

HOLD

TP: Rs 178 | ▼ 3%

WIPRO

| IT Services

| 17 October 2026

Multi quarter weak order inflow the key negative

- 2Q was a tad better than our estimate. Total and large deal TCV were at 18 quarter lows. Delayed deal closures seem to be the problem
- 3Q will probably be another quarter of decline especially with furloughs. FY27 will be the fourth successive year of revenue decline
- EPS estimates broadly maintained. Value Wipro at an unchanged Target PE of 12x Sep 2028 EPS. Maintain HOLD

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2Q TCV- total and large deal – were at multi quarter lows.: While 2Q revenue growth and EBIT margin were a tad better than expected, the TCV numbers – both total and large deal – disappointed and were at 18 quarter lows. CEO says that couple of deal signings got delayed – no reasons given as to why that happened. 3Q TCV indicated to be very strong.

TTM TCV numbers are down too but on a high base: TTM total TCV and large deal TCVs are down 22% and 44% respectively on a YoY basis (see exhibits inside). It should be noted that for Wipro the TCV numbers encompass both new and renewal deals. The declines are on a high base. Four quarters back they were up 20% and 74% respectively. And large deals are classified as those that have TCV >US\$30mn.

Demand environment indicated to be unchanged. Indicated deflationary pressures will ease off after a few quarters: Wipro stated that the demand environment was similar to that seen in previous quarters. We have been closely following views of companies on deflation this results season. Wipro indicates that pressure should ease off in a few quarters. Most others are in the camp that this could last another 2 years.

Fourth successive year of negative growth: FY27 will mark the 4th successive year of negative revenue growth despite addition of inorganic elements. The weaker deal conversion (possibly leakage in the book, we suspect) and weak TTM deal growth may put our estimate of a turnaround in revenue growth in FY28 at risk. The margin performance for such anemic growth is very good.

Retain estimates and maintain Hold rating: EPS estimates retained. We think 12x Sept 2028 EPS (15% discount to the benchmark) captures potential risks associated with Wipro. The hopes of a turnaround under the CEO Srinii Pallia are slowly evaporating. The risk remains for the market to take a harsher view regarding 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 184
Market cap	US\$ 19.2bn
Free float	27%
3M ADV	US\$ 28.6mn
52wk high/low	Rs 273/Rs 157
Promoter/FPI/DII	73%/9%/5%

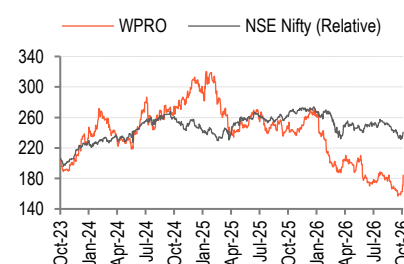
Source: NSE | Price as of 16 Oct 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	926,240	999,963	1,035,974
EBITDA (Rs mn)	193,268	190,358	201,934
Adj. net profit (Rs mn)	131,702	132,216	141,420
Adj. EPS (Rs)	12.5	13.2	14.3
Consensus EPS (Rs)	12.5	13.3	13.8
Adj. ROAE (%)	15.3	15.3	15.7
Adj. P/E (x)	14.7	14.0	12.9
EV/EBITDA (x)	9.9	10.3	10.2
Adj. EPS growth (%)	0.1	4.9	8.4

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Key Points from the quarter and the earnings call

- Revenue stood at US\$2,611.5mn, flat QoQ (above our estimate of -0.5%) and up 0.6% YoY in CC terms
- Strategic market unit growth (CC terms): Americas 1 declined 2.1% QoQ and 2.7% YoY, Americas 2 grew 0.9% QoQ and declined 4.7% YoY, Europe grew 0.6% QoQ and 5.1% YoY, APMEA grew 3.1% QoQ and 13.3% YoY
 - Americas 1 declined QoQ due to client specific issues and softness in Healthcare
 - Americas 2 grew QoQ, driven by EMR, with encouraging momentum in BFSI
 - Europe grew QoQ and YoY, with broad based growth led by BFSI, Consumer and EMR
- APMEA maintained strong traction, growing QoQ and YoY, fueled by Consumer, Tech and Comms
- Sector growth (CC terms): BFSI grew 1.0% QoQ and 1.3% YoY, Consumer grew 2.6% QoQ and 6.0% YoY, Technology and Communications declined 2.6% QoQ and grew 7.1% YoY, Energy, Manufacturing and Resources grew 1.1% QoQ and declined 6.6% YoY, Health declined 3.8% QoQ and 6.5% YoY
- EBIT margin stood at 16.4% (in line with our estimate of 16.3%), up 40 bps QoQ and down ~25 bps YoY
 - Operational improvements and rupee depreciation, offset by continuing investments in the business, drove the margin improvement. Management said efforts will continue towards improving margins while creating headspace for growth
 - The last salary hike was taken from 1 March 2026 and expectation is that EBIT margin should remain steady to trend higher as growth picks up in 2H.
- Total bookings stood at US\$2.6bn, down 22.9% QoQ in CC terms; Large deal TCV stood at US\$0.7bn, down 58.6% QoQ in CC terms.
 - TCV declined QoQ as a few deals could not be signed on time and slipped out of the quarter. Both deals that could not be signed are expected to be signed in 3Q.
 - Pipeline is very robust, with a very strong pipeline for 3Q itself, and management is optimistic of better TCV closure in 3Q
 - Bookings reflect a healthy mix of new business and expansion of existing engagements
 - Strong traction is also seen in deal wins and pipeline in the mid-market segment
- Net utilization (excluding trainees) stood at 83.4%; TTM attrition stood at 13.8%
- Headcount stood at 236,328, decline of 6,716 QoQ, and increase of 836 YoY

- No campus hiring was done in 1H, and campuses will be visited for hiring given the volume growth expected in 2H, so headcount is expected to even out going forward. Productivity is also being driven through AI projects
- Offshore revenue stood at 62.2% of services revenue
- **3Q revenue guidance is US\$ 2.571 bn to US\$ 2.625 bn, translating to a sequential guidance of -1.5% to +0.5% in CC terms. This was a tad better than the -2 to 0% anticipated by us. 3Q will remain impacted by seasonal furloughs which are expected to be broadly in line with last year**

Other Points:

- Demand environment has remained largely unchanged, with clients focused on efficiency and productivity while increasingly looking to accelerate AI adoption and drive long term value. Balance between efficiency and growth is shaping demand across industries
 - BFSI continues to see strong momentum, with clients focused on cost optimization, legacy modernization and scaling agentic AI across the enterprise
 - Digital native and new age firms are driving demand in the Technology sector, with investments in custom silicon, design to manufacture and physical AI creating opportunities across the engineering value chain. Growth is also emerging across AI model ecosystems, from model training and evaluation to execution
 - Good wins in previous quarters in Energy, Manufacturing and Resources are ramping up, and the sector continues to gain traction across markets
 - Consumer sector is seeing good traction in CPG, travel and transportation, and new wins and revenue from the Olam deal supported performance
 - Healthcare in the US continues to be affected by policy changes, while cost pressures across payers and providers are creating new outsourcing opportunities. Platform-based offerings and rising regulatory requirements are shaping the Healthcare pipeline
 - Growth leadership in the coming year is expected to be between BFSI and Tech
- Client discussions are about accelerating AI adoption, AI deployment and innovation, aimed at creating long term business value and return on investment. Cost optimization and vendor consolidation continue to be other drivers for clients
- US economy is very strong, with a strong pipeline. In Europe, clients are looking at cost optimization and vendor consolidation, and are also relooking at their AI strategy, including sovereign AI in the context of geopolitics
- Tangible returns are being seen from strategic investments made in recent quarters, with Mindsprint strengthening the position in food and agriculture and HARMAN DTS boosting engineering capabilities, helping win new logos and deepen existing engagements. Such investments will continue even when they

create near-term margin headwinds, as they enhance strategic position, expand addressable markets and build a foundation for future growth

- Growing success is seen in outcome-based deals, driving nonlinear growth
- Investments in AI services and solutions have been accelerated across five emerging themes: AI data centers, AI foundry services, physical AI, AI devices and design to manufacturing
- Business remains resilient despite a challenging macro environment, with encouraging emerging opportunities across markets
- GCC opportunities fall in three areas, greenfield, brownfield and monetization, and the company partners with clients across all of them
- Growth strategy is both organic and inorganic. Inorganic opportunities are assessed on whether they enhance the consulting led and AI powered strategy within priority sectors and markets. Acquisition strategy will continue to be the same, with a lookout for opportunities that enhance value
- BFSI had good wins in the quarter, including the consulting-led transformation deal. One of the mega deals announced earlier, where ramp up was delayed, is now starting to ramp up. A specific BFSI Europe customer had earlier moved part of the work to its captive, which impacted revenue, but good momentum is now building with this customer, reflecting in current quarter growth and going forward.
- Capco, the consulting arm for BFSI, performed very well, with growth across APMEA, Continental Europe and the UK. Technology spending in BFSI remains resilient, with AI and data investments growing meaningfully, some through reallocation and some through productivity takeout. BFSI has a very strong pipeline and remains very resilient as a sector
- Client specific issues highlighted earlier are largely behind. By 3QFY27, large part of it should be done
- Mindsprint was acquired in the context of a structured large deal with Olam, as its capabilities could add value to the company overall, and one month of its revenue came through in the quarter. Alpha Net is more of a tuck in within a large client, aimed at consolidating vendors out. Impact of the acquisitions was not called out and is not very material
- Pipeline for 3Q, 4Q and the year ahead is extremely strong. 3Q is expected to see very good bookings, with some of the deals that could not be signed in 2Q also moving in
- **Contracts have an average tenor of about 2 to 2.5 years, and the deflation cycle has run for about 1.5 to 2 years, so many contracts have been refreshed and renewed. Inflection in the deflation cycle is expected in a few quarters**
- Health sector in the US is impacted by policy changes, while large US payers remain intensely focused on cost takeout and operational efficiencies, as membership growth is slowing down and margins remain under pressure. Payers are tightening discretionary spend and prioritizing AI, automation, compliance and

productivity led transformation initiatives. End to end platform-based services are resonating well with customers and are a major differentiator, as ACA, Medicare and Medicaid can be brought together under a single platform. Demand is also being seen from first time outsourcers in healthcare, looking to outsource IT services because of sustained cost pressures. Health is expected to benefit from seasonality in 3Q, though not to the extent seen in previous years

- Both delayed large deals are in the process of being signed, with confidence of securing both, and an update to be shared at the next meeting in January
- Strategy is consulting led and AI powered, with execution through the Wipro Intelligence Stack across three categories
 - Build AI, supported by the WEGA platform, covers the software development life cycle and product development life cycle
 - Run AI, supported by the WINGS platform, covers run and operate and helps clients improve productivity, velocity and experience
 - Reimagine AI has three components, AI consulting and advisory, new AI services and the AI native unit
- New AI services were not in existence a few quarters back, and are picking up as AI adoption and deployment become a client priority
- AI native unit is building industry and cross industry platforms in areas such as aviation, healthcare, telecom, mortgage and insurance, as a combination of platform and services, with very good traction as end-to-end processes are reimaged with AI

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**)

Lately we have been worried about global macro which we believe will impact growth. See our 16 September 2026 note (**Macro will weigh down as much as AI near term**)

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.

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.

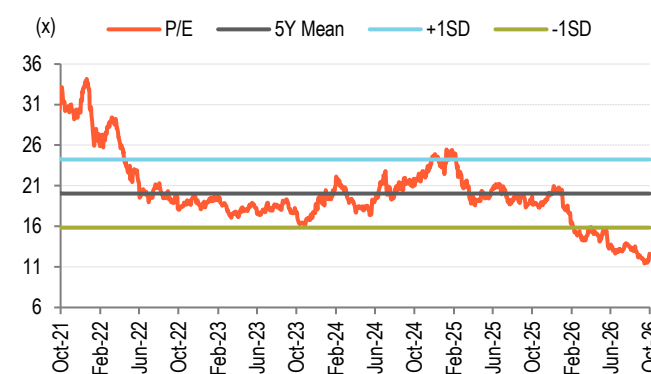
We believe the recent large acquisitions done by the prominent Tier-2 companies like Persistent Systems and Coforge are return dilutive and may pose execution challenges. They also seem to be funded partly or fully through stock dilution.

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.

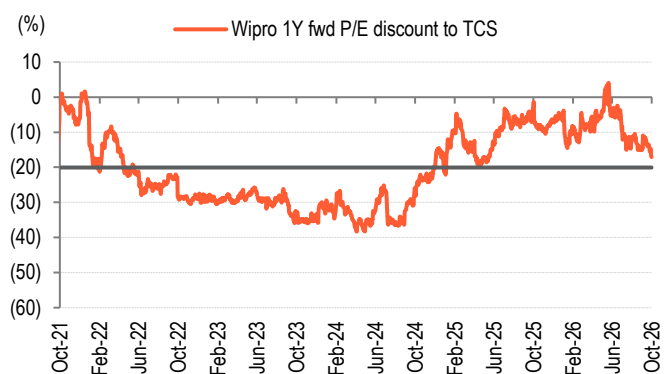
Fig 1 – Quarterly results: Comparison of actuals with estimates

Y/E March (Rsmn)	2QFY26	1QFY27	2QFY27	YoY (%)	QoQ (%)	2QFY27E
IT Services Revenue (USD mn)	2,604	2,615	2,612	0.3	(0.1)	2,594
Net Sales	226,973	244,786	247,527	9.1	1.1	246,418
Employee Costs	159,832	174,900	176,071	10.2	0.7	175,592
% of Sales	70.4	71.5	71.1			71.3
Gross Margin	67,141	69,886	71,456	(1.1)	0.5	70,826
% of Sales	29.6	28.5	28.9			28.7
Other Expenditure	29,870	31,459	31,466	5.3	0.0	30,765
% of Sales	13.2	12.9	12.7			12.5
Forex Gain / (Loss)	558	779	655			0
Other Operating Income	0	0	0			0
EBIT	37,829	39,206	40,645	7.4	3.7	40,061
EBIT Margin (%)	16.7	16.0	16.4			16.3
Other Income	4,995	4,139	1,402			1,980
PBT	42,824	43,345	42,047	(1.8)	(3.0)	42,041
Provision for Tax	10,200	9,782	10,050			10,090
Effective Tax Rate (%)	23.8	22.6	23.9			24.0
Minority share in Profit / Loss	(162)	(43)	9			(43)
Reported PAT	32,462.0	33,520.0	32,006.0			31,908.2
Margin%	14.3	13.7	12.9			12.9

Source: Company, BOBCAPS Research

Fig 2 – 5 Year PE trend

Source: Bloomberg, BOBCAPS Research

Fig 3 – Premium/ Discount to TCS

Source: Bloomberg, BOBCAPS Research

Fig 4 – Revised Estimates

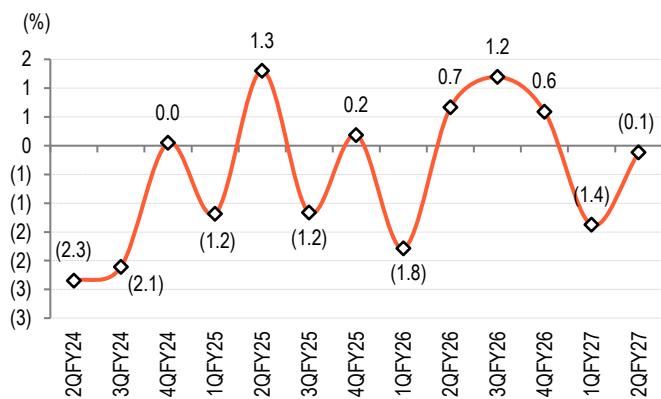
	New			Old			Deviation		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
INR/USD	95.9	97.4	98.4	95.0	96.0	97.0	0.9	1.4	1.4
IT Services USD Revenue (USD mn)	10,462	10,603	10,803	10,421	10,563	10,761	0.4	0.4	0.4
USD Revenue Growth (%)	(0.1)	1.4	1.9	(0.5)	1.4	1.9			
Revenue (Rsbn)	1,000	1,036	1,066	988	1,015	1,045	1.2	2.0	2.0
EBIT (Rsbn)	163	170	176	160	167	174	2.1	2.2	1.2
EBIT Margin (%)	16.3	16.4	16.5	16.2	16.4	16.6			
PAT (Rsbn)	132	141	153	131	141	153	0.7	0.5	0.0
FDEPS (Rs)	13.2	14.3	15.4	13.1	14.3	15.5	0.4	0.1	(0.4)

Source: BOBCAPS Research

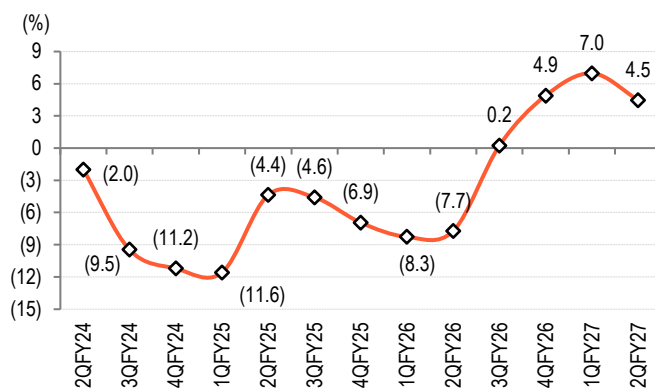
Fig 5 – P&L at a glance

(YE March) (Rs bn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Average INR/USD	68.6	65.6	70.0	72.5	74.0	75.2	80.4	82.8	84.5	89.6	95.9	97.4	98.4
Net Sales - IT Services (USD mn)	7,704	8,060	8,190	8,256	8,137	10,356	11,234	10,805	10,549	10,478	10,462	10,603	10,803
-Growth (%)	4.9	4.6	1.6	0.8	(1.4)	27.3	8.5	(3.8)	(2.4)	(0.7)	(0.1)	1.4	1.9
Net Sales - Overall	550	545	586	610	619	791	905	898	891	926.24	999.96	1035.97	1066.15
-Growth (%)	7.0	(1.0)	7.5	4.2	1.5	27.7	14.4	(0.8)	(0.7)	4.0	8.0	3.6	2.9
Cost of Sales & Services	392	386	413	436	423	556	645	631	618	653	710	729	752
% of sales	71.1	70.8	70.5	71.5	68.3	70.3	71.3	70.4	69.3	70.5	71.0	70.4	70.6
Gross profit	159	159	173	174	196	235	259	266	273	273	290	307	314
% of sales	28.9	29.2	29.5	28.5	31.7	29.7	28.7	29.6	30.7	29.5	29.0	29.6	29.4
SG& A	73	76	80	73	76	101	124	130	122	118	128	136	138
% of sales	13.2	14.0	13.7	11.9	12.3	12.8	13.7	14.5	13.7	12.7	12.8	13.2	12.9
EBIT	94	84	100	106	123	140	140	136	151	157	163	170	176
% of sales	17.1	15.5	17.1	17.3	19.9	17.7	15.4	15.2	17.0	16.9	16.3	16.4	16.5
Interest expenses	5	6	7	7	5	5	10	13	15	15	21	22	22
Other income (net)	22	24	23	24	21	16	18	24	38	36	31	38	47
PBT	110	102	115	123	139	151	148	147	175	173	173	186	201
-PBT margin (%)	20.1	18.8	19.7	20.1	22.4	19.1	16.3	16.4	19.6	18.7	17.3	17.9	18.9
Provision for tax	25	22	25	25	30	29	34	36	43	41	41	44	48
Effective tax rate (%)	22.8	21.9	21.9	20.2	21.8	19.1	23.0	24.5	24.5	23.5	23.6	23.9	23.9
Minority Interest	0.2	0.0	0.1	0.5	0.3	0.1	0.2	0.7	0.8	0.7	0.0	0.0	0.0
Net profit	85	80	90	97	108	122	114	110	131	131.70	132.22	141.42	152.98
-Growth (%)	(4.6)	(5.7)	12.4	8.0	11.4	12.8	(7.1)	(2.7)	18.9	0.3	0.4	7.0	8.2
-Net profit margin (%)	15.4	14.7	15.4	15.9	17.5	15.4	12.5	12.3	14.7	14.2	13.2	13.7	14.3
Number of Shares (Fully Diluted) in Mn	12,032	12,032	12,032	11,407	11,049	10,974	10,980	10,470	10,491	10,505	9,911	9,911	9,911

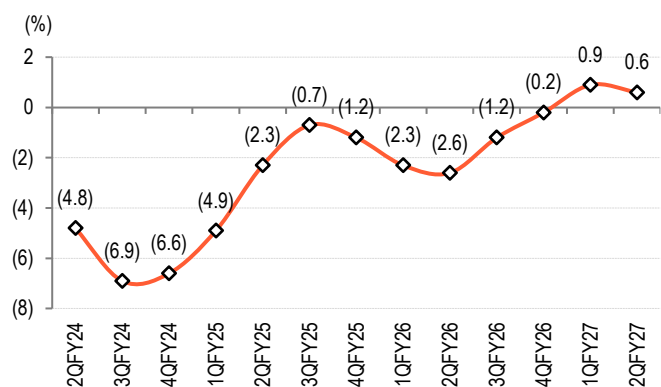
Source: Company, BOBCAPS Research

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

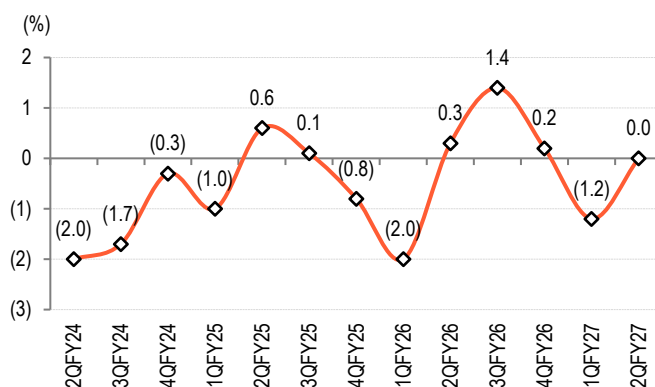
Source: Company, BOBCAPS Research

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

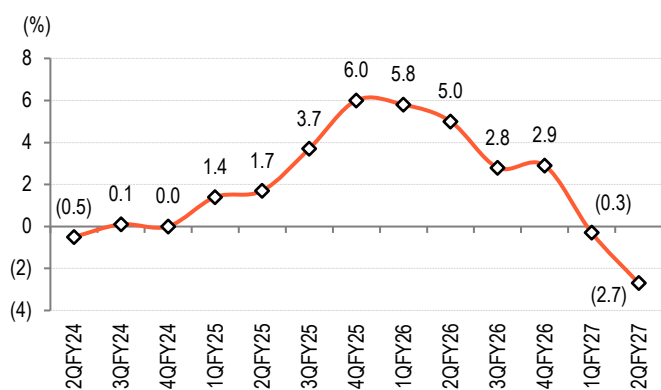
Source: Company, BOBCAPS Research

Fig 8 – IT Services YoY Growth (CC terms)

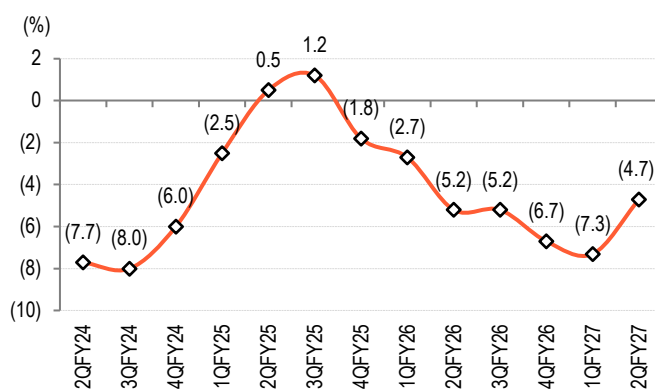
Source: Company, BOBCAPS Research

Fig 9 – IT Services QoQ Growth (CC terms)

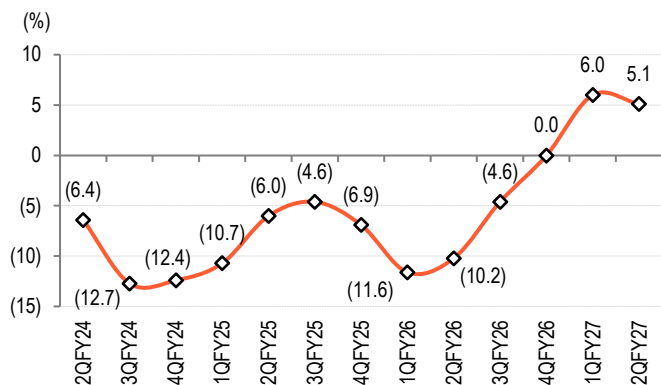
Source: Company, BOBCAPS Research

Fig 10 – Americas 1 YoY Growth (CC terms)

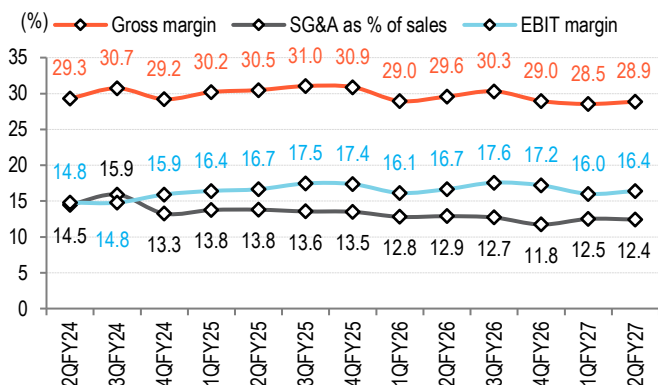
Source: Company, BOBCAPS Research

Fig 11 – Americas 2 YoY Growth (CC terms)

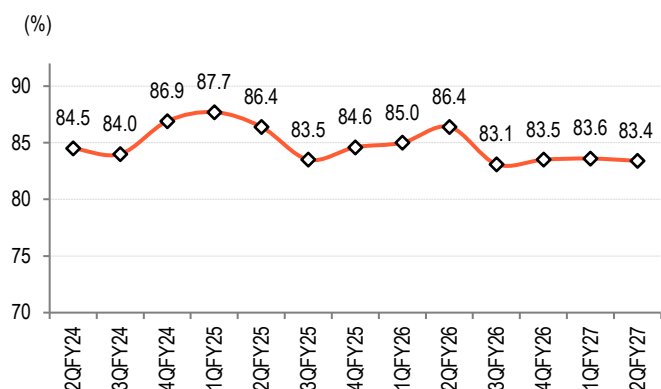
Source: Company, BOBCAPS Research

Fig 12 – Europe YoY Growth (CC terms)

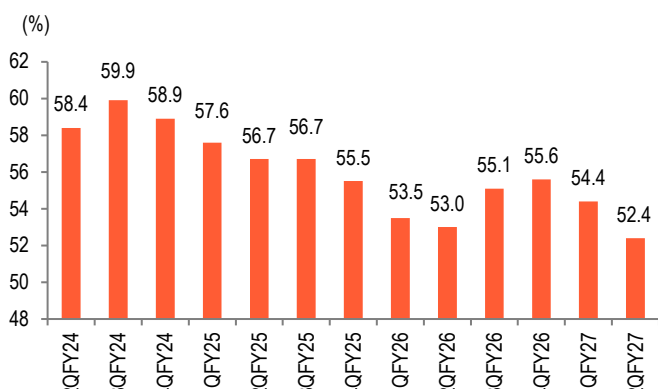
Source: Company, BOBCAPS Research

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

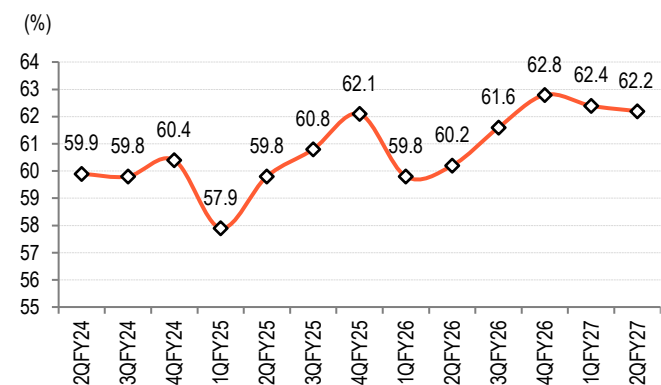
Source: Company, BOBCAPS Research

Fig 14 – Staff utilization (incl trainees) trend

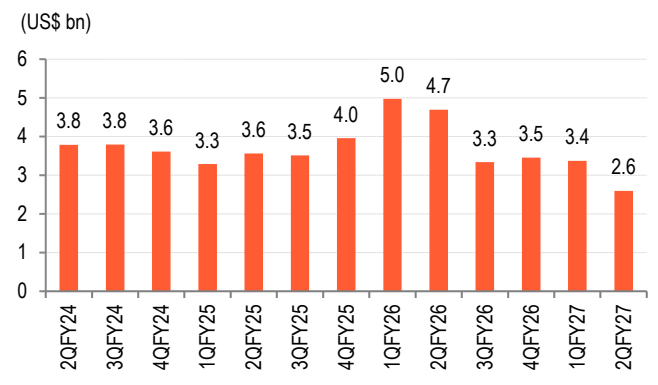
Source: Company, BOBCAPS Research

Fig 15 – Fixed price engagement in terms of revenue share

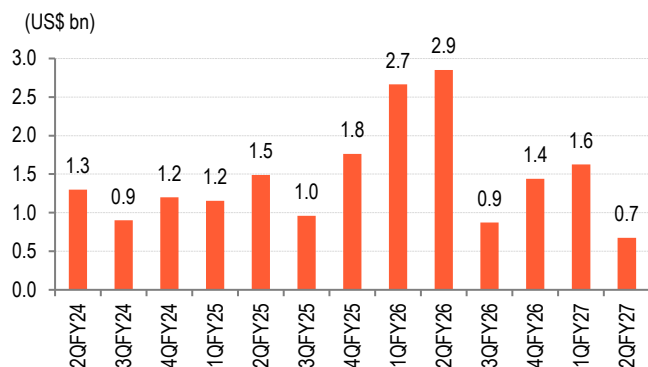
Source: Company, BOBCAPS Research

Fig 16 – Offshore revenue (%)

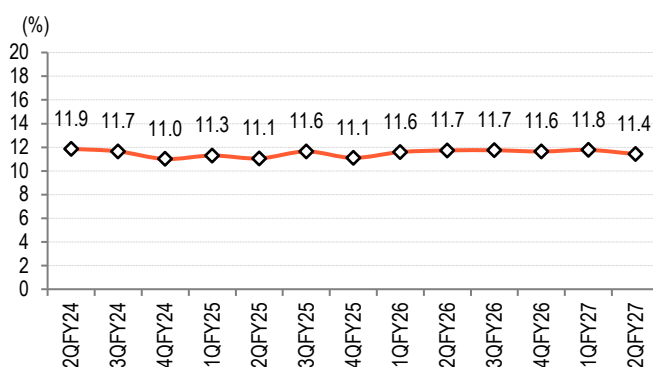
Source: Company, BOBCAPS Research

Fig 17 – Total TCV (US\$ bn)

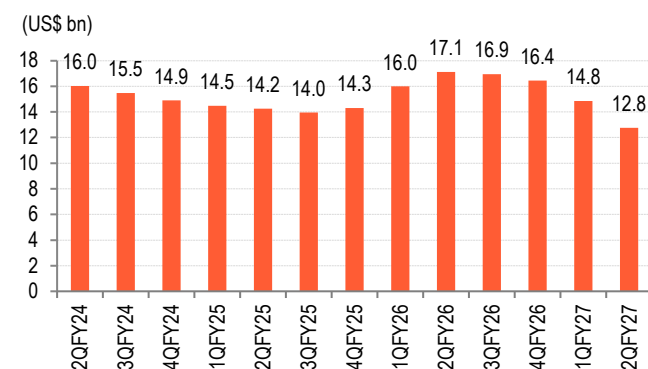
Source: Company, BOBCAPS Research

Fig 18 – Large Deal TCV (US\$ bn)

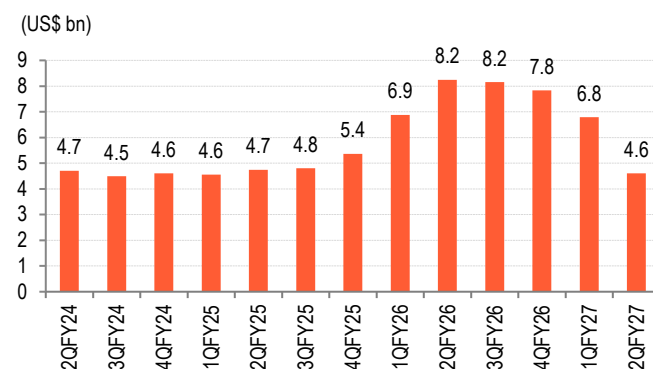
Source: Company, BOBCAPS Research

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

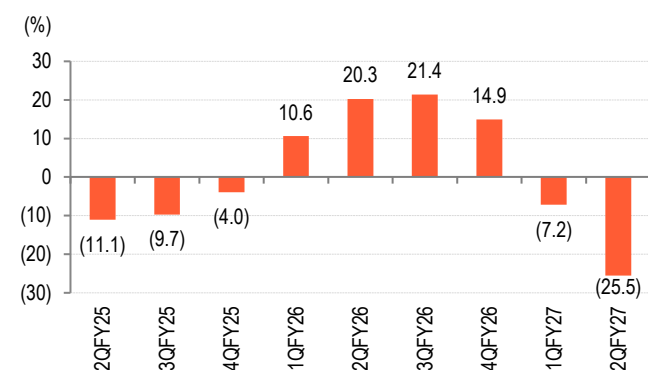
Source: Company, BOBCAPS Research

Fig 20 – TTM Total TCV (US\$ bn)

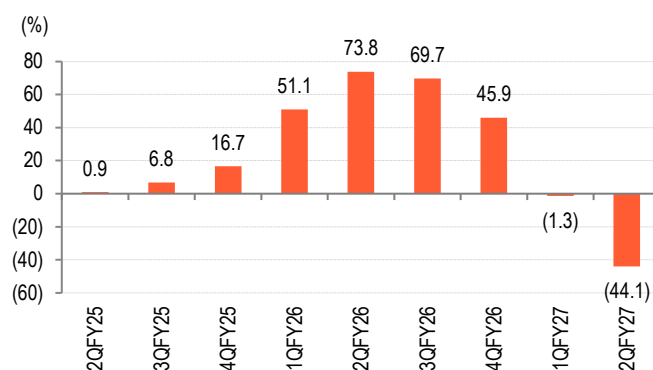
Source: Company, BOBCAPS Research

Fig 21 – TTM Large Deal TCV (US\$ bn)

Source: Company, BOBCAPS Research

Fig 22 – TTM Total TCV (US\$ bn) - YoY Growth %

Source: Company, BOBCAPS Research

Fig 23 – TTM Large Deal TCV (US\$ bn) - YoY Growth %

Source: Company, BOBCAPS Research

Fig 24 – Quarterly Snapshot

Year to 31 March	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27
Rsmn	20.8344												
INR/USD	82.5	83.4	83.3	83.4	83.8	84.3	86.4	85.8	88.8	89.8	93.8	94.7	95.8
USD Revenue IT Services (USD mn)	2713	2656	2657	2626	2660	2629	2634	2587	2604	2635	2651	2615	2612
INR Revenue- IT Services	223690	221246	220924	219169	222353	222441	224229	220618	225847	235558	239842	244529	246015
INR Revenue- IT Products	1469	805	1159	469	663	747	813	728	1126	2565	2521	1036	1512
Forex gain/(loss)	(268)	(262)	128	206	396	(410)	(224)	(182)	(558)	(788)	(325)	(779)	(655)
Total Revenue- (Services+Products)	225,159	222,051	222,083	219,638	223,016	223,188	225,042	221,346	226,973	235,558	242,363	244,786	247,527
Direct costs	159,191	153,826	157,219	153,306	155,049	153,922	155,525	157,247	159,832	164,171	172,186	174,900	176,071
Gross Margin	65,968	68,225	64,864	66,332	67,967	69,266	69,517	64,099	67,141	71,387	70,177	69,886	71,456
SGA	32,891	35,622	29,363	30,057	30,422	30,710	30,654	28,557	29,870	30,783	28,811	31,459	31,466
EBIT- IT Services	36,058	35,426	36,195	36,057	37,332	38,937	39,130	35,704	37,728	41,165	41,416	39,190	40,678
EBIT- IT Products	(467)	114	143	(161)	(183)	29	(43)	20	101	227	275	16	(33)
EBIT - Reconciling Items	(2,246)	(2,675)	(965)	(1,840)	10	(53)	(211)	(2,430)					
Total EBIT	33345	32865	35373	36069	37149	38966	39087	35724	37829	41392	41691	39206	40645
Other income (net)	1,747	2,656	3,249	4,147	5,629	5,567	8,343	6,859	4,995	5,604	4,713	4,139	1,402
PBT	35,092	35,521	38,622	40,216	42,778	44,533	47,430	42,583	42,824	46,996	46,404	43,345	42,047
Tax	8,419	8,515	10,040	9,850	10,512	10,866	11,549	9,218	10,200	9,889	11,460	9,782	10,050
Minority Interest	(210)	(64)	(236)	(334)	(178)	(129)	(185)	(61)	(162)	(260)	(198)	(43)	9
PAT	26,463	26,942	28,346	30,032	32,088	33,538	35,696	33,304	32,462	36,847	34,746	33,520	32,006
YoY Growth (%)													
USD Revenue IT Services	(3.7)	(5.9)	(6.4)	(5.5)	(2.0)	(1.0)	(0.9)	(1.5)	(2.1)	0.2	0.6	1.1	0.3
INR Revenue	(0.1)	(4.4)	(4.2)	(3.8)	(1.0)	0.5	1.3	0.8	1.8	5.5	7.7	10.6	9.1
Gross Profit	7.2	(1.1)	(6.2)	(1.1)	3.0	1.5	7.2	(3.4)	(1.2)	3.1	0.9	9.0	6.4
EBIT	2.6	(12.7)	(5.9)	4.5	11.4	18.6	10.5	(1.0)	1.8	6.2	6.7	9.7	7.4
Net Profit	(0.5)	(11.7)	(7.8)	4.6	21.3	24.5	25.9	10.9	1.2	9.9	(2.7)	0.6	(1.4)
QoQ Growth (%)													
USD Revenue - IT Services	(2.3)	(2.1)	0.0	(1.2)	1.3	(1.2)	0.2	(1.8)	0.7	1.2	0.6	(1.4)	(0.1)
INR Revenue	(1.4)	(1.4)	0.0	(1.1)	1.5	0.1	0.8	(1.6)	2.5	3.8	2.9	1.0	1.1
EBIT	(3.4)	(1.4)	7.6	2.0	3.0	4.9	0.3	(8.6)	5.9	9.4	0.7	(6.0)	3.7
Net Profit	(7.8)	1.8	5.2	5.9	6.8	4.5	6.4	(6.7)	(2.5)	13.5	(5.7)	(3.5)	(4.5)
Margins (%)													
Gross Margin	29.3	30.7	29.2	30.2	30.5	31.0	30.9	29.0	29.6	30.3	29.0	28.5	28.9
SGA	14.6	16.0	13.2	13.7	13.6	13.8	13.6	12.9	13.2	13.1	11.9	12.9	12.7
EBIT Margin- IT Services	16.1	16.0	16.4	16.5	16.8	17.5	17.5	16.2	16.7	17.5	17.3	16.0	16.5
EBIT Margin- IT Products	(31.8)	14.2	12.3	(34.3)	(27.6)	3.9	(5.3)	2.7	9.0	8.8	10.9	1.5	(2.2)
Total EBIT Margin	14.8	14.8	15.9	16.4	16.7	17.5	17.4	16.1	16.7	17.6	17.2	16.0	16.4
PAT	11.8	12.1	12.8	13.7	14.4	15.0	15.9	15.0	14.3	15.6	14.3	13.7	12.9

Source: Company, BOBCAPS Research

Fig 25 – Key Metrics

Key Metrics	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27
Revenue (USD mn)	2,713	2,656	2,657	2,626	2,660	2,629	2,634	2,587	2,604	2,635	2,651	2,615	2,612
P and L (Rsmn)													
Revenue	225,159	222,051	222,083	219,638	223,016	223,188	225,042	221,346	226,973	235,558	242,363	244,786	247,527
EBITDA	41,370	44,889	51,557	40,116	45,050	50,576	54,655	39,468	45,150	52,364	56,286	42,995	48,459
PAT	26,463	26,942	28,346	30,032	32,088	33,538	35,696	33,304	32,462	31,190	34,746	33,520	32,006
Vertical Mix (%)													
Technology and Communication					15.4	15.3	15.2	15.5	15.6	16.0	16.8	17.0	16.5
Banking, Financial Services and Insurance	33.6	32.7	33.5	34.0	34.8	34.1	34.2	33.6	34.3	34.6	34.1	34.1	34.5
Health	12.7	13.9	14.1	13.9	13.6	14.7	14.4	14.6	14.5	14.9	14.2	14.0	13.5
Consumer	18.7	18.8	18.7	19.2	19.2	19.0	18.9	18.6	18.2	18.2	18.4	18.8	19.2
Energy, Manufacturing and Resources						16.9	17.3	17.7	17.4	16.3	16.5	16.1	16.3
ENU*	11.6	11.8	11.9	11.2	10.8	-	-	-	-	-	-	-	-
MFG AND TECH*	19.1	18.8	18.0	17.9	-	-	-	-	-	-	-	-	-
GMT*	4.3	4.0	3.8	3.8	-	-	-	-	-	-	-	-	-
Manufacturing*					6.2	-	-	-	-	-	-	-	-
Geographic Mix (%)													
Americas 1	29.8	31.0	30.4	30.9	30.8	32.3	32.8	35.8	35.6	35.6	35.6	35.2	34.4
Americas 2	29.9	30.0	30.7	30.8	30.6	30.6	30.6	27.7	27.0	26.6	25.7	25.4	25.6
Europe	28.6	27.7	27.8	27.6	27.9	26.7	26.1	25.7	26.3	26.7	27.2	27.2	27.4
APMEA	11.7	11.3	11.1	10.7	10.7	10.4	10.5	10.8	11.1	11.1	11.5	12.2	12.6
Project Type													
T&M	41.6	40.1	41.1	42.4	43.3	43.3	44.5	46.5	47.0	44.9	44.4	45.6	(5140.0)
Fixed Price	58.4	59.9	58.9	57.6	56.7	56.7	55.5	53.5	53.0	55.1	55.6	54.4	5240.0
Clients Concentration (%)													
Top client	3.0	3.0	3.8	4.0	4.1	4.5	4.4	4.7	4.8	4.7	4.3	4.4	4.5
Top 5 clients	12.3	12.1	13.4	13.6	14.0	14.3	14.5	14.7	14.4	14.4	13.8	14.3	14.9
Top 10 clients	20.6	20.5	22.0	22.5	22.9	23.7	24.2	24.5	24.0	23.7	23.1	23.6	23.9
Number of Clients													
> USD 100 mn+	22	22	22	22	21	18	17	16	16	16	16	16	18
> USD 75 mn+	28	31	32	29	30	30	28	27	29	31	29	32	29
> USD 50 mn+	51	46	45	43	42	42	44	47	45	45	45	45	45
> USD 20 mn+	122	121	116	117	117	114	111	109	104	103	106	110	107
> USD 10 mn+	207	203	205	192	186	187	181	180	177	177	183	184	185
> USD 5 mn+	313	305	301	301	297	290	289	281	272	281	289	287	299
> USD 3 mn+	437	430	409	407	411	403	398	397	393	390	391	394	407
> USD 1 mn+	774	750	741	735	733	722	716	725	730	722	715	714	715
Employees	244,707	239,655	232,614	232,911	233,889	232,732	233,346	233,232	235,492	242,021	242,156	243,044	236,328
Net Addition	(5051)	(5052)	(7041)	297	978	(1157)	614	(114)	2260	6529	135	888	(6716)
TTM Attrition (%)	15.5	14.2	14.2	14.1	14.5	15.3	15	15.1	14.9	14.2	13.8	13.9	13.8
P&L													
(USD mn)													
Revenue	2,713	2,656	2,657	2,626	2,660	2,629	2,634	2,587	2,604	2,635	2,651	2,615	2,612
EBIT	404	394	424	433	444	462	452	417	426	461	444	414	424
PAT	321	323	340	360	383	398	413	388	366	347	370	354	334
Per Capita (Annualised) - USD mn													
Revenue	44,352	44,332	45,696	45,097	45,493	45,187	45,152	44,368	44,236	43,557	43,790	43,029	44,201
EBIT	6,604	6,577	7,299	7,431	7,585	7,945	7,751	7,145	7,238	7,615	7,339	6,816	7,179
PAT	5,241	5,392	5,849	6,187	6,552	6,839	7,079	6,661	6,211	5,738	6,117	5,828	5,653

Source: Company, BOBCAPS Research

Fig 26 – QoQ and YoY growth of various parameters

	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27
QoQ Growth (%)													
Vertical Wise													
Technology and Communication						(1.8)	(0.5)	0.2	1.3	3.8	5.6	(0.2)	(3.1)
Banking, Financial Services and Insurance	(2.9)	(4.7)	2.5	0.3	3.7	(3.2)	0.5	(3.5)	2.8	2.1	(0.9)	(1.4)	1.1
Health	1.7	7.1	1.5	(2.6)	(0.9)	6.8	(1.9)	(0.4)	(0.0)	4.0	(4.1)	(2.8)	(3.7)
Consumer	(2.3)	(1.6)	(0.5)	1.5	1.3	(2.2)	(0.3)	(3.3)	(1.5)	1.2	1.7	0.8	2.0
Energy, Manufacturing and Resources					(2.2)	(1.7)	2.6	0.5	(1.0)	(5.2)	1.8	(3.8)	1.1
Geography-wise													
Americas 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)	(2.4)
Americas 2	(2.7)	(1.8)	2.4	(0.9)	0.6	(1.2)	0.2	(11.1)	(1.9)	(0.3)	(2.8)	(2.5)	0.7
Europe	(5.3)	(5.2)	0.4	(1.9)	2.4	(5.4)	(2.1)	(3.3)	3.0	2.7	2.5	(1.4)	0.6
APMEA	(2.3)	(5.5)	(1.7)	(4.7)	1.3	(3.9)	1.1	1.0	3.5	1.2	4.2	4.6	3.2
Customer Concentration													
Top customer	(5.3)	0.0	25.2	6.6	1.3	10.0	(4.0)	7.5	3.3	(1.5)	(9.8)	2.2	2.3
Top 5	(3.7)	(1.6)	9.4	2.8	1.7	2.3	(0.4)	2.1	(0.9)	0.6	(5.5)	3.5	4.2
Top 10	(1.6)	(0.4)	6.0	3.6	0.6	3.7	0.3	1.9	(0.9)	(0.7)	(3.9)	2.0	1.3
YoY Growth (%)													
Vertical Wise													
Technology and Communication									(0.8)	4.8	11.2	10.8	6.1
Banking, Financial Services and Insurance	(8.1)	(11.8)	(8.3)	(4.9)	1.5	3.2	1.2	(2.6)	(3.5)	1.7	0.4	2.6	0.9
Health	7.3	9.0	8.2	7.7	5.0	4.7	1.2	3.5	4.4	1.6	(0.8)	(3.1)	(6.6)
Consumer	(4.2)	(6.4)	(6.9)	(3.0)	0.7	0.0	0.2	(4.6)	(7.2)	(4.0)	(2.0)	2.1	5.8
Energy, Manufacturing and Resources					(10.4)	(9.6)	(7.3)	(0.9)	0.2	(3.3)	(4.0)	(8.1)	(6.1)
Geography-wise													
Americas 1	(1.7)	(0.7)	(1.2)	1.4	1.3	3.1	6.9	14.1	13.2	10.5	9.2	(0.6)	(3.1)
Americas 2	(8.0)	(8.3)	(6.4)	(3.0)	0.3	1.0	(1.2)	(11.4)	(13.6)	(12.9)	(15.5)	(7.3)	(4.9)
Europe	(2.0)	(9.5)	(11.2)	(11.6)	(4.4)	(4.6)	(6.9)	(8.3)	(7.7)	0.2	4.9	7.0	4.5
APMEA	(1.2)	(3.3)	(7.2)	(13.6)	(10.3)	(8.9)	(6.2)	(0.6)	1.6	7.0	10.2	14.2	13.8
Customer Concentration													
Top customer	(11.7)	(12.3)	8.8	26.5	35.3	48.7	14.1	15.0	17.4	5.1	(1.2)	(6.1)	(7.1)
Top 5	(11.6)	(14.9)	0.5	6.7	12.7	17.1	6.6	5.8	3.1	1.3	(3.8)	(2.5)	2.5
Top 10	(7.7)	(9.9)	2.4	7.6	10.0	14.6	8.4	6.6	5.1	0.6	(3.5)	(3.4)	(1.3)

Source: Company, BOBCAPS Research

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	890,884	926,240	999,963	1,035,974	1,066,154
EBITDA	190,397	193,268	190,358	201,934	207,747
Depreciation	39,126	36,632	27,284	31,575	31,858
EBIT	151,271	156,636	163,074	170,359	175,888
Net interest inc./(exp.)	(14,770)	(14,577)	(21,312)	(22,259)	(22,259)
Other inc./(exp.)	38,456	36,748	31,243	37,692	47,358
Exceptional items	0	0	0	0	0
EBT	174,957	173,150	173,005	185,792	200,987
Income taxes	42,777	40,767	40,773	44,408	48,040
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	826	681	16	(36)	(36)
Reported net profit	131,354	131,702	132,216	141,420	152,984
Adjustments	0	0	0	0	0
Adjusted net profit	131,354	131,702	132,216	141,420	152,984

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	88,252	94,924	102,194	105,835	107,983
Other current liabilities	189,976	303,993	321,323	323,772	325,217
Provisions	294	224	121	121	121
Debt funds	63,954	1,962	0	0	0
Other liabilities	111,036	125,040	134,884	134,884	134,884
Equity capital	20,944	20,977	19,810	19,810	19,810
Reserves & surplus	809,503	866,900	823,423	942,793	1,072,275
Shareholders' fund	830,447	887,877	843,233	962,603	1,092,085
Total liab. and equities	1,283,959	1,414,020	1,401,755	1,527,215	1,660,290
Cash and cash eq.	121,974	105,555	160,323	306,644	464,581
Accounts receivables	118,044	136,250	132,843	137,576	140,367
Inventories	694	517	835	835	835
Other current assets	147,815	182,871	190,784	195,117	197,673
Investments	439,259	467,859	371,482	371,482	371,482
Net fixed assets	55,235	67,962	42,704	12,091	(18,119)
CWIP	25,449	13,825	23,946	24,632	24,632
Intangible assets	352,464	416,575	458,865	458,865	458,865
Deferred tax assets, net	2,561	5,242	5,620	5,620	5,620
Other assets	20,464	17,364	14,353	14,353	14,353
Total assets	1,283,959	1,414,020	1,401,755	1,527,215	1,660,290

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	190,916	173,676	172,009	192,243	205,310
Capital expenditures	(4,063)	827	112	(1,648)	(1,648)
Change in investments	(105,133)	(27,801)	96,479	0	0
Other investing cash flows	0	0	0	0	0
Cash flow from investing	(109,196)	(26,974)	96,591	(1,648)	(1,648)
Equities issued/Others	10,494	33	(150,000)	0	0
Debt raised/repaid	20,351	6,057	17,147	0	0
Interest expenses	(14,770)	(14,577)	(21,312)	(22,259)	(22,259)
Dividends paid	(6)	(52,366)	(40,926)	(22,050)	(23,501)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	16,069	(60,853)	(195,090)	(44,310)	(45,761)
Chg in cash & cash eq.	25,021	(16,151)	54,510	146,285	157,901
Closing cash & cash eq.	121,974	105,823	160,065	306,608	464,545

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	13.2	14.3	15.4
Dividend per share	0.0	5.0	4.1	2.2	2.4
Book value per share	79.4	84.7	85.2	97.3	110.3

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	2.1	2.1	2.0	2.0	2.1
EV/EBITDA	9.8	9.9	10.3	10.2	10.6
Adjusted P/E	14.7	14.7	14.0	12.9	11.9
P/BV	2.3	2.2	2.2	1.9	1.7

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	75.1	76.1	76.4	76.1	76.1
Interest burden (PBT/EBIT)	115.7	110.5	106.1	109.1	114.3
EBIT margin (EBIT/Revenue)	17.0	16.9	16.3	16.4	16.5
Asset turnover (Rev./Avg TA)	73.1	68.5	70.8	70.5	66.7
Leverage (Avg TA/Avg Equity)	1.5	1.6	1.6	1.6	1.6
Adjusted ROAE	16.6	15.3	15.3	15.7	14.9

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	(0.7)	4.0	8.0	3.6	2.9
EBITDA	7.9	1.5	(1.5)	6.1	2.9
Adjusted EPS	20.9	0.1	4.9	8.4	8.2

Profitability & Return ratios (%)

EBITDA margin	21.4	20.9	19.0	19.5	19.5
EBIT margin	17.0	16.9	16.3	16.4	16.5
Adjusted profit margin	14.7	14.2	13.2	13.7	14.3
Adjusted ROAE	16.6	15.3	15.3	15.7	14.9
ROCE	10.9	10.4	10.6	10.6	9.9

Working capital days (days)

Receivables	75	87	82	82	81
Inventory	NA	NA	NA	NA	NA
Payables	36	37	37	37	36

Ratios (x)

Gross asset turnover	16.1	13.6	23.4	85.7	(58.8)
Current ratio	1.4	1.1	1.1	1.5	1.9
Net interest coverage ratio	NA	NA	NA	NA	NA
Adjusted debt/equity	(0.1)	(0.1)	(0.2)	(0.3)	(0.4)

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

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BUY – Expected return >+15%

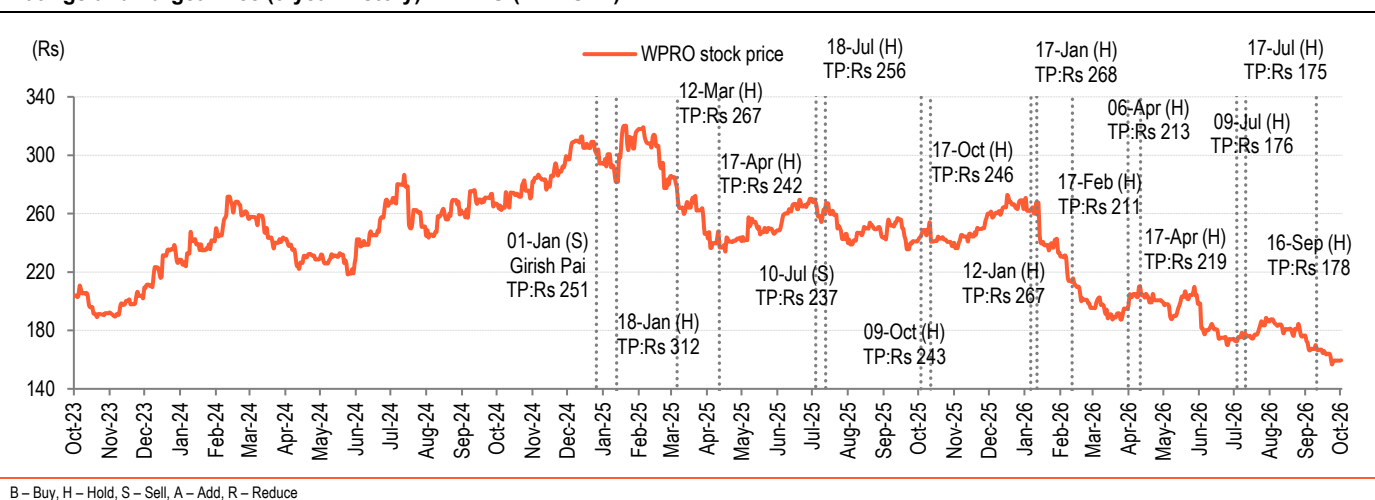
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

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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