

Wipro

Muted guidance; improving trajectory

Wipro (WPRO) reported a 2% QoQ CC revenue decline, aligning with the lower end of its guidance. The IT services EBIT margin stood at 17.3%, in line with our expectations. For Q2FY26E, the company issued a muted revenue growth guidance of -1% to +1% QoQ CC, reflecting ongoing macroeconomic uncertainty. The large deal bookings totalled USD 2.7bn, including 16 large deals (with two mega deals in the BFSI vertical). Many of these wins are focused on cost optimization and vendor consolidation, which typically require upfront investments—such as talent acquisition, planning, and onboarding—potentially impacting margins in the near term. Despite a cautious stance due to the macro environment, management remains optimistic about H2FY26E, expecting it to outperform H1FY26E. Strong deal momentum in key verticals like BFSI and Technology & Communications, particularly those leveraging AI and consulting-led strategies, is expected to support improved revenue conversion. However, some large projects remain on hold, especially in sectors like manufacturing, automotive, and retail/CPG, which are affected by geopolitical tensions and tariffs. While order bookings have been robust, client sentiment remains cautious. We maintain a REDUCE rating on Wipro, with a revised target price of INR 250, based on 18x June FY27E earnings.

- Q1FY26 highlights:** (1) WPRO's IT services revenue came at USD 2.59bn (higher than our estimate of USD 2.57bn), down -2.0% QoQ CC and -2.3% YoY CC. (2) Within verticals, energy, manufacturing & resources (18% of the revenue) grew 2% QoQ CC, followed by tech (16% of revenues; +1.6% QoQ CC) and health (15% of the revenue; up +1% QoQ CC). Retail and CPG & manufacturing were most impacted by tariffs. (3) BFSI demand is strong, with focus on AI-led efficiency and transformation. Outlook for the healthcare vertical is positive. (4) T1 client recovered sequentially at +6.4% QoQ CC while T5/10 clients grew 1/0.9% QoQ. (5) Total TCV was USD 4.97bn (+24.1% QoQ and 50.7% YoY); large-deal TCV (USD 30mn+ TCV) stood at USD 2.7bn, (+49.7% QoQ/+131% YoY). The company won two mega deals in the quarter. (6) IT services EBITM at 17.3% (-23bps QoQ) came in line with our estimate of 17.2%. The management expects the margin to be in the 17-17.5% band, driven by productivity in fixed price programs, margin improvement from acquired entities, and G&A optimization. (7) Headcount declined by 114 on a net basis while utilization improved by 40bps to 85% and attrition increased by 10bps QoQ to 15.1%.
- Outlook:** We have factored in revenue growth of -0.2/+5.3/+5.6% in FY26/27/28E. IT services EBITM is expected to be 17.3/17.2/17.5% for FY26/27/28E, translating into an EPS CAGR of ~5.4% over FY25-28E. At CMP, Wipro is trading at 21/19.6/18.2x FY26/27/28E (5Y average at 21x).

Quarterly Financial summary

| YE March (INR bn) | Q1 FY26 | Q1 FY25 | YoY (%) | Q4 FY25 | QoQ (%) | FY24 | FY25 | FY26E | FY27E | FY28E |
|---------------------|---------|---------|---------|---------|---------|--------|--------|--------|--------|----------|
| IT revenue (USD Mn) | 2,587 | 2,626 | (1.5) | 2,597 | (0.4) | 10,805 | 10,512 | 10,488 | 11,043 | 11,659 |
| Net Sales | 221.35 | 219.64 | 0.8 | 225.04 | (1.6) | 897.60 | 890.88 | 902.08 | 961.59 | 1,026.85 |
| EBIT | 35.54 | 36.28 | (2.0) | 38.86 | (8.5) | 135.76 | 151.24 | 153.48 | 165.60 | 180.17 |
| APAT | 33.30 | 30.03 | 10.9 | 35.70 | (6.7) | 110.45 | 131.35 | 133.08 | 143.05 | 153.86 |
| Diluted EPS (INR) | 3.2 | 2.9 | 10.7 | 3.4 | (6.7) | 10.5 | 12.5 | 12.7 | 13.6 | 14.7 |
| P/E (x) | | | | | | 25.3 | 21.3 | 21.0 | 19.6 | 18.2 |
| EV / EBITDA (x) | | | | | | 15.0 | 13.6 | 13.4 | 12.4 | 11.3 |
| RoE (%) | | | | | | 14.4 | 16.6 | 15.7 | 16.1 | 16.6 |

Source: Company, HSIE Research, Consolidated Financials

Change in Estimates

| YE March (INR bn) | FY26E Old | FY26E Revised | Change % | FY27E Old | FY27E Revised | Change % | FY28E Old | FY28E Revised | Change % |
|---------------------|-----------|---------------|----------|-----------|---------------|----------|-----------|---------------|----------|
| IT revenue (USD Mn) | 10,413 | 10,488 | 0.7 | 11,015 | 11,043 | 0.3 | 11,632 | 11,659 | 0.2 |
| Revenue | 898.67 | 902.08 | 0.4 | 958.92 | 961.59 | 0.3 | 1,024.15 | 1,026.85 | 0.3 |
| EBIT | 153.39 | 153.48 | 0.1 | 165.52 | 165.60 | 0.0 | 179.39 | 180.17 | 0.4 |
| EBIT margin (%) | 17.1 | 17.0 | -5bps | 17.3 | 17.2 | -4bps | 17.5 | 17.5 | 3bps |
| APAT | 131.19 | 133.08 | 1.4 | 141.60 | 143.05 | 1.0 | 153.42 | 153.86 | 0.3 |
| EPS (INR) | 12.5 | 12.7 | 1.4 | 13.5 | 13.6 | 1.0 | 14.6 | 14.7 | 0.3 |

Source: Company, HSIE Research

REDUCE

| | |
|-------------------------|---------|
| CMP (as on 17 Jul 2025) | INR 261 |
| Target Price | INR 250 |
| NIFTY | 25,111 |

| KEY CHANGES | OLD | NEW |
|--------------|---------|---------|
| Rating | REDUCE | REDUCE |
| Price Target | INR 245 | INR 250 |
| EPS % | FY26E | FY27E |
| | +1.4 | +1.0 |

KEY STOCK DATA

| | |
|------------------------------|--------------|
| Bloomberg code | WPRO IN |
| No. of Shares (mn) | 10,483 |
| MCap (INR bn) / (\$ mn) | 2,732/31,736 |
| 6m avg traded value (INR mn) | 3,422 |
| 52 Week high / low | INR 325/225 |

STOCK PERFORMANCE (%)

| | 3M | 6M | 12M |
|--------------|------|--------|-------|
| Absolute (%) | 10.0 | (7.6) | (6.9) |
| Relative (%) | 5.3 | (14.9) | (8.8) |

SHAREHOLDING PATTERN (%)

| | Mar-25 | Jun-25 |
|-----------------|--------|--------|
| Promoters | 72.73 | 72.66 |
| FIs & Local MFs | 7.47 | 7.77 |
| FPIs | 11.13 | 10.91 |
| Public & Others | 8.67 | 8.66 |
| Pledged Shares | 0.00 | 0.00 |

Source : BSE

Pledged shares as % of total shares

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