HOLD

TP: Rs 219 | ⮝ 4%

WIPRO | IT Services | 17 April 2026

Deal conversion and leaking bucket fail revenue

- **4Q disappointed on revenue growth (0.2% QoQ against expected 2%) but +vely surprised on margins. Top client and weak ramp up issues**
- **INR, lower SGA and likely AI related benefits in FP projects supported margins. This is despite a competitive business environment**
- **Good TTM TCV metrics, buyback of 5.7% of O/S equity and decent margin defense raises FY28/FY29 EPS estimates. Retain Hold**

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Top client issue and delayed large deal ramp ups impacted growth in 4QFY26 and will hit growth in 1QFY27 too: Top client (North America BFSI, which had been the driver of revenue in many of the last 8 quarters) declined quite sharply in 4QFY26 restricting QoQ CC growth to 0.2% (lower end of guidance) compared to the 2% (upper end) that we estimated. On top of this, ramp up of some deals won in the past did not happen. The 4Q miss is despite a ~160bps contribution from extra two months of Harman DTS acquisition which played out as expected.

Margin defense continues to +vely surprise: The better-than-expected EBIT margin in 4Q (just like in 3Q) despite incremental pressure from wage hike (one month) and Harman DTS deal seems to come from INR depreciation, lower SGA and retention of some benefits from usage of AI models in fixed price work. This is despite the company reiterating intense competitive environment for large deals.

Deal conversion and the leaking bucket, weak spots of Wipro: Despite good TTM Total TCV and TTM large deal TCV, up YoY 15% and 46% respectively as of 4QFY26, the conversion to revenue and also leakage from existing book of business in an intensely competitive environment has meant weaker than expected growth in 4QFY26 and 1QFY27 and three successive years of negative USD growth till FY26 (among the weakest run in our Tier-1 coverage). That has meant >US$50mn TTM run rate client base performance among the worst compared to peers.

FY27 hopefully should be a positive year: Despite near term weakness, we are seeing large deal aggression within Wipro leading to better TCV numbers. Hopefully that should translate into the first positive USD revenue growth year in FY27 (albeit weaker than earlier expected). With good margin defense and 5.7% reduction in outstanding equity we estimate EPS upgrade for FY28 and FY29.

Maintain Hold rating: We keep a 15% discount to TCS on Target PE multiple. We think 14.3x FY28 EPS captures potential risks associated with Wipro. We think Wipro will bridge a bit of the growth gap with Tier-1 peers in FY27 and beyond helping it improve multiples.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	WPRO IN/Rs 210
Market cap	US$ 23.6bn
Free float	27%
3M ADV	US$ 44.4mn
52wk high/low	Rs 273/Rs 187
Promoter/FPI/DII	73%/8%/8%

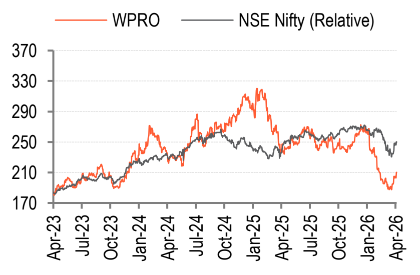
Source: NSE | Price as of 16 Apr 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	926,240	1,001,712	1,029,961
EBITDA (Rs mn)	193,268	227,786	239,005
Adj. net profit (Rs mn)	131,702	141,343	151,571
Adj. EPS (Rs)	12.5	14.3	15.3
Consensus EPS (Rs)	12.5	13.4	14.3
Adj. ROAE (%)	15.3	16.2	16.5
Adj. P/E (x)	16.8	14.7	13.7
EV/EBITDA (x)	11.8	10.2	10.1
Adj. EPS growth (%)	0.1	13.7	7.2

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Key Points from the quarter and the earnings call

4QFY26:

- IT Services revenue stood at US$2,651mn, growing 0.2% QoQ (below our estimate of 2% growth) and declined 0.2% YoY in CC terms
- Strategic Market Unit Performance (CC terms):
    - Americas 1: Grew 0.3% QoQ and 2.9% YoY, led by consumer, technology and communications segments. Healthcare in Americas 1 was impacted by seasonality and policy changes
    - Americas 2: Declined 2.6% QoQ and 6.7% YoY. BFSI in Americas 2 was impacted by delayed ramp-up of certain large deals won earlier in the year and by client-specific issues
    - Europe: Grew 2% QoQ and was flat YoY. UK showed good traction, particularly in BFSI; Germany continued to show strong deal momentum
    - APMEA: 3.1% QoQ and 8.8% YoY, led by Southeast Asia. BFSI and technology & communications are seeing traction in APMEA. Management indicated confidence in APMEA momentum driven by both current performance and ongoing strategic investments
- Sector Performance (CC terms): BFSI declined 1.3% QoQ and 0.5% YoY; Health declined 4.4% QoQ and was flat YoY; Consumer grew 1.7% QoQ, while declining 2.9% YoY; Technology and Communications grew 5.3% QoQ & 10.4% YoY; Energy, Manufacturing and Resources grew 1.1% QoQ and declined 5.9% YoY
- DTS HARMAN was fully included in 4Q revenue for all three months unlike for 1 month in 3Q and likely contributed ~160bps to the QoQ incremental growth.
- Adjusted EBIT margin stood at 17.2% (against our estimate of 16.9%), declining 37 bps QoQ and declining 20 bps YoY
    - 4Q margin performance remained strong despite wage hike for one month and HARMAN DTS integration pressures
    - Salary hikes effective 1 March 2026 create two-month incremental margin headwind in 1QFY27
- Order booking for 4Q stood at US$3.5 bn, up 3.6% QoQ and down 12.6% YoY
- Large deal bookings in 4Q comprised 14 deals with total value of US$1.4 bn/ This likely includes the ~US$1bn Olam deal.
- Recently won large deals are expected to carry lower initial margins given competitive pricing at deal inception. Margin pressure from large deals is expected particularly during early execution phases. HARMAN DTS acquisition will continue to exert pressure on margins
- Board approved a buyback of Rs150bn at Rs250/share (largest buyback announced by the company). Expected to be completed in 1QFY27 subject to shareholder approval. This will reduce the outstanding equity by 5.7%. It was

indicated that the promoters would be taking part in the buy back. The repurchase is at a 19% premium to 16 April 2026 closing price of Rs210.2. The three-year capital return stands at 88% of FCF which is above the stated policy.

1QFY27 Guidance:

- Revenue from the IT Services business segment expected to be in the range of \$2,597 million to \$2,651 million (translates to sequential revenue growth guidance of -2.0% to 0% in CC terms)
- 1Q faces margin headwinds from two months of salary increase impact and execution of a few recently won large deals, leading to possible quarterly volatility. Medium-term objective remains to maintain margins within a narrow band
- 1QFY27 revenue growth is supported by two strategic deals assumed to begin contributing from mid-quarter. Revenue from the two strategic deals is included within 1Q guidance and treated as part of organic growth

FY26

- IT Services revenue stood at US\$ 10,478.1mn, declining 1.6% YoY in CC terms
- Strategic Market Unit Performance (CC terms):
    - Americas 1: Grew 4.1% YoY
    - Americas 2: Declined 4.9% YoY
    - Europe: Declined 6.7% YoY
    - APMEA: Grew 4.3% YoY
- Sector Performance (CC terms): BFSI declined 1.9% YoY; Health grew 2.1% YoY; Consumer declined 5.5% YoY; Technology and Communications grew 2.9% YoY; Energy, Manufacturing and Resources declined 3.7% YoY
- EBIT Margin stood at 17.2%, growing 15 bps YoY

Other Points:

- IT services spending remains resilient despite geopolitical and policy disruptions, with cloud, data and AI continuing to attract investments as foundational areas for future growth
- Client spending priorities are increasingly linked to measurable outcomes
- Recent strategic deal with Olam Group is expected to exceed US\$1 bn in contract value, with committed spending of US\$800mn. OLAM engagement is among the largest contracts executed in APMEA
- Delay in large deal conversion is concentrated in Americas 2 and specifically within BFSI
    - Three of four strategic market units delivered sequential growth in 4Q, namely Americas 1, Europe and APMEA

  - Americas 2 weakness was driven by significant softness in BFSI. Delay in ramp-up reflects a combination of client-specific issues and delay in ramp-ups on previously won deals. Expected opportunity from delayed ramp-up remains intact and is expected to support growth in the affected account and sector in upcoming periods. For the specific client referenced, the issue is expected to conclude in 1Q

- No visible change has been observed in client behaviour so far due to geopolitical developments. Pipeline remains strong across markets and sectors despite external uncertainty
- Decline in the top client was characterized as two quarter-specific volatility rather than a structural change. Management indicated confidence that top client revenue will recover over subsequent quarters
- Increase in unbilled revenue was described as a quarterly aberration rather than a sustained trend. Management expects unbilled revenue to normalize on a YoY basis. No large exposure or material accumulation of unbilled receivables is visible on the balance sheet
- Among recently announced large deals, Phoenix has ramped fully in line with plan with no delay. Of the other three mega deals discussed earlier, one is ramping as planned and continuing to progress normally. One large deal is facing ramp-up challenges and is specifically affecting growth in one sector within one market unit. Delay in ramp-up is linked to a client changing part of its business strategy, affecting execution timing. Management indicated clear visibility on eventual ramp-up, with timing and pace remaining the key variables. Outside the delayed client situation, BFSI growth remains healthy in Europe and APMEA
- Capco delivered strong sequential and YoY performance. Capco is contributing materially through AI advisory and consulting engagements.
- In the context of geopolitical uncertainty, clients are largely in wait-and-watch mode rather than changing strategy materially
- Manufacturing clients remain under pressure from tariff-led disruptions. Clients are closely monitoring consumer demand and input cost movements, given implications for final product pricing. Budget discipline is tightening across manufacturing clients
- Additional investment will be accelerated in the newly announced Wipro Intelligence platform unit. Wipro Intelligence is expected to require meaningful investment as strategy and operating structure evolve.
  - Operational improvement remains the key lever to offset multiple margin headwinds. Productivity improvement and cost takeout remain ongoing focus areas.
  - Quarterly margin volatility may persist in the near term
- The company has become a bit cautious on fresher hiring in the new AI driven environment. Unlike putting a target in terms of fresher hiring that it had in the past few years, Wipro has not indicated one for FY27 and said demand would dictate the kind of hiring it needs to do. In FY26 it hired 7500 from the campus.

Olam transaction

- Wipro has secured a multi-year strategic transformation deal with Olam Group, a leading USD 50+ Billion Food and Agri-business headquartered in Singapore, employing nearly 40,000 people, and majority-owned by Temasek Holdings.
- This 8-year deal is expected to exceed USD1 Billion in contract value, with a committed spend of USD800 Million.
- As part of the engagement, Wipro will partner in an end-to-end transformation through a consulting-led and AI-powered approach. The engagement will draw on Wipro's industry expertise, partnerships with leading technology providers, and Wipro Intelligence™, its unified suite of AI-powered platforms, solutions, and transformative offerings.
- As part of this broader engagement, Wipro will acquire Mindsprint, Olam Group's IT services arm. Purchase consideration of US$ 375 Million in cash for 100% of the equity.
- Headquartered in Singapore and founded in 2007, Mindsprint provides technology and digital transformation services across enterprise applications, data & analytics, digital platform engineering, customer experience, cloud & infrastructure, cybersecurity, and business process services.
- Mindsprint has a global workforce of 3,200+ employees across India, Singapore, US, UK and Middle East. Mindsprint has strong Food and Agri-business domain experience, supply chain transformation capabilities, and proprietary IP-driven solutions. Currently Mindsprint is an internal IT organization of Olam but Wipro plans to use it generate business from other clients.
- Consolidated revenues for the last 3 completed years (for the period ended 31 December): USD 118.9 Mn (CY23); USD 130.5 Mn (CY24) and USD 135.6 Mn (CY25).

Alphanet transaction

- Wipro is acquiring certain customer contracts from the Alpha Net Group, which was founded in 2001 and headquartered in Santa Clara, California, USA with additional presence in Singapore, India, UK, and Netherlands.
- The Alpha Net Group provides enterprise software development, data engineering, and managed services for global clientele in an AI-first world.
- Alpha Net Group's revenue from the select customers whose contracts have been acquired by Wipro, for the last 3 completed years (for the period ended 31 December): USD 27.9 Mn (CY23); USD 34.4 Mn (CY24); and USD 37.3 Mn (CY25).
- The business acquisition (called vendor consolidation by Wipro) will enable it to access certain key clientele, their customer contracts as well as the related workforce, which will augment Wipro's existing AI powered, and Consulting-led application services capabilities, thus helping drive new growth opportunities.
- Purchase consideration is up to US$70.8mn in cash. The deal is expected to close by June 2026.

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 ~3-5% CAGR over FY25-FY30 in constant currency (CC) terms. We also believe that 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**).

Multiple speed breakers drive our Underweight stance

Trump policies raise uncertainty: While tariffs drove uncertainty in 2025, Trump's multiple proposals to address affordability crisis in the US ahead of the mid-terms in Nov'26 will be the key monitorable in 2026 (eg: freezing credit card interest rate at 10%, controlling prices of products and services, cash payments to citizens, buying of US$200bn MBSs, etc.). There will be winners/ losers due to this in USA Inc and that could reflect in the IT spending outcomes.

Higher for longer interest rate environment: Lately, based on inflation prints and fears of a higher fiscal deficit, US 10Y yields have remained firm. There are fears of sustained high interest rates potentially reducing IT outsourcing demand; particularly in BFSI and Telecom, and dampen US demand in areas like housing, autos and retail.

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 24-36 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 FY25, Tier-1 revenue has reached US$ 85bn, double that in FY15. Due to the higher base now, growth may not be as rapid.

How we are valuing companies: We are using PE methodology, as also TCS, as our industry benchmark. Target PE for TCS is 16.8x, which is the average PE multiple of TCS over the last 10 years less 1.5SD. We have been giving subjective premium/discount to the 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.

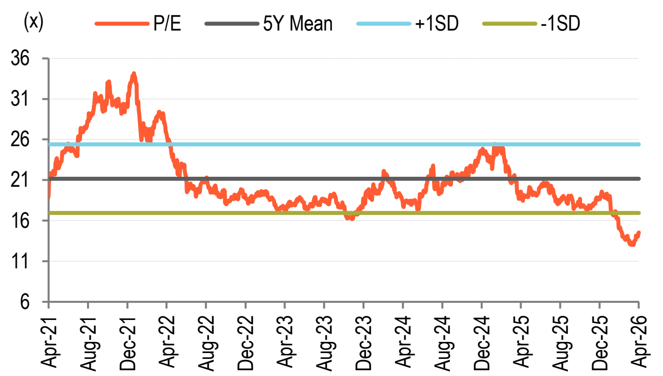
Also, some of the Tier-2s have been underperforming on the growth front, being discretionary project-oriented businesses struggling to pivot to a cost-take-out-driven demand environment.

Fig 1 – Quarterly results: Comparison of actuals with estimates

Y/E March (Rsmn)	4QFY25	3QFY26	4QFY26	YoY (%)	QoQ (%)	4QFY26E	Dev (%)
IT Services Revenue (USD mn)	**2,634**	**2,635**	**2,651**	**0.6**	**0.6**	**2,689**	**(1.4)**
Net Sales	**225,042**	**235,558**	**242,363**	**7.7**	**2.9**	**248,250**	**(2.4)**
Employee Costs	155,525	164,171	172,186	10.7	4.9	172,478	(0.2)
% of Sales	69.1	69.7	71.0			69.5	
Gross Margin	69,517	71,387	70,177	-3.0	-2.0	75,772	(7.4)
% of Sales	30.9%	30.3%	29.0%			30.5%	
Other Expenditure	30,654	30,783	28,811	(6.0)	(6.4)	33,844	(14.9)
% of Sales	13.6	13.1	11.9			13.6	
Forex Gain / (Loss)	224	788	325			0	
Other Operating Income	0	0	0			0	
EBIT	**39,087**	**41,392**	**41,691**	**6.7**	**0.7**	**41,928**	**(0.6)**
EBIT Margin (%)	**17.4**	**17.6**	**17.2**			**16.9**	
Other Income	8,343	5,604	4,713	(43.5)	(15.9)	6,804	(30.7)
PBT	47,430	46,996	46,404	(2.2)	(1.3)	48,732	(4.8)
Provision for Tax	11,549	11,110	11,460	(0.8)	3.2	11,657	(1.7)
Effective Tax Rate (%)	24.3	23.6	24.7			23.9	
Minority share in Profit / Loss	(185)	(260)	(198)			(150)	
Adjusted PAT	**35,696**	**35,626**	**34,746**	**(2.7)**	**(2.5)**	**36,924**	**(5.9)**
Margin%	**15.9**	**15.1**	**14.3**			**14.9**	
Less: Exceptional Item	-	7,065.0	(201.3)			-	
Reported PAT	35,696.0	28,561.0	34,947.3			36,924.1	(5.4)
Margin%	15.9	12.1	14.4			14.9	

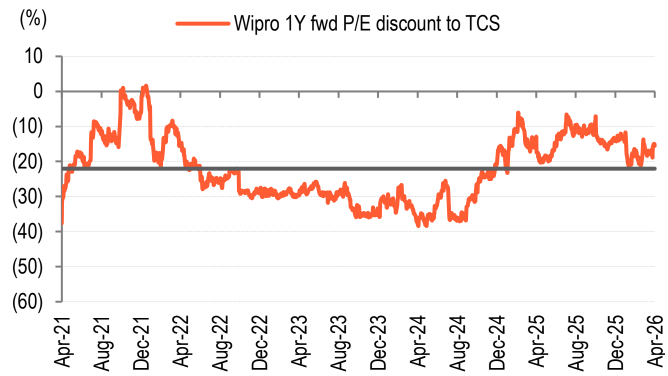
Source: Company, BOBCAPS Research

Fig 2 – 5 Year PE trend



Source: Bloomberg, BOBCAPS Research

Fig 3 – Premium/ Discount to TCS



Source: Bloomberg, BOBCAPS Research

Fig 4 – Revised Estimates

Wipro	New			Old			Deviation		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
INR/USD	93.9	94.9	95.9	93.9	94.9	95.9	-	-	-
IT Services USD Revenue (USD mn)	10,577	10,763	10,965	10,725	10,914	11,119	(1.4)	(1.4)	(1.4)
USD Revenue Growth (%)	0.9	1.8	1.9	2.0	1.8	1.9			
Revenue (Rsbn)	1,002	1,030	1,060	1,015	1,044	1,075	(1.4)	(1.4)	(1.4)
EBIT (Rsbn)	167	172	179	171	172	181	(2.1)	0.0	(0.7)
EBIT Margin (%)	16.7	16.7	16.9	16.8	16.5	16.8			
PAT (Rsbn)	141	152	166	151	156	167	(6.6)	(3.0)	(0.5)
FDEPS (Rs)	14.3	15.3	16.8	14.4	14.9	15.9	(1.0)	2.8	5.5

Source: Company

Fig 5 – P&L at a glance

(YE March) (Rs bn)	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Average INR/USD	60.3	61.8	66.1	68.6	65.6	70.0	72.5	74.0	75.2	80.4	82.8	84.5	89.6	93.9	94.9	95.9
Net Sales - IT Services (USD mn)	**6,618**	**7,082**	**7,346**	**7,704**	**8,060**	**8,190**	**8,256**	**8,137**	**10,356**	**11,234**	**10,805**	**10,549**	**10,478**	**10,577**	**10,763**	**10,965**
-Growth (%)	**6.4**	**7.0**	**3.7**	**4.9**	**4.6**	**1.6**	**0.8**	**(1.4)**	**27.3**	**8.5**	**(3.8)**	**(2.4)**	**(0.7)**	**0.9**	**1.8**	**1.9**
Net Sales - Overall	438	473	514	550	545	586	610	619	791	905	898	891	926	1002	1030	1060
-Growth (%)	0.9	8.1	8.7	7.0	(1.0)	7.5	4.2	1.5	27.7	14.4	(0.8)	(0.7)	4.0	8.1	2.8	2.9
Cost of Sales & Services	296	321	357	392	386	413	436	423	556	645	631	618	653	706	716	739
% of sales	67.5	67.9	69.3	71.1	70.8	70.5	71.5	68.3	70.3	71.3	70.4	69.3	70.5	70.4	69.5	69.7
Gross profit	142	152	158	159	159	173	174	196	235	259	266	273	273	296	314	321
% of sales	32.5	32.1	30.7	28.9	29.2	29.5	28.5	31.7	29.7	28.7	29.6	30.7	29.5	29.6	30.5	30.3
SG& A	53	56	63	73	76	80	73	76	101	124	130	122	118	129	141	142
% of sales	12.1	11.9	12.2	13.2	14.0	13.7	11.9	12.3	12.8	13.7	14.5	13.7	12.7	12.9	13.7	13.4
EBIT	**89**	**95**	**97**	**94**	**84**	**100**	**106**	**123**	**140**	**140**	**136**	**151**	**157**	**167**	**172**	**179**
% of sales	**20.4**	**20.2**	**18.8**	**17.1**	**15.5**	**17.1**	**17.3**	**19.9**	**17.7**	**15.4**	**15.2**	**17.0**	**16.9**	**16.7**	**16.7**	**16.9**
Interest expenses	3	4	6	5	6	7	7	5	5	10	13	15	15	15	15	15
Other income (net)	15	20	23	22	24	23	24	21	16	18	24	38	36	36	45	57
PBT	101	112	115	110	102	115	123	139	151	148	147	175	173	188	202	221
-PBT margin (%)	23.1	23.6	22.3	20.1	18.8	19.7	20.1	22.4	19.1	16.3	16.4	19.6	18.7	18.8	19.6	20.9
Provision for tax	23	25	25	25	22	25	25	30	29	34	36	43	41	46	49	54
Effective tax rate (%)	22.4	22.0	22.1	22.8	21.9	21.9	20.2	21.8	19.1	23.0	24.5	24.5	23.5	24.5	24.5	24.5
Minority Interest	0.4	0.5	0.5	0.2	0.0	0.1	0.5	0.3	0.1	0.2	0.7	0.8	0.7	0.8	0.8	0.8
Net profit	**78**	**87**	**89**	**85**	**80**	**90**	**97**	**108**	**122**	**114**	**110**	**131**	**132**	**141**	**152**	**166**
-Growth (%)	**5.3**	**11.0**	**2.9**	**(4.6)**	**(5.7)**	**12.4**	**8.0**	**11.4**	**12.8**	**(7.1)**	**(2.7)**	**18.9**	**0.3**	**7.3**	**7.2**	**9.7**
-Net profit margin (%)	**17.8**	**18.3**	**17.3**	**15.4**	**14.7**	**15.4**	**15.9**	**17.5**	**15.4**	**12.5**	**12.3**	**14.7**	**14.2**	**14.1**	**14.7**	**15.7**

Source: Company, BOBCAPS Research

Fig 6 – Quarterly Snapshot

Year to 31 March	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	3QFY26	4QFY26
Rsmn											
INR/USD	81.6	81.9	82.5	83.4	83.3	83.4	83.8	84.3	86.4	89.8	93.8
USD Revenue IT Services (USD mn)	2,840	2,779	2,713	2,656	2,657	2,626	2,660	2,629	2,634	2,635	2,651
INR Revenue- IT Services	230,772	227,616	223,690	221,246	220,924	219,169	222,353	222,441	224,229	235,558	239,842
INR Revenue- IT Products	1131	694	1469	805	1159	469	663	747	813	2565	2521
Forex gain/(loss)	(990)	62	(268)	(262)	128	206	396	(410)	(224)	(788)	(325)
Total Revenue-(Services+Products)	231,903	228,310	225,159	222,051	222,083	219,638	223,016	223,188	225,042	235,558	242,363
Direct costs	162,738	161,261	159,191	153,826	157,219	153,306	155,049	153,922	155,525	164,171	172,186
Gross Margin	69,165	67,049	65,968	68,225	64,864	66,332	67,967	69,266	69,517	71,387	70,177
SGA	32,578	32,471	32,891	35,622	29,363	30,057	30,422	30,710	30,654	30,783	28,811
EBIT- IT Services	37,646	36,517	36,058	35,426	36,195	36,057	37,332	38,937	39,130	41,165	41,416
EBIT- IT Products	(59)	(161)	(467)	114	143	(161)	(183)	29	(43)	227	275
EBIT - Reconciling Items	(30)	(1,840)	(2,246)	(2,675)	(965)	(1,840)	10	(53)	(211)		
Total EBIT	37577	34516	33345	32865	35373	36069	37149	38966	39087	41392	41691
Other income (net)	2,607	3,459	1,747	2,656	3,249	4,147	5,629	5,567	8,343	5,604	4,713
PBT	40,184	37,975	35,092	35,521	38,622	40,216	42,778	44,533	47,430	46,996	46,404
Tax	9,249	9,115	8,419	8,515	10,040	9,850	10,512	10,866	11,549	9,889	11,460
Minority Interest	(190)	(159)	(210)	(64)	(236)	(334)	(178)	(129)	(185)	(260)	(198)
PAT	30,745	28,701	26,463	26,942	28,346	30,032	32,088	33,538	35,696	36,847	34,746
YoY Growth (%)											
USD Revenue IT Services	4.3	0.8	(3.7)	(5.9)	(6.4)	(5.5)	(2.0)	(1.0)	(0.9)	0.2	0.6
INR Revenue	11.2	6.0	(0.1)	(4.4)	(4.2)	(3.8)	(1.0)	0.5	1.3	5.5	7.7
Gross Profit	14.1	12.3	7.2	(1.1)	(6.2)	(1.1)	3.0	1.5	7.2	3.1	0.9
EBIT	7.0	8.2	2.6	(12.7)	(5.9)	4.5	11.4	18.6	10.5	6.2	6.7
Net Profit	(0.4)	12.0	(0.5)	(11.7)	(7.8)	4.6	21.3	24.5	25.9	9.9	(2.7)
QoQ Growth (%)											
USD Revenue - IT Services	0.6	(2.1)	(2.3)	(2.1)	0.0	(1.2)	1.3	(1.2)	0.2	1.2	0.6
INR Revenue	(0.2)	(1.5)	(1.4)	(1.4)	0.0	(1.1)	1.5	0.1	0.8	3.8	2.9
EBIT	(0.2)	(8.1)	(3.4)	(1.4)	7.6	2.0	3.0	4.9	0.3	9.4	0.7
Net Profit	0.7	(6.6)	(7.8)	1.8	5.2	5.9	6.8	4.5	6.4	13.5	(5.7)
Margins (%)											
Gross Margin	29.8	29.4	29.3	30.7	29.2	30.2	30.5	31.0	30.9	30.3	29.0
SGA	14.0	14.2	14.6	16.0	13.2	13.7	13.6	13.8	13.6	13.1	11.9
EBIT Margin- IT Services	16.3	16.0	16.1	16.0	16.4	16.5	16.8	17.5	17.5	17.5	17.3
EBIT Margin- IT Products	(5.2)	(23.2)	(31.8)	14.2	12.3	(34.3)	(27.6)	3.9	(5.3)	8.8	10.9
Total EBIT Margin	16.2	15.1	14.8	14.8	15.9	16.4	16.7	17.5	17.4	17.6	17.2
PAT	13.3	12.6	11.8	12.1	12.8	13.7	14.4	15.0	15.9	15.6	14.3

Source: Company, BOBCAPS Research

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Fig 7 – Key Metrics

Key Metrics	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26
Revenue (USD mn)	2,840	2,779	2,713	2,656	2,657	2,626	2,660	2,629	2,634	2,587	2,604	2,635	2,651
P and L (Rsmn)													
Revenue	231,903	228,310	225,159	222,051	222,083	219,638	223,016	223,188	225,042	221,346	226,973	235,558	242,363
EBITDA	54,503	38,563	41,370	44,889	51,557	40,116	45,050	50,576	54,655	39,468	45,150	52,364	56,286
PAT	30,745	28,701	26,463	26,942	28,346	30,032	32,088	33,538	35,696	33,304	32,462	31,190	34,746
Vertical Mix (%)													
BFSI	34.2	33.8	33.6	32.7	33.5	34.0	34.8	34.1	34.2	33.6	34.3	34.6	34.1
HLS	12.2	12.2	12.7	13.9	14.1	13.9	13.6	14.7	14.4	14.6	14.5	14.9	14.2
RCTG	18.8	18.7	18.7	18.8	18.7	19.2	19.2	19.0	18.9	18.6	18.2	18.2	18.4
ENU*	12.3	12.2	11.6	11.8	11.9	11.2	10.8	-	-	-	-	-	-
MFG AND TECH*	18.0	18.5	19.1	18.8	18.0	17.9	-	-	-	-	-	-	-
GMT*	4.5	4.6	4.3	4.0	3.8	3.8	-	-	-	-	-	-	-
Tech and Comm							15.4	15.3	15.2	15.5	15.6	16.0	16.8
Manufacturing*							6.2	-	-	-	-	-	-
Energy, Manufacturing and Resources*								16.9	17.3	17.7	17.4	16.3	16.5
Geographic Mix (%)													
Americas 1	28.8	28.8	29.8	31.0	30.4	30.9	30.8	32.3	32.8	33.1	33.0	33.2	33.2
Americas 2	30.7	30.0	29.9	30.0	30.7	30.8	30.6	30.6	30.6	30.4	29.6	29.0	28.1
Europe	29.3	29.5	28.6	27.7	27.8	27.6	27.9	26.7	26.1	25.7	26.3	26.7	27.2
APAC and Other Emerging Markets	11.2	11.7	11.7	11.3	11.1	10.7	10.7	10.4	10.5	10.8	11.1	11.1	11.5
Project Type													
T&M	40.5	40.3	41.6	40.1	41.1	42.4	43.3	43.3	44.5	46.5	47.0	44.9	44.4
Fixed Price	59.5	59.7	58.4	59.9	58.9	57.6	56.7	56.7	55.5	53.5	53.0	55.1	55.6
Clients Concentration (%)													
Top client	3.3	3.1	3.0	3.0	3.8	4.0	4.1	4.5	4.4	4.7	4.8	4.7	4.3
Top 5 clients	12.6	12.5	12.3	12.1	13.4	13.6	14.0	14.3	14.5	14.7	14.4	14.4	13.8
Top 10 clients	20.3	20.5	20.6	20.5	22.0	22.5	22.9	23.7	24.2	24.5	24.0	23.7	23.1
Number of Clients													
> USD 100 mn+	19	21	22	22	22	22	21	18	17	16	16	16	16
> USD 75 mn+	29	28	28	31	32	29	30	30	28	27	29	31	29
> USD 50 mn+	53	51	51	46	45	43	42	42	44	47	45	45	45
> USD 20 mn+	117	123	122	121	116	117	117	114	111	109	104	103	106
> USD 10 mn+	208	207	207	203	205	192	186	187	181	180	177	177	183
> USD 5 mn+	311	319	313	305	301	301	297	290	289	281	272	281	289
> USD 3 mn+	427	444	437	430	409	407	411	403	398	397	393	390	391
> USD 1 mn+	750	769	774	750	741	735	733	722	716	725	730	722	715
Employees	258,570	249,758	244,707	239,655	232,614	232,911	233,889	232,732	233,346	233,232	235,492	242,021	242,156
Net Addition	(3539)	(8812)	(5051)	(5052)	(7041)	297	978	(1157)	614	(114)	2260	6529	135
TTM Attrition (%)	19.2	17.3	15.5	14.2	14.2	14.1	14.5	15.3	15	15.1	14.9	14.2	13.8
P&L													
(USD mn)													
Revenue	2,840	2,779	2,713	2,656	2,657	2,626	2,660	2,629	2,634	2,587	2,604	2,635	2,651
EBIT	460	421	404	394	424	433	444	462	452	417	426	461	444
PAT	377	350	321	323	340	360	383	398	413	388	366	347	370
Per Capita (Annualised) - USD mn													
Revenue	43,926	44,499	44,352	44,332	45,696	45,097	45,493	45,187	45,152	44,368	44,236	43,557	43,790
EBIT	7,121	6,750	6,604	6,577	7,299	7,431	7,585	7,945	7,751	7,145	7,238	7,615	7,339
PAT	5,826	5,612	5,241	5,392	5,849	6,187	6,552	6,839	7,079	6,661	6,211	5,738	6,117
Total Direct+Opex cost per capita	36,805	37,749	37,748	37,755	38,398	37,666	37,908	37,241	37,400	37,223	36,998	35,942	36,450

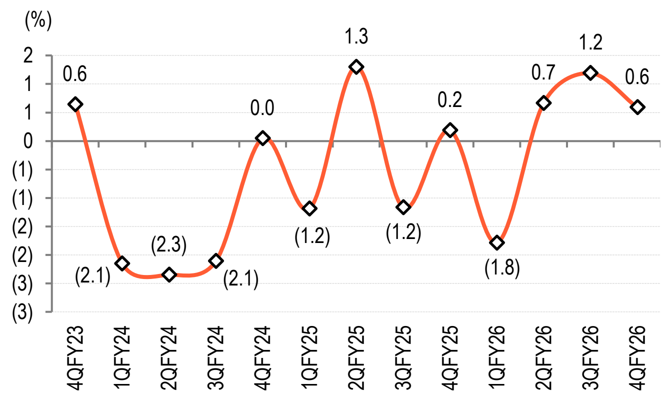
Source: Company, BOBCAPS Research

Fig 8 – QoQ and YoY growth of various parameters

	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26
QoQ Growth (%)													
Vertical Wise													
Communications	(1.5)	0.0	(8.7)	(8.9)	(5.0)	(1.2)	0.0						
Technology and Communication								(1.8)	(0.5)	0.2	1.3	3.8	5.6
Finance Solutions	(1.4)	(3.3)	(2.9)	(4.7)	2.5	0.3	3.7	(3.2)	0.5	(3.5)	2.8	2.1	(0.9)
Manufacturing and Technology	(0.5)	0.6	0.8	(3.6)	(4.2)	(1.7)	0.0						
Manufacturing													
Healthcare, Life sciences and Services	2.3	(2.1)	1.7	7.1	1.5	(2.6)	(0.9)	6.8	(1.9)	(0.4)	(0.0)	4.0	(4.1)
Consumer	0.1	(2.7)	(2.3)	(1.6)	(0.5)	1.5	1.3	(2.2)	(0.3)	(3.3)	(1.5)	1.2	1.7
Energy. Natural Resources and Utilities	8.6	(2.9)	(7.1)	(0.4)	0.9	(7.0)	(2.3)						
Energy, Manufacturing and Resources							(2.2)	(1.7)	2.6	0.5	(1.0)	(5.2)	1.8
Geography-wise													
Americas 1	(1.4)	(2.1)	1.0	1.8	(1.9)	0.4	1.0	3.6	1.7	(0.9)	0.4	1.8	0.6
Americas 2	0.3	(4.4)	(2.7)	(1.8)	2.4	(0.9)	0.6	(1.2)	0.2	(2.4)	(2.0)	(0.9)	(2.5)
Europe	2.4	(1.5)	(5.3)	(5.2)	0.4	(1.9)	2.4	(5.4)	(2.1)	(3.3)	3.0	2.7	2.5
India & Middle East	-	-	-	-	-	-	-	-					
APAC and Other Emerging Markets	2.5	2.2	(2.3)	(5.5)	(1.7)	(4.7)	1.3	(3.9)	1.1	1.0	3.5	1.2	4.2
Non Americas Total	2.4	(0.5)	(4.5)	(5.3)	(0.2)	(2.7)	2.1	(5.0)	(1.2)	(2.1)	3.2	2.3	3.0
Customer Concentration													
Top customer	0.9	(8.3)	(5.3)	0.0	25.2	6.6	1.3	10.0	(4.0)	7.5	3.3	(1.5)	(9.4)
Top 5	(7.3)	(3.1)	(3.7)	(1.6)	9.4	2.8	1.7	2.3	(0.4)	2.1	(0.9)	0.6	(5.1)
Top 10	(6.7)	(1.4)	(1.6)	(0.4)	6.0	3.6	0.6	3.7	0.3	1.9	(0.9)	(0.7)	(3.5)
YoY Growth (%)													
Vertical Wise													
Communications	(2.2)	(7.2)	(15.5)	(18.1)	(21.0)	(21.9)	NA						
Finance Solutions	0.8	(3.7)	(8.1)	(11.8)	(8.3)	(4.9)	1.5	3.2	1.2	(2.6)	(3.5)	1.7	0.4
Manufacturing and Technology	(0.6)	0.8	(0.6)	(2.8)	(6.4)	(8.6)	NA						
Healthcare, Life sciences and Services	10.7	7.0	7.3	9.0	8.2	7.7	5.0	4.7	1.2	3.5	4.4	1.6	(0.8)
Consumer	9.6	1.9	(4.2)	(6.4)	(6.9)	(3.0)	0.7	0.0	0.2	(4.6)	(7.2)	(4.0)	(2.0)
Energy. Natural Resources and Utilities	11.6	10.8	(0.3)	(2.6)	(9.5)	(13.2)	(8.7)						
Energy, Manufacturing and Resources							(10.4)	(9.6)	(7.3)	(0.9)	0.2	(3.3)	(4.0)
Geography-wise													
Americas 1	6.2	(0.2)	(1.7)	(0.7)	(1.2)	1.4	1.3	3.1	6.9	5.5	4.9	3.0	1.9
Americas 2	3.3	(3.4)	(8.0)	(8.3)	(6.4)	(3.0)	0.3	1.0	(1.2)	(2.8)	(5.3)	(5.0)	(7.6)
Europe	4.3	5.1	(2.0)	(9.5)	(11.2)	(11.6)	(4.4)	(4.6)	(6.9)	(8.3)	(7.7)	0.2	4.9
APAC and Other Emerging Markets / ROW	2.5	4.4	(1.2)	(3.3)	(7.2)	(13.6)	(10.3)	(8.9)	(6.2)	(0.6)	1.6	7.0	10.2
Non Americas Total	3.8	4.9	(1.7)	(7.8)	(10.1)	(12.1)	(6.1)	(5.8)	(6.7)	(6.1)	(5.1)	2.1	6.4
Customer Concentration													
Top customer	4.0	(6.7)	(11.7)	(12.3)	8.8	26.5	35.3	48.7	14.1	15.0	17.4	5.1	(0.9)
Top 5	(1.5)	(7.4)	(11.6)	(14.9)	0.5	6.7	12.7	17.1	6.6	5.8	3.1	1.3	(3.4)
Top 10	(0.2)	(5.5)	(7.7)	(9.9)	2.4	7.6	10.0	14.6	8.4	6.6	5.1	0.6	(3.2)

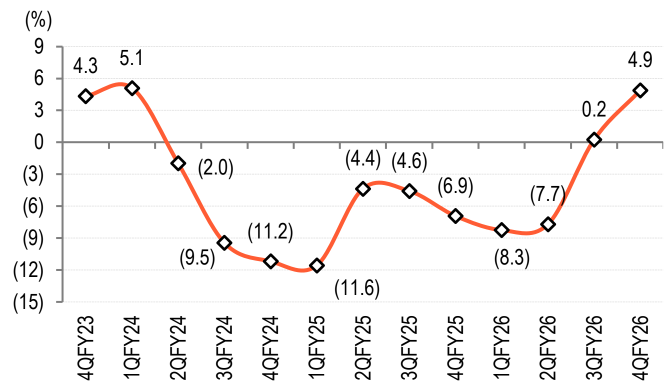
Source: Company, BOBCAPS Research

Fig 9 – USD revenue growth (QoQ) – IT Services



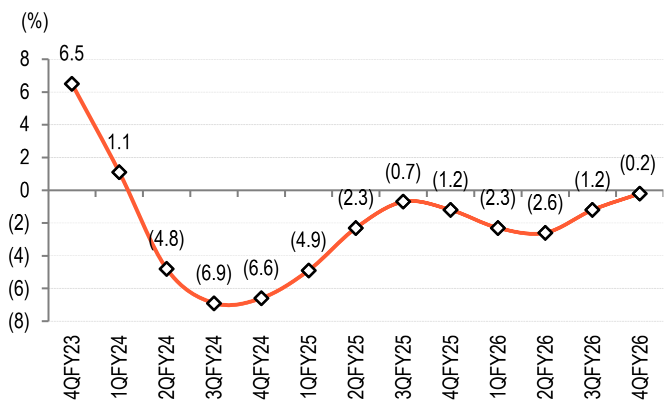
Source: Company, BOBCAPS Research

Fig 10 – Europe revenue growth – US$ terms (YoY)



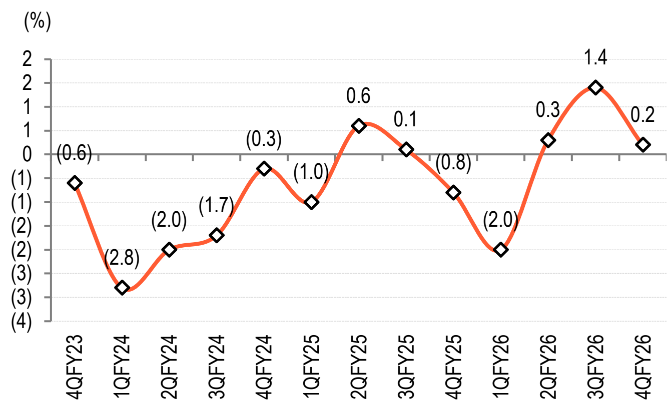
Source: Company, BOBCAPS Research

Fig 11 – IT Services YoY Growth (CC terms)



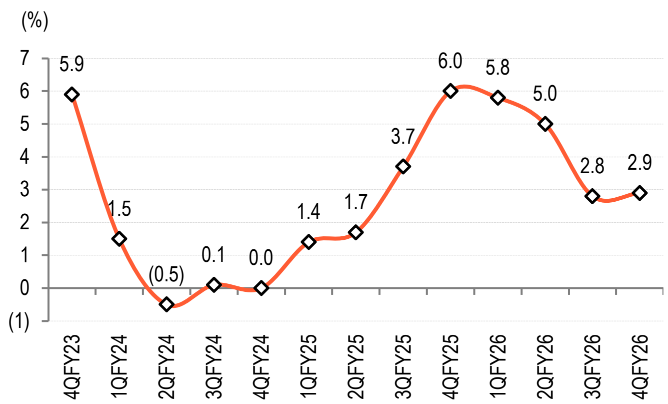
Source: Company, BOBCAPS Research

Fig 12 – IT Services QoQ Growth (CC terms)



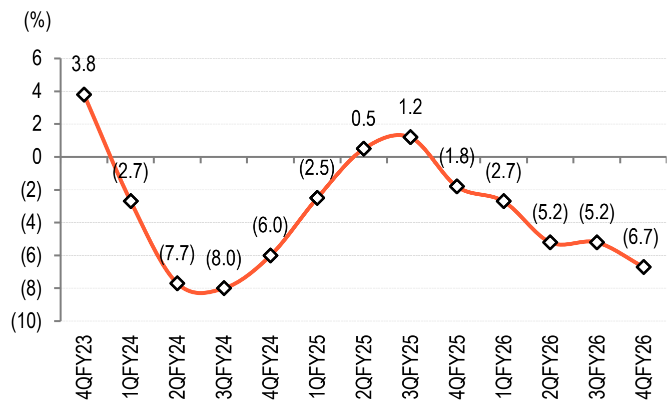
Source: Company, BOBCAPS Research

Fig 13 – Americas 1 YoY Growth (CC terms)



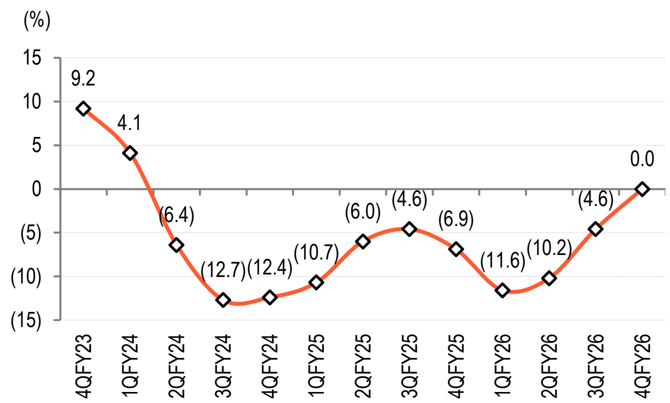
Source: Company, BOBCAPS Research

Fig 14 – Americas 2 YoY Growth (CC terms)



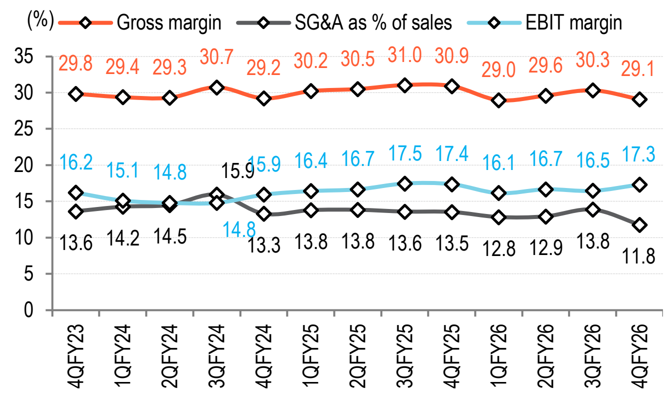
Source: Company, BOBCAPS Research

Fig 15 – Europe YoY Growth (CC terms)



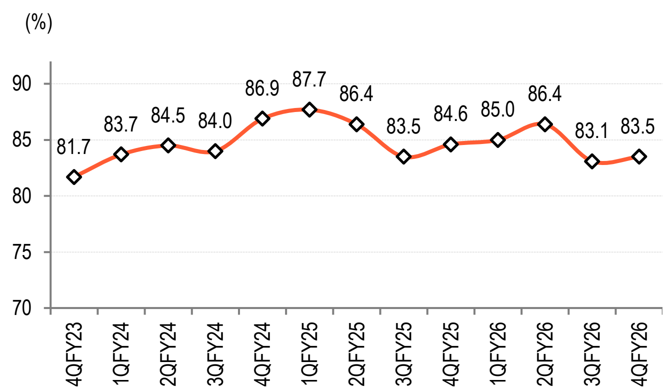
Source: Company, BOBCAPS Research

Fig 16 – Gross margin, SG&A as % of sales and EBIT margin



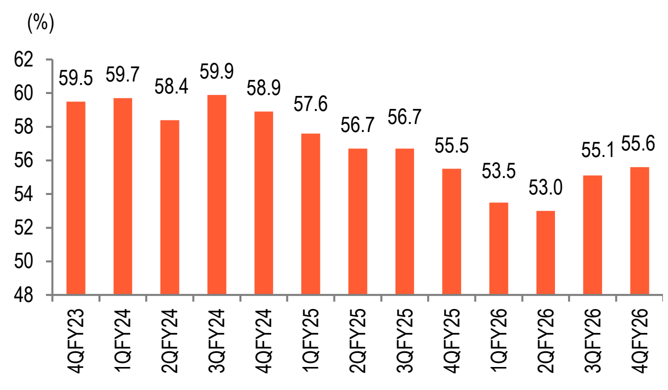
Source: Company, BOBCAPS Research

Fig 17 – Staff utilization (incl trainees) trend



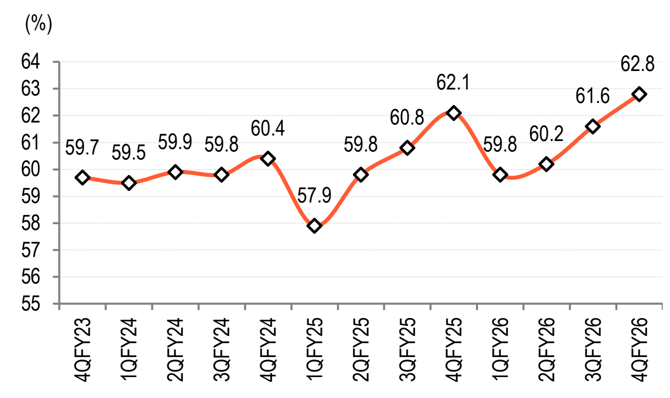
Source: Company, BOBCAPS Research

Fig 18 – Fixed price engagement in terms of revenue share



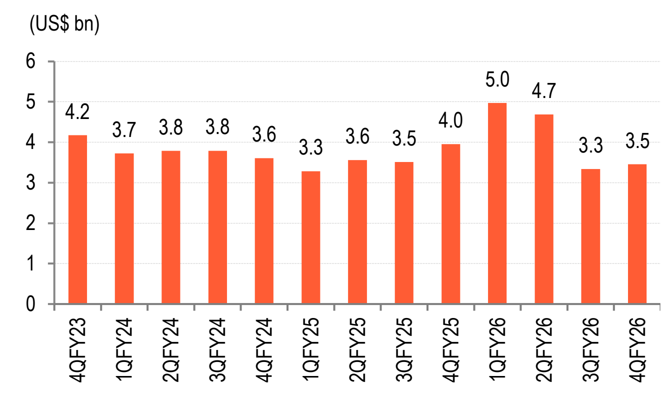
Source: Company, BOBCAPS Research

Fig 19 – Offshore revenue (%)



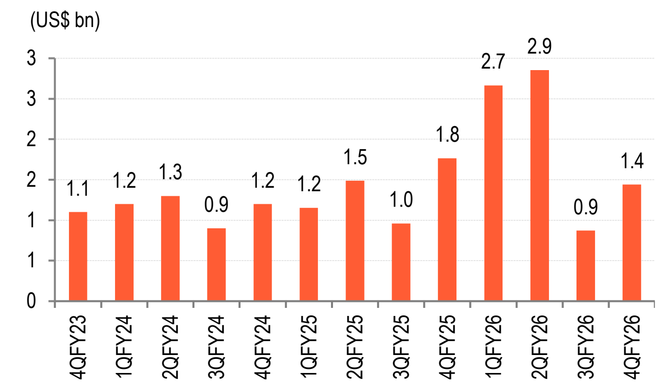
Source: Company, BOBCAPS Research

Fig 20 – Total TCV (US$ bn)



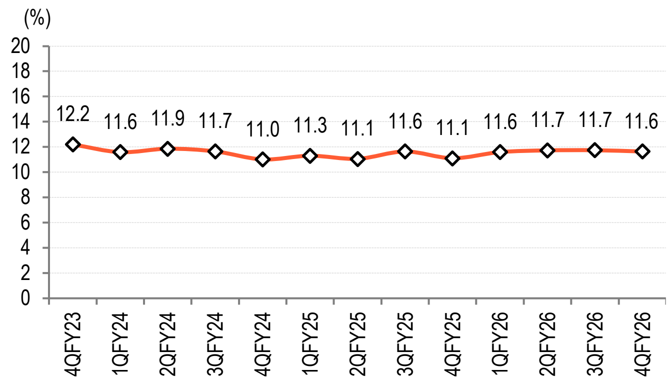
Source: Company, BOBCAPS Research

Fig 21 – Large Deal TCV (US$ bn)



Source: Company, BOBCAPS Research

Fig 22 – Sub-contractor cost (% of revenue) trend



Source: Company, BOBCAPS Research

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**890,884**	**926,240**	**1,001,712**	**1,029,961**	**1,060,089**
EBITDA	190,397	193,268	227,786	239,005	252,468
Depreciation	39,126	36,632	60,527	66,802	73,076
EBIT	151,271	156,636	167,259	172,204	179,392
Net interest inc./(exp.)	(14,770)	(14,577)	(15,017)	(15,017)	(15,017)
Other inc./(exp.)	38,456	36,748	36,016	44,619	56,895
Exceptional items	0	0	0	0	0
EBT	174,957	173,150	188,258	201,805	221,269
Income taxes	42,777	40,767	46,123	49,442	54,211
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	826	681	792	792	792
Reported net profit	**131,354**	**131,702**	**141,343**	**151,571**	**166,266**
Adjustments	0	0	0	0	0
Adjusted net profit	**131,354**	**131,702**	**141,343**	**151,571**	**166,266**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	88,252	94,924	99,201	102,744	104,846
Other current liabilities	189,976	303,993	302,825	305,497	307,082
Provisions	294	224	224	224	224
Debt funds	63,954	1,962	1,962	1,962	1,962
Other liabilities	111,036	125,040	125,040	125,040	125,040
Equity capital	20,944	20,977	19,777	19,777	19,777
Reserves & surplus	809,503	866,900	837,003	964,859	1,105,538
Shareholders' fund	830,447	887,877	856,780	984,636	1,125,315
Total liab. and equities	**1,283,959**	**1,414,020**	**1,386,032**	**1,520,103**	**1,664,468**
Cash and cash eq.	121,974	105,555	119,189	290,879	482,873
Accounts receivables	118,044	136,250	142,389	147,474	150,491
Inventories	694	517	517	517	517
Other current assets	147,815	182,871	175,637	179,734	182,164
Investments	439,259	467,859	467,859	467,859	467,859
Net fixed assets	55,235	67,962	23,008	(23,794)	(76,870)
CWIP	25,449	13,825	18,252	18,252	18,252
Intangible assets	352,464	416,575	416,575	416,575	416,575
Deferred tax assets, net	2,561	5,242	5,242	5,242	5,242
Other assets	20,464	17,364	17,364	17,364	17,364
Total assets	**1,283,959**	**1,414,020**	**1,386,032**	**1,520,103**	**1,664,468**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**190,916**	**173,676**	**209,703**	**231,214**	**253,391**
Capital expenditures	(4,063)	827	(20,000)	(20,000)	(20,000)
Change in investments	(105,133)	(27,801)	0	0	0
Other investing cash flows	0	0	0	0	0
Cash flow from investing	**(109,196)**	**(26,974)**	**(20,000)**	**(20,000)**	**(20,000)**
Equities issued/Others	10,494	33	(150,000)	0	0
Debt raised/repaid	20,351	6,057	0	0	0
Interest expenses	(14,770)	(14,577)	(15,017)	(15,017)	(15,017)
Dividends paid	(6)	(52,366)	(21,240)	(23,715)	(25,588)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	**16,069**	**(60,853)**	**(186,257)**	**(38,732)**	**(40,605)**
Chg in cash & cash eq.	**25,021**	**(14,151)**	**13,446**	**171,742**	**192,046**
Closing cash & cash eq.	**121,974**	**107,823**	**119,001**	**290,931**	**482,925**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	12.6	12.6	14.3	15.3	16.8
Adjusted EPS	12.5	12.5	14.3	15.3	16.8
Dividend per share	0.0	5.0	2.1	2.4	2.6
Book value per share	79.4	84.7	86.7	99.7	113.9

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	2.5	2.5	2.3	2.3	2.4
EV/EBITDA	11.8	11.8	10.2	10.1	10.3
Adjusted P/E	16.8	16.8	14.7	13.7	12.5
P/BV	2.6	2.5	2.4	2.1	1.8

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	75.1	76.1	75.1	75.1	75.1
Interest burden (PBT/EBIT)	115.7	110.5	112.6	117.2	123.3
EBIT margin (EBIT/Revenue)	17.0	16.9	16.7	16.7	16.9
Asset turnover (Rev./Avg TA)	73.1	68.5	71.3	70.6	66.4
Leverage (Avg TA/Avg Equity)	1.5	1.6	1.6	1.6	1.5
Adjusted ROAE	16.6	15.3	16.2	16.5	15.8

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	(0.7)	4.0	8.1	2.8	2.9
EBITDA	7.9	1.5	17.9	4.9	5.6
Adjusted EPS	20.9	0.1	13.7	7.2	9.7
Profitability & Return ratios (%)					
EBITDA margin	21.4	20.9	22.7	23.2	23.8
EBIT margin	17.0	16.9	16.7	16.7	16.9
Adjusted profit margin	14.7	14.2	14.1	14.7	15.7
Adjusted ROAE	16.6	15.3	16.2	16.5	15.8
ROCE	10.9	10.4	10.8	10.7	10.0
Working capital days (days)					
Receivables	75	87	84	85	84
Inventory	NA	NA	NA	NA	NA
Payables	36	37	36	36	36
Ratios (x)					
Gross asset turnover	16.1	13.6	43.5	(43.3)	(13.8)
Current ratio	1.4	1.1	1.1	1.5	2.0
Net interest coverage ratio	NA	NA	NA	NA	NA
Adjusted debt/equity	(0.1)	(0.1)	(0.1)	(0.3)	(0.4)

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

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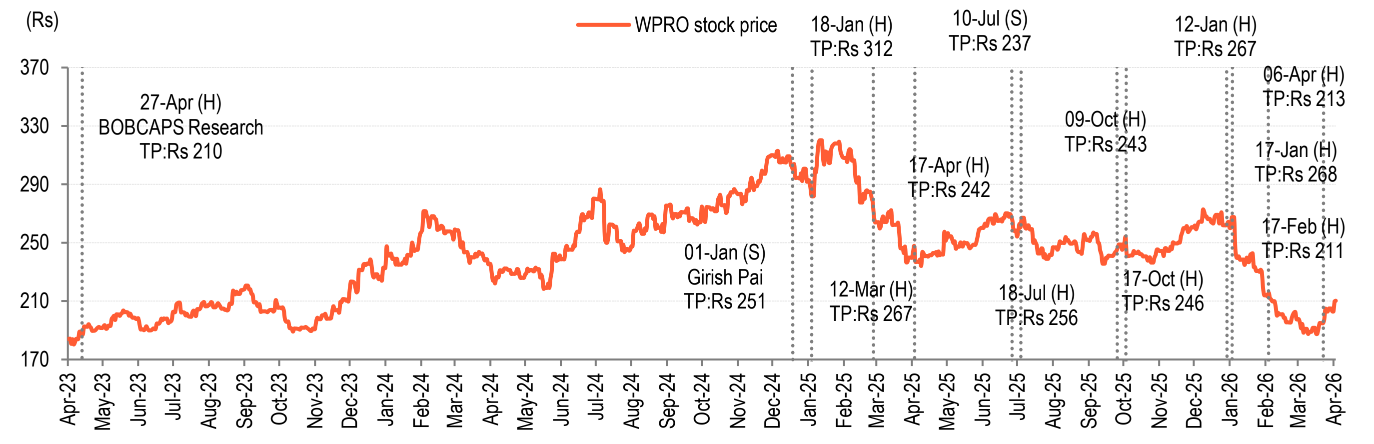

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