QFY27E
IT Services Revenue (USD mn)	2,587	2,651	2,615	1.1	(1.4)	2,593
Net Sales	221,346	242,363	244,786	10.6	1.0	247,612
Employee Costs	157,247	172,186	174,900	11.2	1.6	177,191
% of Sales	71.0	71.0	71.5			71.6
Gross Margin	64,099	70,177	69,886	(0.6)	(0.6)	70,421
% of Sales	29.0	29.0	28.5			28.4
Other Expenditure	28,557	28,811	31,459	10.2	9.2	29,713
% of Sales	12.9	11.9	12.9			12.0
Forex Gain / (Loss)	182	325	779			0
Other Operating Income	0	0	0			0
EBIT	35,724	41,691	39,206	9.7	(6.0)	40,708
EBIT Margin (%)	16.1	17.2	16.0			16.4
Other Income	6,859	4,713	4,139	(39.7)	(12.2)	4,244
PBT	42,583	46,404	43,345	1.8	(6.6)	44,952
Provision for Tax	9,218	11,460	9,782	6.1	(14.6)	12,234
Effective Tax Rate (%)	21.6	24.7	22.6			27.2
Minority share in Profit / Loss	(61)	(198)	(43)			(170)
Adjusted PAT	33,304	34,746	33,520	0.6	(3.5)	32,547
Margin%	15.0	14.3	13.7			13.1
Less: Labour Code change impact and restructuring charges adjusted for taxes	-	(201.3)	-			2,629.0
Reported PAT	33,304.0	34,947.3	33,520.0			29,918.4
Margin%	15.0	14.4	13.7			12.1

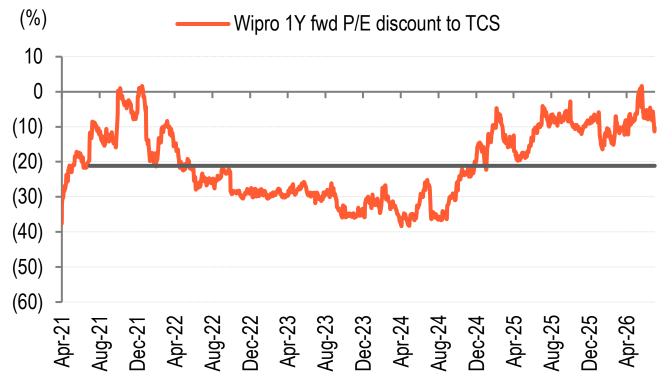
Source: Company, BOBCAPS Research

Fig 2 – 5 Year PE trend



Source: Bloomberg, BOBCAPS Research

Fig 3 – Premium/ Discount to TCS



Source: Bloomberg, BOBCAPS Research

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Fig 4 – Revised Estimates

Wipro	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
INR/USD	95.0	96.0	97.0	95.1	96.1	97.1	(0.0)	(0.0)	(0.0)
IT Services USD Revenue (USD mn)	10,432	10,563	10,761	10,447	10,612	10,812	(0.1)	(0.5)	(0.5)
USD Revenue Growth (%)	(0.4)	1.3	1.9	(0.3)	1.6	1.9			
Revenue (Rsbn)	989	1,015	1,045	1,002	1,028	1,058	(1.2)	(1.2)	(1.2)
EBIT (Rsbn)	160	167	174	166	170	177	(3.7)	(1.9)	(1.8)
EBIT Margin (%)	16.2	16.4	16.6	16.6	16.5	16.7			
PAT (Rsbn)	132	141	153	136	142	154	(2.8)	(1.2)	(0.6)
FDEPS (Rs)	13.1	14.3	15.5	13.7	14.4	15.5	(4.0)	(0.9)	(0.3)

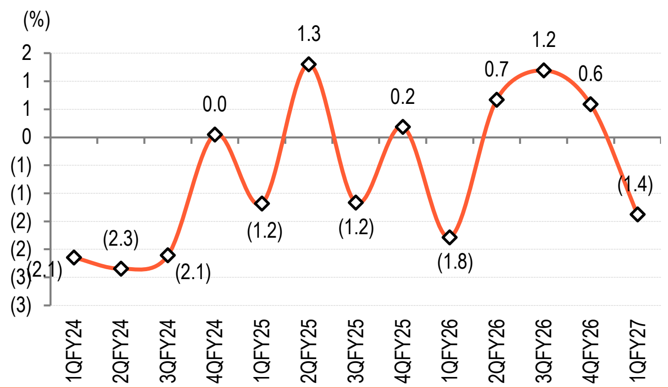
Source: BOBCAPS Research

Fig 5 – P&L at a glance

(YE March) (Rs bn)	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Average INR/USD	66.1	68.6	65.6	70.0	72.5	74.0	75.2	80.4	82.8	84.5	89.6	95.0	96.0	97.0
Net Sales - IT Services (USD mn)	**7,346**	**7,704**	**8,060**	**8,190**	**8,256**	**8,137**	**10,356**	**11,234**	**10,805**	**10,549**	**10,478**	**10,432**	**10,563**	**10,761**
-Growth (%)	**3.7**	**4.9**	**4.6**	**1.6**	**0.8**	**(1.4)**	**27.3**	**8.5**	**(3.8)**	**(2.4)**	**(0.7)**	**(0.4)**	**1.3**	**1.9**
Net Sales - Overall	514	550	545	586	610	619	791	905	898	891	926.24	989.45	1015.44	1045.23
-Growth (%)	8.7	7.0	(1.0)	7.5	4.2	1.5	27.7	14.4	(0.8)	(0.7)	4.0	6.8	2.6	2.9
Cost of Sales & Services	357	392	386	413	436	423	556	645	631	618	653	700	707	729
% of sales	69.3	71.1	70.8	70.5	71.5	68.3	70.3	71.3	70.4	69.3	70.5	70.8	69.6	69.7
Gross profit	158	159	159	173	174	196	235	259	266	273	273	289	309	316
% of sales	30.7	28.9	29.2	29.5	28.5	31.7	29.7	28.7	29.6	30.7	29.5	29.2	30.4	30.3
SG& A	63	73	76	80	73	76	101	124	130	122	118	130	142	143
% of sales	12.2	13.2	14.0	13.7	11.9	12.3	12.8	13.7	14.5	13.7	12.7	13.1	14.0	13.6
EBIT	**97**	**94**	**84**	**100**	**106**	**123**	**140**	**140**	**136**	**151**	**157**	**160**	**167**	**174**
% of sales	**18.8**	**17.1**	**15.5**	**17.1**	**17.3**	**19.9**	**17.7**	**15.4**	**15.2**	**17.0**	**16.9**	**16.2**	**16.4**	**16.6**
Interest expenses	6	5	6	7	7	5	5	10	13	15	15	19	18	18
Other income (net)	23	22	24	23	24	21	16	18	24	38	36	31	37	46
PBT	115	110	102	115	123	139	151	148	147	175	173	173	185	202
-PBT margin (%)	22.3	20.1	18.8	19.7	20.1	22.4	19.1	16.3	16.4	19.6	18.7	17.5	18.3	19.3
Provision for tax	25	25	22	25	25	30	29	34	36	43	41	41	45	48
Effective tax rate (%)	22.1	22.8	21.9	21.9	20.2	21.8	19.1	23.0	24.5	24.5	23.5	23.6	24.0	24.0
Minority Interest	0.5	0.2	0.0	0.1	0.5	0.3	0.1	0.2	0.7	0.8	0.7	0.2	0.2	0.2
Net profit	**89**	**85**	**80**	**90**	**97**	**108**	**122**	**114**	**110**	**131**	**131.70**	**131.71**	**140.75**	**153.01**
-Growth (%)	**2.9**	**(4.6)**	**(5.7)**	**12.4**	**8.0**	**11.4**	**12.8**	**(7.1)**	**(2.7)**	**18.9**	**0.3**	**0.0**	**6.9**	**8.7**
-Net profit margin (%)	**17.3**	**15.4**	**14.7**	**15.4**	**15.9**	**17.5**	**15.4**	**12.5**	**12.3**	**14.7**	**14.2**	**13.3**	**13.9**	**14.6**

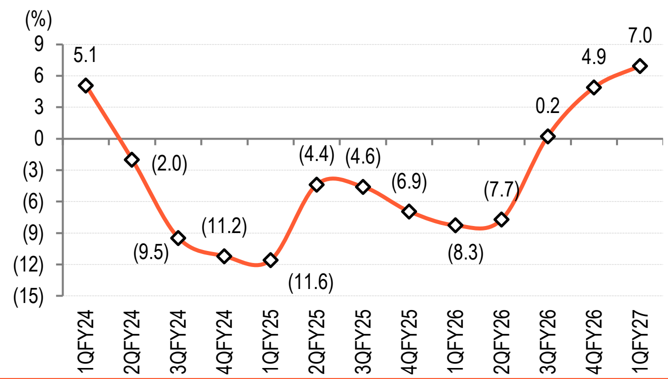
Source: Company, BOBCAPS Research

Fig 6 – USD revenue growth (QoQ) – IT Services



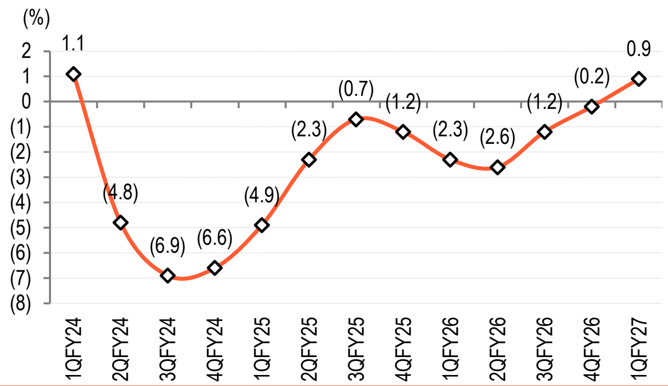
Source: Company, BOBCAPS Research

Fig 7 – Europe revenue growth – US$ terms (YoY)



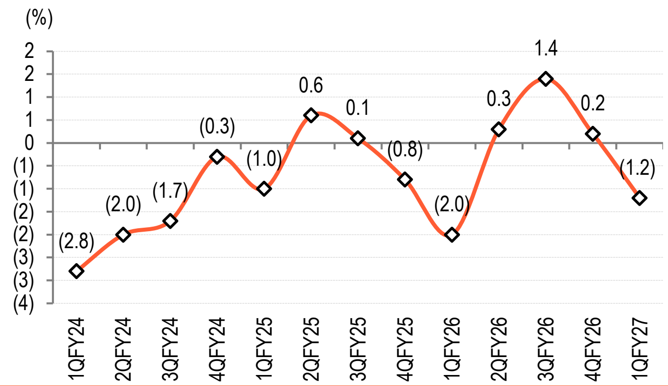
Source: Company, BOBCAPS Research

Fig 8 – IT Services YoY Growth (CC terms)



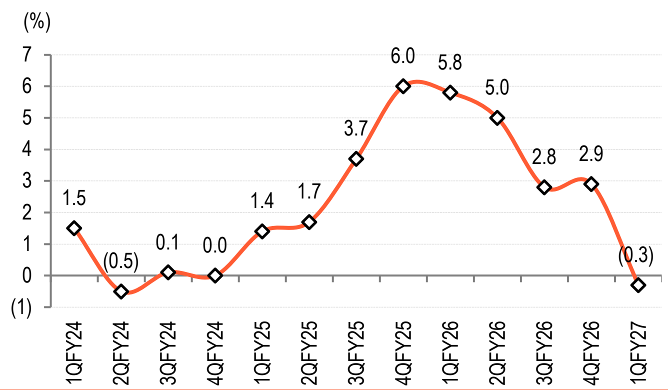
Source: Company, BOBCAPS Research

Fig 9 – IT Services QoQ Growth (CC terms)



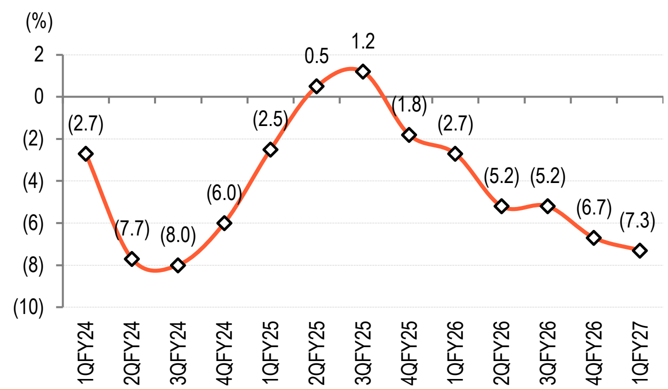
Source: Company, BOBCAPS Research

Fig 10 – Americas 1 YoY Growth (CC terms)



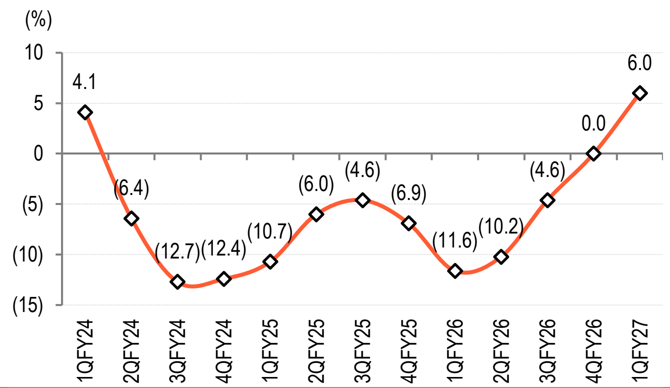
Source: Company, BOBCAPS Research

Fig 11 – Americas 2 YoY Growth (CC terms)



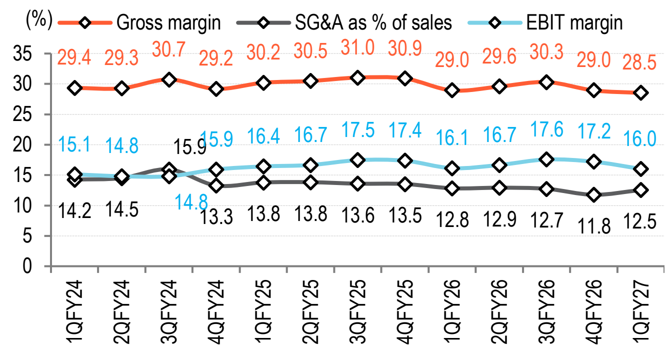
Source: Company, BOBCAPS Research

Fig 12 – Europe YoY Growth (CC terms)



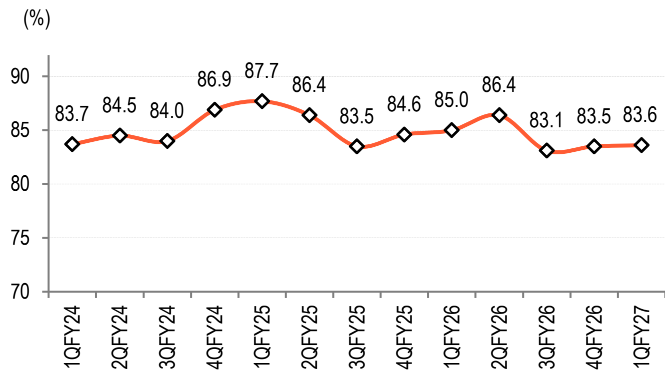
Source: Company, BOBCAPS Research

Fig 13 – Gross margin, SG&A as % of sales and EBIT margin



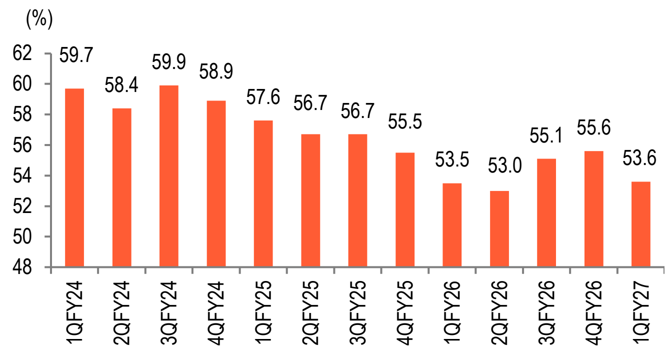
Source: Company, BOBCAPS Research

Fig 14 – Staff utilization (incl trainees) trend



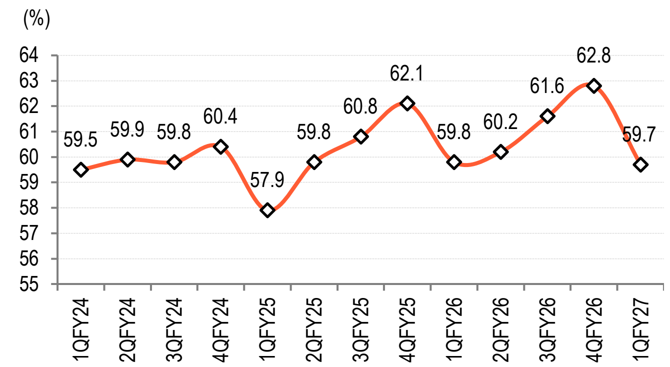
Source: Company, BOBCAPS Research

Fig 15 – Fixed price engagement in terms of revenue share



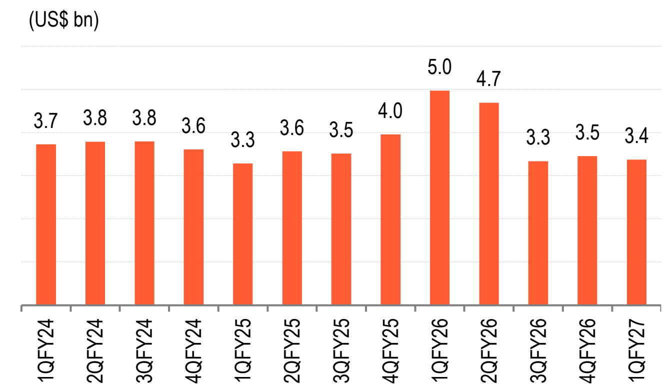
Source: Company, BOBCAPS Research

Fig 16 – Offshore revenue (%)



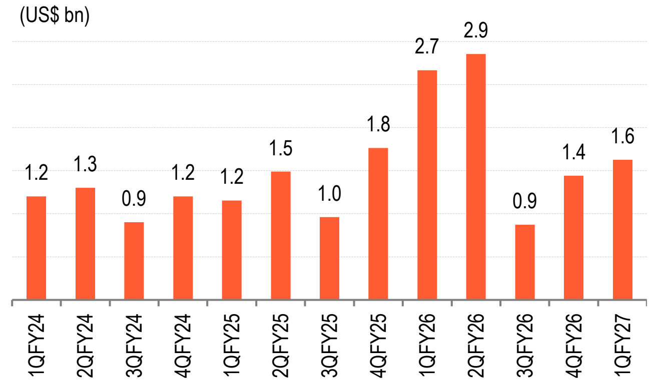
Source: Company, BOBCAPS Research

Fig 17 – Total TCV (US$ bn)



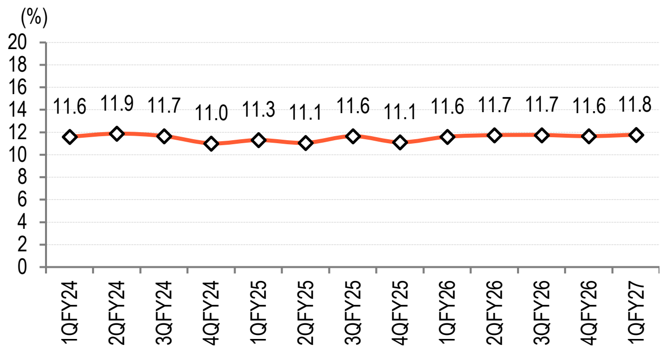
Source: Company, BOBCAPS Research

Fig 18 – Large Deal TCV (US$ bn)



Source: Company, BOBCAPS Research

Fig 19 – Sub-contractor cost (% of revenue) trend



Source: Company, BOBCAPS Research

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Fig 20 – Quarterly Snapshot

Year to 31 March	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27
Rs mn													
INR/USD	81.9	82.5	83.4	83.3	83.4	83.8	84.3	86.4	85.8	88.8	89.8	93.8	94.7
USD Revenue IT Services (USD mn)	2779	2713	2656	2657	2626	2660	2629	2634	2587	2604	2635	2651	2615
INR Revenue- IT Services	227,616	223,690	221,246	220,924	219,169	222,353	222,441	224,229	220,618	225,847	235,558	239,842	244,529
INR Revenue- IT Products	694	1469	805	1159	469	663	747	813	728	1126	2565	2521	1036
Forex gain/(loss)	62	(268)	(262)	128	206	396	(410)	(224)	(182)	(558)	(788)	(325)	(779)
Total Revenue-(Services+Products)	228,310	225,159	222,051	222,083	219,638	223,016	223,188	225,042	221,346	226,973	235,558	242,363	244,786
Direct costs	161,261	159,191	153,826	157,219	153,306	155,049	153,922	155,525	157,247	159,832	164,171	172,186	174,900
Gross Margin	67,049	65,968	68,225	64,864	66,332	67,967	69,266	69,517	64,099	67,141	71,387	70,177	69,886
SGA	32,471	32,891	35,622	29,363	30,057	30,422	30,710	30,654	28,557	29,870	30,783	28,811	31,459
EBIT- IT Services	36,517	36,058	35,426	36,195	36,057	37,332	38,937	39,130	35,704	37,728	41,165	41,416	39,190
EBIT- IT Products	(161)	(467)	114	143	(161)	(183)	29	(43)	20	101	227	275	16
EBIT - Reconciling Items	(1,840)	(2,246)	(2,675)	(965)	(1,840)	10	(53)	(211)	(2,430)				
Total EBIT	34516	33345	32865	35373	36069	37149	38966	39087	35724	37829	41392	41691	39206
Other income (net)	3,459	1,747	2,656	3,249	4,147	5,629	5,567	8,343	6,859	4,995	5,604	4,713	4,139
PBT	37,975	35,092	35,521	38,622	40,216	42,778	44,533	47,430	42,583	42,824	46,996	46,404	43,345
Tax	9,115	8,419	8,515	10,040	9,850	10,512	10,866	11,549	9,218	10,200	9,889	11,460	9,782
Minority Interest	(159)	(210)	(64)	(236)	(334)	(178)	(129)	(185)	(61)	(162)	(260)	(198)	(43)
PAT	28,701	26,463	26,942	28,346	30,032	32,088	33,538	35,696	33,304	32,462	36,847	34,746	33,520
YoY Growth (%)													
USD Revenue IT Services	0.8	(3.7)	(5.9)	(6.4)	(5.5)	(2.0)	(1.0)	(0.9)	(1.5)	(2.1)	0.2	0.6	1.1
INR Revenue	6.0	(0.1)	(4.4)	(4.2)	(3.8)	(1.0)	0.5	1.3	0.8	1.8	5.5	7.7	10.6
Gross Profit	12.3	7.2	(1.1)	(6.2)	(1.1)	3.0	1.5	7.2	(3.4)	(1.2)	3.1	0.9	9.0
EBIT	8.2	2.6	(12.7)	(5.9)	4.5	11.4	18.6	10.5	(1.0)	1.8	6.2	6.7	9.7
Net Profit	12.0	(0.5)	(11.7)	(7.8)	4.6	21.3	24.5	25.9	10.9	1.2	9.9	(2.7)	0.6
QoQ Growth (%)													
USD Revenue - IT Services	(2.1)	(2.3)	(2.1)	0.0	(1.2)	1.3	(1.2)	0.2	(1.8)	0.7	1.2	0.6	(1.4)
INR Revenue	(1.5)	(1.4)	(1.4)	0.0	(1.1)	1.5	0.1	0.8	(1.6)	2.5	3.8	2.9	1.0
EBIT	(8.1)	(3.4)	(1.4)	7.6	2.0	3.0	4.9	0.3	(8.6)	5.9	9.4	0.7	(6.0)
Net Profit	(6.6)	(7.8)	1.8	5.2	5.9	6.8	4.5	6.4	(6.7)	(2.5)	13.5	(5.7)	(3.5)
Margins (%)													
Gross Margin	29.4	29.3	30.7	29.2	30.2	30.5	31.0	30.9	29.0	29.6	30.3	29.0	28.5
SGA	14.2	14.6	16.0	13.2	13.7	13.6	13.8	13.6	12.9	13.2	13.1	11.9	12.9
EBIT Margin- IT Services	16.0	16.1	16.0	16.4	16.5	16.8	17.5	17.5	16.2	16.7	17.5	17.3	16.0
EBIT Margin- IT Products	(23.2)	(31.8)	14.2	12.3	(34.3)	(27.6)	3.9	(5.3)	2.7	9.0	8.8	10.9	1.5
Total EBIT Margin	15.1	14.8	14.8	15.9	16.4	16.7	17.5	17.4	16.1	16.7	17.6	17.2	16.0
PAT	12.6	11.8	12.1	12.8	13.7	14.4	15.0	15.9	15.0	14.3	15.6	14.3	13.7

Source: Company, BOBCAPS Research

Fig 21 – Key Metrics

Key Metrics	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27
Revenue (USD mn)	2,779	2,713	2,656	2,657	2,626	2,660	2,629	2,634	2,587	2,604	2,635	2,651	2,615
P and L (Rsmn)													
Revenue	228,310	225,159	222,051	222,083	219,638	223,016	223,188	225,042	221,346	226,973	235,558	242,363	244,786
EBITDA	38,563	41,370	44,889	51,557	40,116	45,050	50,576	54,655	39,468	45,150	52,364	56,286	42,995
PAT	28,701	26,463	26,942	28,346	30,032	32,088	33,538	35,696	33,304	32,462	31,190	34,746	33,520
Vertical Mix (%)													
Technology and Communication						15.4	15.3	15.2	15.5	15.6	16.0	16.8	17.0
Banking, Financial Services and Insurance	33.8	33.6	32.7	33.5	34.0	34.8	34.1	34.2	33.6	34.3	34.6	34.1	34.1
Health	12.2	12.7	13.9	14.1	13.9	13.6	14.7	14.4	14.6	14.5	14.9	14.2	14.0
Consumer	18.7	18.7	18.8	18.7	19.2	19.2	19.0	18.9	18.6	18.2	18.2	18.4	18.8
Energy, Manufacturing and Resources							16.9	17.3	17.7	17.4	16.3	16.5	16.1
ENU*	12.2	11.6	11.8	11.9	11.2	10.8	-	-	-	-	-	-	-
MFG AND TECH*	18.5	19.1	18.8	18.0	17.9	-	-	-	-	-	-	-	-
GMT*	4.6	4.3	4.0	3.8	3.8	-	-	-	-	-	-	-	-
Manufacturing*						6.2	-	-	-	-	-	-	-
Geographic Mix (%)													
Americas 1	28.8	29.8	31.0	30.4	30.9	30.8	32.3	32.8	35.8	35.6	35.6	35.6	35.2
Americas 2	30.0	29.9	30.0	30.7	30.8	30.6	30.6	30.6	27.7	27.0	26.6	25.7	25.4
Europe	29.5	28.6	27.7	27.8	27.6	27.9	26.7	26.1	25.7	26.3	26.7	27.2	27.2
APMEA	11.7	11.7	11.3	11.1	10.7	10.7	10.4	10.5	10.8	11.1	11.1	11.5	12.2
Project Type													
T&M	40.3	41.6	40.1	41.1	42.4	43.3	43.3	44.5	46.5	47.0	44.9	44.4	46.4
Fixed Price	59.7	58.4	59.9	58.9	57.6	56.7	56.7	55.5	53.5	53.0	55.1	55.6	53.6
Clients Concentration (%)													
Top client	3.1	3.0	3.0	3.8	4.0	4.1	4.5	4.4	4.7	4.8	4.7	4.3	4.4
Top 5 clients	12.5	12.3	12.1	13.4	13.6	14.0	14.3	14.5	14.7	14.4	14.4	13.8	14.3
Top 10 clients	20.5	20.6	20.5	22.0	22.5	22.9	23.7	24.2	24.5	24.0	23.7	23.1	23.6
Number of Clients													
> USD 100 mn+	21	22	22	22	22	21	18	17	16	16	16	16	16
> USD 75 mn+	28	28	31	32	29	30	30	28	27	29	31	29	32
> USD 50 mn+	51	51	46	45	43	42	42	44	47	45	45	45	45
> USD 20 mn+	123	122	121	116	117	117	114	111	109	104	103	106	110
> USD 10 mn+	207	207	203	205	192	186	187	181	180	177	177	183	184
> USD 5 mn+	319	313	305	301	301	297	290	289	281	272	281	289	287
> USD 3 mn+	444	437	430	409	407	411	403	398	397	393	390	391	394
> USD 1 mn+	769	774	750	741	735	733	722	716	725	730	722	715	714
Employees	249,758	244,707	239,655	232,614	232,911	233,889	232,732	233,346	233,232	235,492	242,021	242,156	243,044
Net Addition	(8812)	(5051)	(5052)	(7041)	297	978	(1157)	614	(114)	2260	6529	135	888
TTM Attrition (%)	17.3	15.5	14.2	14.2	14.1	14.5	15.3	15	15.1	14.9	14.2	13.8	13.9
P&L													
(USD mn)													
Revenue	2,779	2,713	2,656	2,657	2,626	2,660	2,629	2,634	2,587	2,604	2,635	2,651	2,615
EBIT	421	404	394	424	433	444	462	452	417	426	461	444	414
PAT	350	321	323	340	360	383	398	413	388	366	347	370	354
Per Capita (Annualised) - USD mn													
Revenue	44,499	44,352	44,332	45,696	45,097	45,493	45,187	45,152	44,368	44,236	43,557	43,790	43,029
EBIT	6,750	6,604	6,577	7,299	7,431	7,585	7,945	7,751	7,145	7,238	7,615	7,339	6,816
PAT	5,612	5,241	5,392	5,849	6,187	6,552	6,839	7,079	6,661	6,211	5,738	6,117	5,828

Source: Company, BOBCAPS Research

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Fig 22 – QoQ and YoY growth of various parameters

	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27
QoQ Growth (%)													
Vertical Wise													
Technology and Communication							(1.8)	(0.5)	0.2	1.3	3.8	5.6	(0.2)
Banking, Financial Services and Insurance	(3.3)	(2.9)	(4.7)	2.5	0.3	3.7	(3.2)	0.5	(3.5)	2.8	2.1	(0.9)	(1.4)
Health	(2.1)	1.7	7.1	1.5	(2.6)	(0.9)	6.8	(1.9)	(0.4)	(0.0)	4.0	(4.1)	(2.8)
Consumer	(2.7)	(2.3)	(1.6)	(0.5)	1.5	1.3	(2.2)	(0.3)	(3.3)	(1.5)	1.2	1.7	0.8
Energy, Manufacturing and Resources						(2.2)	(1.7)	2.6	0.5	(1.0)	(5.2)	1.8	(3.8)
Geography-wise													
Americas 1	(2.1)	1.0	1.8	(1.9)	0.4	1.0	3.6	1.7	7.2	0.1	1.2	0.6	(2.5)
Americas 2	(4.4)	(2.7)	(1.8)	2.4	(0.9)	0.6	(1.2)	0.2	(11.1)	(1.9)	(0.3)	(2.8)	(2.5)
Europe	(1.5)	(5.3)	(5.2)	0.4	(1.9)	2.4	(5.4)	(2.1)	(3.3)	3.0	2.7	2.5	(1.4)
APMEA	2.2	(2.3)	(5.5)	(1.7)	(4.7)	1.3	(3.9)	1.1	1.0	3.5	1.2	4.2	4.6
Customer Concentration													
Top customer	(8.3)	(5.3)	0.0	25.2	6.6	1.3	10.0	(4.0)	7.5	3.3	(1.5)	(9.8)	1.8
Top 5	(3.1)	(3.7)	(1.6)	9.4	2.8	1.7	2.3	(0.4)	2.1	(0.9)	0.6	(5.5)	3.1
Top 10	(1.4)	(1.6)	(0.4)	6.0	3.6	0.6	3.7	0.3	1.9	(0.9)	(0.7)	(3.9)	1.7
YoY Growth (%)													
Vertical Wise													
Technology and Communication										(0.8)	4.8	11.2	10.8
Banking, Financial Services and Insurance	(3.7)	(8.1)	(11.8)	(8.3)	(4.9)	1.5	3.2	1.2	(2.6)	(3.5)	1.7	0.4	2.6
Health	7.0	7.3	9.0	8.2	7.7	5.0	4.7	1.2	3.5	4.4	1.6	(0.8)	(3.1)
Consumer	1.9	(4.2)	(6.4)	(6.9)	(3.0)	0.7	0.0	0.2	(4.6)	(7.2)	(4.0)	(2.0)	2.1
Energy, Manufacturing and Resources						(10.4)	(9.6)	(7.3)	(0.9)	0.2	(3.3)	(4.0)	(8.1)
Geography-wise													
Americas 1	(0.2)	(1.7)	(0.7)	(1.2)	1.4	1.3	3.1	6.9	14.1	13.2	10.5	9.2	(0.6)
Americas 2	(3.4)	(8.0)	(8.3)	(6.4)	(3.0)	0.3	1.0	(1.2)	(11.4)	(13.6)	(12.9)	(15.5)	(7.3)
Europe	5.1	(2.0)	(9.5)	(11.2)	(11.6)	(4.4)	(4.6)	(6.9)	(8.3)	(7.7)	0.2	4.9	7.0
APMEA	4.4	(1.2)	(3.3)	(7.2)	(13.6)	(10.3)	(8.9)	(6.2)	(0.6)	1.6	7.0	10.2	14.2
Customer Concentration													
Top customer	(6.7)	(11.7)	(12.3)	8.8	26.5	35.3	48.7	14.1	15.0	17.4	5.1	(1.2)	(6.5)
Top 5	(7.4)	(11.6)	(14.9)	0.5	6.7	12.7	17.1	6.6	5.8	3.1	1.3	(3.8)	(2.8)
Top 10	(5.5)	(7.7)	(9.9)	2.4	7.6	10.0	14.6	8.4	6.6	5.1	0.6	(3.5)	(3.8)

Source: Company, BOBCAPS Research

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Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**890,884**	**926,240**	**989,454**	**1,015,438**	**1,045,235**
EBITDA	190,397	193,268	192,299	208,005	219,154
Depreciation	39,126	36,632	32,151	41,316	45,316
EBIT	151,271	156,636	160,148	166,689	173,838
Net interest inc./(exp.)	(14,770)	(14,577)	(18,585)	(18,475)	(18,475)
Other inc./(exp.)	38,456	36,748	31,144	37,214	46,191
Exceptional items	0	0	0	0	0
EBT	174,957	173,150	172,707	185,427	201,553
Income taxes	42,777	40,767	40,829	44,502	48,373
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	826	681	172	172	172
Reported net profit	**131,354**	**131,702**	**131,706**	**140,752**	**153,008**
Adjustments	0	0	0	0	0
Adjusted net profit	**131,354**	**131,702**	**131,706**	**140,752**	**153,008**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	88,252	94,924	99,880	103,462	105,580
Other current liabilities	189,976	303,993	309,981	312,488	313,971
Provisions	294	224	144	144	144
Debt funds	63,954	1,962	0	0	0
Other liabilities	111,036	125,040	131,685	131,685	131,685
Equity capital	20,944	20,977	19,807	19,807	19,807
Reserves & surplus	809,503	866,900	835,296	954,048	1,083,562
Shareholders' fund	830,447	887,877	855,103	973,855	1,103,369
Total liab. and equities	**1,283,959**	**1,414,020**	**1,396,793**	**1,521,634**	**1,654,750**
Cash and cash eq.	121,974	105,555	204,540	341,980	495,255
Accounts receivables	118,044	136,250	135,727	140,594	143,473
Inventories	694	517	869	869	869
Other current assets	147,815	182,871	170,029	173,879	176,157
Investments	439,259	467,859	338,581	338,581	338,581
Net fixed assets	55,235	67,962	46,109	24,793	(524)
CWIP	25,449	13,825	21,888	21,888	21,888
Intangible assets	352,464	416,575	456,262	456,262	456,262
Deferred tax assets, net	2,561	5,242	4,359	4,359	4,359
Other assets	20,464	17,364	18,429	18,429	18,429
Total assets	**1,283,959**	**1,414,020**	**1,396,793**	**1,521,634**	**1,654,750**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**190,916**	**173,676**	**184,075**	**198,088**	**215,417**
Capital expenditures	(4,063)	827	(13,652)	(20,000)	(20,000)
Change in investments	(105,133)	(27,801)	129,271	0	0
Other investing cash flows	0	0	0	0	0
Cash flow from investing	**(109,196)**	**(26,974)**	**115,619**	**(20,000)**	**(20,000)**
Equities issued/Others	10,494	33	(150,000)	0	0
Debt raised/repaid	20,351	6,057	9,775	0	0
Interest expenses	(14,770)	(14,577)	(18,585)	(18,475)	(18,475)
Dividends paid	(6)	(52,366)	(40,771)	(22,000)	(23,495)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	**16,069**	**(60,853)**	**(199,581)**	**(40,475)**	**(41,970)**
Chg in cash & cash eq.	**25,021**	**(16,151)**	**99,113**	**137,612**	**153,447**
Closing cash & cash eq.	**121,974**	**105,823**	**204,668**	**342,152**	**495,427**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	12.6	12.6	13.2	14.3	15.5
Adjusted EPS	12.5	12.5	13.1	14.3	15.5
Dividend per share	0.0	5.0	4.1	2.2	2.4
Book value per share	79.4	84.7	86.7	98.8	111.9

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	2.1	2.1	2.0	2.1	2.2
EV/EBITDA	10.0	10.0	10.5	10.3	10.4
Adjusted P/E	14.2	14.2	13.5	12.5	11.5
P/BV	2.2	2.1	2.0	1.8	1.6

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	75.1	76.1	76.3	75.9	75.9
Interest burden (PBT/EBIT)	115.7	110.5	107.8	111.2	115.9
EBIT margin (EBIT/Revenue)	17.0	16.9	16.2	16.4	16.6
Asset turnover (Rev./Avg TA)	73.1	68.5	70.2	69.4	65.6
Leverage (Avg TA/Avg Equity)	1.5	1.6	1.6	1.6	1.5
Adjusted ROAE	16.6	15.3	15.1	15.4	14.7

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	(0.7)	4.0	6.8	2.6	2.9
EBITDA	7.9	1.5	(0.5)	8.2	5.4
Adjusted EPS	20.9	0.1	4.8	8.4	8.7
Profitability & Return ratios (%)					
EBITDA margin	21.4	20.9	19.4	20.5	21.0
EBIT margin	17.0	16.9	16.2	16.4	16.6
Adjusted profit margin	14.7	14.2	13.3	13.9	14.6
Adjusted ROAE	16.6	15.3	15.1	15.4	14.7
ROCE	10.9	10.4	10.4	10.3	9.8
Working capital days (days)					
Receivables	75	87	80	81	81
Inventory	NA	NA	NA	NA	NA
Payables	36	37	36	37	36
Ratios (x)					
Gross asset turnover	16.1	13.6	21.5	41.0	(1,996.4)
Current ratio	1.4	1.1	1.2	1.6	1.9
Net interest coverage ratio	NA	NA	NA	NA	NA
Adjusted debt/equity	(0.1)	(0.1)	(0.2)	(0.4)	(0.4)

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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BUY – Expected return >+15%

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

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Note: Recommendation structure changed with effect from 21 June 2021

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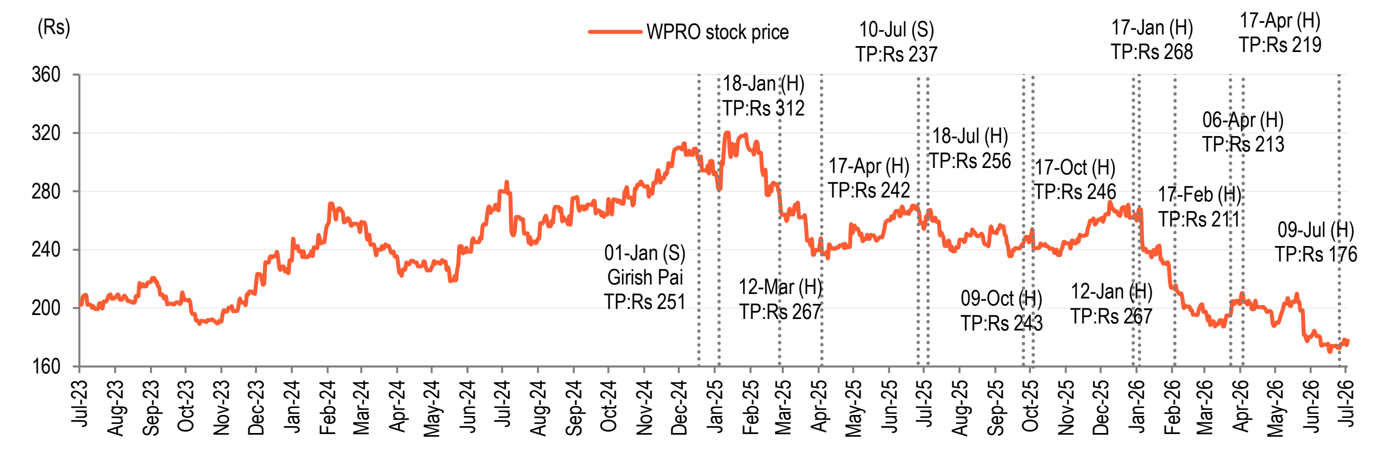
Ratings and Target Price (3-year history): WIPRO (WPRO IN)



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