

# Wipro (WPRO)

IT Services

**SELL**

CMP(₹): 261

Fair Value(₹): 240

 Sector View: **Neutral**

NIFTY-50: 25,111

July 17, 2025

## Bountiful TCV

Wipro reported stellar TCV powered by two mega deals. Low new component and margin compromise take some sheen off the wins. Nevertheless, this indicates increased aggression to defend and grow share, a positive outcome in the turnaround effort. We continue to believe that a turnaround is tricky and will require Wipro to get multiple elements right, not an easy task. It continues to have rough edges, despite some encouraging signs. Stock is expensive at 20X FY2027. Retain SELL at a revised Fair Value of Rs240.

### Revenue decline of 2%, driven by broad-based weakness across verticals

Revenue declined 0.4% in US\$ terms to US\$2,587 mn. In c/c terms, revenue declined 2% sequentially (70 bps above our estimate of 2.7% decline) and 2.3% yoy. The sequential decline was driven by the BFSI (-)3.8% and consumer (-)4% verticals. Among geos, the decline was led by Europe (-)6.4% and the Americas 2 (-)1.7%). EBIT margin declined 20 bps qoq to 17.3%, 20 bps lower than our estimate. Net profit declined 6.7% qoq, but increased 10.9% yoy to Rs33.3 bn, beating our estimate by 0.6% due to higher other income and lower tax rate.

### Flat growth guidance for 2QFY26 at the midpoint

Wipro has guided that revenue growth for the September 2025 quarter will be in the (-)1 to (+)1% range, in line with our estimates. We forecast 0.2% qoq growth, aided by lower client-specific issues in Europe, lower macro impact and ramp-up of wins in the earlier quarters. We expect growth to pick up in 2HFY26, driven by the ramp-up of mega deals.

### Stellar deal wins are a good outcome at current juncture

Wipro announced two mega deals and a potential mega deal, some led by vendor consolidation. These are renewals with some new business components. Deals will likely have a lower-margin profile than the corporate average, given high pricing pressure. These deals indicate that Wipro has become more aggressive in defending shares in existing accounts and getting new wins. The downside is the margin impact, which is not too different from the industry. Such wins will reduce the gap in revenue growth with peers, a better outcome than an alternative scenario. It is early to correlate these wins, with signs indicating a successful turnaround. The company has flattered only to deceive multiple times in the past. Wipro still has rough edges, which need to be dealt with.

### Broadly retain EPS estimates; retain SELL at revised FV of Rs240

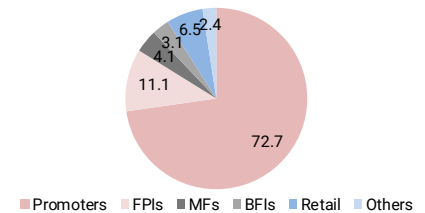
We increase FY2026-28E US\$ revenue by 3-5%, factoring in healthy deal wins. We also factor in the margin implications, leading to 50-60 bps cut to EBIT margin. We also incorporate revised INR/USD estimates of KIE's economist. The net result is broadly similar to EPS estimates. We value Wipro at 17X (unchanged) June 2027E earnings, leading to Fair Value of Rs240 (Rs230 earlier). Stock trades at full valuations, with no margin of safety. Retain SELL.

#### Company data and valuation summary

##### Stock data

CMP(Rs)/FV(Rs)/Rating	261/240/SELL
52-week range (Rs) (high-low)	325-225
Mcap (bn) (Rs/US\$)	2,732/31.7
ADTV-3M (mn) (Rs/US\$)	2,936/34.1

##### Shareholding pattern (%)



##### Price performance (%)

	1M	3M	12M
Absolute	(1)	10	(7)
Rel. to Nifty	(2)	5	(9)
Rel. to MSCI India	(3)	3	(7)

##### Forecasts/Valuations

	2025	2026E	2027E
EPS (Rs)	12.5	12.7	13.3
EPS growth (%)	22.2	1.4	4.6
P/E (X)	20.8	20.5	19.6
P/B (X)	3.3	3.1	3.0
EV/EBITDA (X)	13.1	13.1	12.2
RoE (%)	16.5	15.5	15.7
Div. yield (%)	2.3	3.4	3.6
Sales (Rs bn)	891	905	958
EBITDA (Rs bn)	181	178	187
Net profits (Rs bn)	130	132	140

Source: Bloomberg, Company data, Kotak Institutional Equities estimates

Prices in this report are based on the market close of July 17, 2025

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### Results contain encouraging signs, but also some rough edges

Under the new CEO, Wipro has doubled its focus on top accounts and large deals, leading to some encouraging results visible in 1QFY26, which are as follows:

- ▶ **Stellar deal wins.** Large deals increased 51.2% qoq and 131% yoy to US\$2.67 bn. Overall TCV grew 25.7% qoq and 51.4% yoy to US\$4.97 bn. Even deal TCV ex-large deals improved a tad, growing 5.2% qoq and 8.2% yoy.
- ▶ **Top client and top-10 growth.** Top client grew 6.4% qoq and 15.8% yoy in US\$ terms. Top-10 grew 0.9% qoq and 7.3% yoy. Healthy growth in top accounts indicates that Wipro's efforts are bearing fruit.
- ▶ **Pick-up in number of US\$50 mn accounts.** The number of US\$50 mn accounts increased by 3 qoq and 4 yoy to 47.
- ▶ **Healthy yoy growth in Americas 1.** Americas 1 grew 0.2% qoq and 5.8% yoy in c/c. Within Americas 1, healthcare has grown at a decent pace. Overall, the healthcare vertical grew 0.5% qoq and 3.5% yoy in c/c. The performance of the healthcare vertical is better than many Tier-1 peers.

At the same time, Wipro continues to have rough edges that are visible in the following ways:

- ▶ **Sharp revenue decline in Europe.** Europe declined 6.4% qoq and 11.6% yoy. The UK geography's revenue has declined significantly. In US\$ terms, the UK geo revenue declined 5.6% qoq and 16.8% yoy. The decline in Europe is driven by client-specific issues.
- ▶ **Underperformance in BFSI.** BFSI revenue declined 3.8% qoq and 3.5% yoy. Underperformance in BFSI has a heavy bearing on overall performance, given the high 33.6% contribution to revenue.
- ▶ **Decline in number of US\$100 mn clients.** The number of US\$100 mn clients has been on a steady decline and is down to 16 in 1QFY26 from a high of 22 in the June 2024 quarter, a decline of 6 yoy.
- ▶ **Non-top-10 growth.** Revenue from non-top-10 accounts declined 0.7% qoq and declined 4% yoy in contrast to the performance of the top-10 accounts.
- ▶ **Subpar margins in Europe and APMEA.** Segmental margins in Europe and APMEA continue to be far lower than Americas geo.
- ▶ **Attrition rate.** Attrition inched up to 15.1%, an increase of 10 bps qoq and 100 bps yoy. The attrition rate is the highest among Tier-1 peers.

### Restructuring exercise in Europe geography

Wipro spent Rs2.47 bn on the restructuring of the Europe geography, including severance costs. Europe now has fewer sub-segments—the UK, Germany and Western Europe. Restructuring led to redundant roles, leading to letting go of some associates. The restructuring is a one-time exercise. Restructuring costs have been reported under reconciling items, thereby not impacting IT services margin.

### Wins a couple of mega deals in BFS and a potential mega deal in the semiconductor segment

Two mega deals are in the BFS vertical, while a deal with the potential to become a mega deal is in the semiconductor segment. These deals will ramp up over the next few quarters. Wipro provided commentary on mega deals, which are as follows:

- ▶ **Global BFS firm.** A global banking leader selected Wipro as their strategic partner to transform technology across multiple business lines and across enterprise functions. Wipro will help transform the digital ecosystem, modernize cloud and data platforms and improve cyber resilience. Wipro will also embed AI across the software development lifecycle to boost productivity and reimagine core processes.
- ▶ **Semiconductor company.** A leading semiconductor company signed a deal to modernize the entire product lifecycle. Wipro will drive the engineering transformation from silicon design and system software to platform development and hardware validation—this deal has the potential to become a mega deal.

- ▶ **North American bank.** Secured a mega deal from a North American bank, extending a decade-long partnership. Wipro will transform technology across core banking, wealth management and retail. This includes modernizing cloud infrastructure, strengthening cyber resilience and digital ecosystems and enterprise applications.

### Valuation gap with the top-3 Tier-1 IT is just 7.1-11.3%

Wipro trades at 20X FY2027E based on our estimate. The company trades at a discount of only 7.1%, 10.5% and 11.3% with TCS, Infosys and HCLT, respectively. The valuation gap with TechM, where we are confident of a turnaround, is only 2.5%. Note that the valuation gap will reduce after a likely increase in stock price after the results based on the ADR share price movement.

### Key highlights of the earnings call

- ▶ **Demand commentary.** Started the quarter with significant macro uncertainty, which kept demand muted. Clients prioritized initiatives with immediate impact, focusing on cost take-outs and vendor consolidation. Clients accelerated initiatives on data, AI and modernization programs. Many programs moved to scaled production.
- ▶ **Margin commentary.** SG&A savings and operational improvements offset the impact of the revenue decline.
- ▶ **2QFY25 guidance.** Expect sequential revenue growth of (-)1 to 1% in 2QFY26.
- ▶ **Demand outlook.** Growth in 2H will be much better than in 1H. Discretionary spending continues to be weak, but has stabilized. Expect it to remain stable for the rest of the year. Cost takeout is the key priority for clients. Manufacturing, especially auto and industrial, retail and CPG have been impacted by tariffs. Client-specific issues related to the SAP project pause mentioned in the previous earnings call continue to be on hold. Discretionary demand is available in data, AI and modernization.
- ▶ **Vertical-wise commentary.** (1) **BFSI.** Both mega deals won are in US BFSI. Pipeline is healthy. Weakness has been in Europe. (2) **Tech and communications.** Won a large deal that has the potential to be a mega deal. Investing a lot in AI. (3) **Healthcare.** Will continue to grow. Payers are under cost pressure. (4) **Consumer.** B2C technology companies are doing well. Good wins in retail in 1QFY26. Discretionary spending is tight. (5) **Manufacturing and energy.** Challenges in automotive. Cost takeout opportunities are available.
- ▶ **APMEA. Digital spending in India, the Middle East and South Asia Europe is keeping the geo resilient.** Pipeline is healthy in Europe. Revenue from the Phoenix deal will come in 3QFY26. Hopes for a turnaround in performance in Europe. Client-specific issues are behind the company.
- ▶ **Capco.** Capco grew 6% yoy, aided by healthy growth in Latin America. Capco had US\$1bn bookings on LTM basis. Pipeline is healthy.
- ▶ **Restructuring.** Rs2.47 bn one-time restructuring cost pertains to restructuring in Europe limited to a few associates in Europe.
- ▶ **Deal wins.** Wipro won 16 large deals, out of which two are mega deals and one has the potential to become a mega deal. Wipro has won in large vendor consolidations. Substantial portion of large deals are from top-10 clients. These deals will ramp up fully over the next few quarters. Good balance between renewals and new TCW. TCW is going up faster than ACW due to larger deal tenures. None of the deals have material pass-through element. Pipeline is very strong. ACW of deal wins has grown at a healthy pace yoy. Both the mega deals have an element of new TCW component. The large deal that has potential to become a mega deal can have a large new component.
- ▶ **Margin outlook.** The 17-17.5% EBIT margin band continues to the aspirational margin band. Margin profile of the large and mega deals is weaker than the rest of the portfolio. Many large deal wins have upfront costs since they are of a cost takeout nature and won amid a highly competitive environment and will create cost pressures during ramp-up. Productivity improvement in fixed-price projects is a big lever. Acquired entities are executing on better margins. Continuing to optimize G&A due to AI and process efficiencies. Operations simplification and reducing the number of layers. Fresher hiring, rotation and pyramid optimization will become better as Wipro grows and expands revenue.
- ▶ **Dividend.** Board declared a dividend of Rs5/share. Endeavour is to provide dividends twice a year.

- ▶ AI. Wipro is building an AI-first enterprise and embracing autonomous and agentic AI. AI is integrated into domain expertise. Deployed over 200 AI-powered agents. Vendor consolidation deals have AI productivity benefits backed into them.

**Wipro reported c/c revenue decline of 2% qoq compared with our estimate of a decline of 2.7%**

Exhibit 1: Wipro 1QFY26 results (IFRS), March fiscal year-ends (Rs mn)

	1QFY26	1QFY26E	1QFY25	4QFY25	% chg.			FY2026E	% chg.
					KIE	yoy	qoq		
<b>IT services revenues (US\$ mn)</b>	<b>2,587</b>	<b>2,563</b>	<b>2,626</b>	<b>2,597</b>	<b>0.9</b>	<b>(1.5)</b>	<b>(0.4)</b>	<b>10,481</b>	<b>(0.3)</b>
- IT Services	220,800	219,429	218,963	224,453	0.6	0.8	(1.6)	901,653	1.5
- IT Products	728	478	469	813	52.2	55.2	(10.5)	2,995	11.3
- reconciling items	-	-	-	-				-	
<b>Total revenues</b>	<b>221,528</b>	<b>219,908</b>	<b>219,432</b>	<b>225,266</b>	<b>0.7</b>	<b>1.0</b>	<b>(1.7)</b>	<b>904,649</b>	<b>1.5</b>
<b>Operating Income</b>	<b>35,724</b>	<b>38,474</b>	<b>36,069</b>	<b>39,087</b>	<b>(7.1)</b>	<b>(1.0)</b>	<b>(8.6)</b>	<b>150,378</b>	<b>(0.6)</b>
- IT Services	38,134	38,455	36,057	39,270	(0.8)	5.8	(2.9)	152,698	0.7
- IT Products	20	19	(47)	28		(142.6)	(28.6)	111	(164.0)
- reconciling items	(2,430)	-	59	(211)				(2,430)	
Other income/ (expense)	6,809	5,851	4,192	8,052	16.4	62.4	(15.4)	26,506	15.3
Extraordinaries	-	-	-	-				-	
<b>PBT</b>	<b>42,533</b>	<b>44,325</b>	<b>40,261</b>	<b>47,139</b>	<b>(4.0)</b>	<b>5.6</b>	<b>(9.8)</b>	<b>176,885</b>	<b>1.5</b>
Income taxes	(9,218)	(11,347)	(9,850)	(11,549)	(18.8)	(6.4)	(20.2)	(45,336)	4.3
<b>PAT</b>	<b>33,315</b>	<b>32,978</b>	<b>30,411</b>	<b>35,590</b>	<b>1.0</b>	<b>9.5</b>	<b>(6.4)</b>	<b>131,549</b>	<b>0.6</b>
Equity in earnings of affiliates	50	291	(45)	291				-	
Minority interest	(61)	(176)	(334)	(185)				(226)	
<b>Net income</b>	<b>33,304</b>	<b>33,093</b>	<b>30,032</b>	<b>35,696</b>	<b>0.6</b>	<b>10.9</b>	<b>(6.7)</b>	<b>131,523</b>	<b>1.0</b>
<b>EPS (Rs/share)</b>	<b>3.2</b>	<b>3.2</b>	<b>2.9</b>	<b>3.4</b>	<b>0.5</b>	<b>10.6</b>	<b>(6.5)</b>	<b>12.7</b>	<b>1.4</b>
<b>Operating margin</b>									
<b>IT Services</b>	<b>17.3</b>	<b>17.5</b>	<b>16.5</b>	<b>17.5</b>				<b>16.9</b>	
IT Products	2.7	4.0	(10.0)	3.4					
Net Income Margin	15.0	15.0	13.7	15.8				14.5	
Tax rates (%)	21.7	25.6	24.5	24.5				25.6	

Notes:

(a) Wipro has guided for sequential IT services revenue decline of 3.5% to decline of 1.5% in Mar 2025 quarter

Source: Company, Kotak Institutional Equities estimates

**We increase FY2026-28E EPS by 0-1%**

Exhibit 2: Wipro—key changes to FY2026-28E estimates

Rs mn	New			Old			Change (%)		
	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
<b>IT Services revenues (US\$ mn)</b>	<b>10,481</b>	<b>10,852</b>	<b>11,168</b>	<b>10,130</b>	<b>10,396</b>	<b>10,681</b>	<b>3.5</b>	<b>4.4</b>	<b>4.6</b>
Revenue growth (%)	(0.3)	3.5	2.9	(3.6)	2.6	2.7			
IT services c/c revenue growth (%)	(1.2)	3.5	2.9	(2.6)	2.6	2.7			
IT services organic c/c revenue growth (%)	(1.2)	3.5	2.9	(2.6)	2.6	2.7			
Rupee/ US\$ rate	86.0	88.0	90.0	86.6	88.5	90.0	(0.7)	(0.6)	-
EBITDA margin (%)	20.0	19.6	19.5	20.5	20.3	20.1			
<b>EBIT margin (%)</b>	<b>16.9</b>	<b>16.7</b>	<b>16.7</b>	<b>17.4</b>	<b>17.4</b>	<b>17.3</b>			
EPS (Rs/share)	12.7	13.3	14.1	12.6	13.3	14.0	0.7	0.1	0.8

Source: Kotak Institutional Equities estimates

**Revenue decline was driven by consumer, BFSI and manufacturing verticals**

**Exhibit 3: Growth rates across verticals, geographies and service lines (June 2025)**

	Jun-25	Growth (%)		Contribution to revenues (%)	C/C growth (%)	
		QoQ	YoY		QoQ	YoY
<b>Revenues (US\$ mn)</b>	<b>2,587</b>	<b>(0.4)</b>	<b>(1.5)</b>	<b>100.0</b>	<b>(2.0)</b>	<b>(2.3)</b>
<b>Vertical split of revenues</b>						
Consumer	481	(3.0)	(4.5)	18.6	(4.0)	(5.7)
Energy, Manufacturing & Resources	458	2.0	(0.9)	17.7	(0.7)	(2.4)
Banking, Financial Services and Insurance	869	(2.1)	(2.6)	33.6	(3.8)	(3.5)
Health	378	1.0	3.5	14.6	0.5	3.5
Tech and communications	401	1.6	(0.2)	15.5	0.4	(0.3)
<b>Strategic market units mix (%)</b>						
Americas 1	856	0.6	5.5	33.1	0.2	5.8
Americas 2	787	(1.0)	(2.7)	30.4	(1.7)	(2.7)
Europe	665	(1.9)	(8.2)	25.7	(6.4)	(11.6)
APMEA	279	2.5	(0.5)	10.8	0.6	(0.1)
<b>Customer concentration</b>						
Top customer	122	6.4	15.8	4.7		
Top 5 customers	380	1.0	6.5	14.7		
Top 10 customers	634	0.9	7.3	24.5		
Non top 10	1,953	(0.7)	(4.0)	75.5		

Source: Company, Kotak Institutional Equities

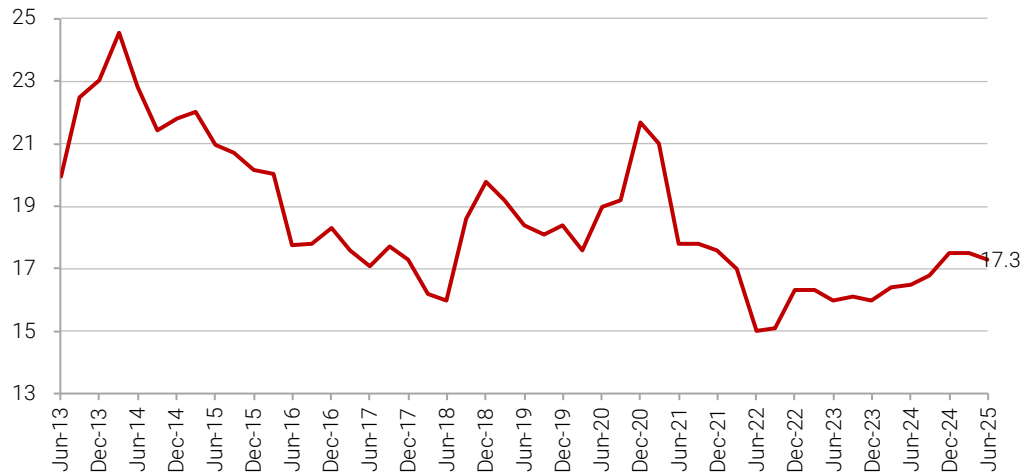
**Exhibit 4: Top clients' revenue trend, June 2023-June 2025**

	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	4 qtr CQGR
										(%)
<b>Revenue(US\$ mn)</b>										
Top client	86	81	80	101	105	109	118	114	122	3.7
Top 5 clients	347	334	321	356	357	372	376	376	380	1.6
Top 10 clients	570	559	545	585	591	609	623	628	634	1.8
ex- Top 10 clients	2,209	2,154	2,112	2,073	2,035	2,051	2,006	1,968	1,953	(1.0)
<b>Growth (qoq %)</b>										
Top client	(5.2)	(5.5)	(2.1)	26.7	4.0	3.8	8.5	(3.4)	6.4	
Top 5 clients	(2.1)	(3.9)	(3.7)	10.8	0.3	4.3	1.0	0.1	1.0	
Top 10 clients	(0.7)	(1.9)	(2.6)	7.4	1.1	3.1	2.3	0.8	0.9	
ex- Top 10 clients	(2.5)	(2.5)	(2.0)	(1.8)	(1.8)	0.8	(2.2)	(1.9)	(0.7)	
<b>Client buckets</b>										
US\$ 100 mn+	21	22	22	22	22	21	18	17	16	
US\$ 75 mn+	28	28	31	32	29	30	30	28	27	
US\$ 50 mn+	51	51	46	45	43	42	42	44	47	

Source: Company, Kotak Institutional Equities

**IT services' EBIT margin declined 20 bps qoq to 17.3%**

Exhibit 5: IT services EBIT margin, June 2013-June 2025 (%)



Source: Company, Kotak Institutional Equities

**Sharp difference in margin profile of Europe and APMEA versus Americas geos**

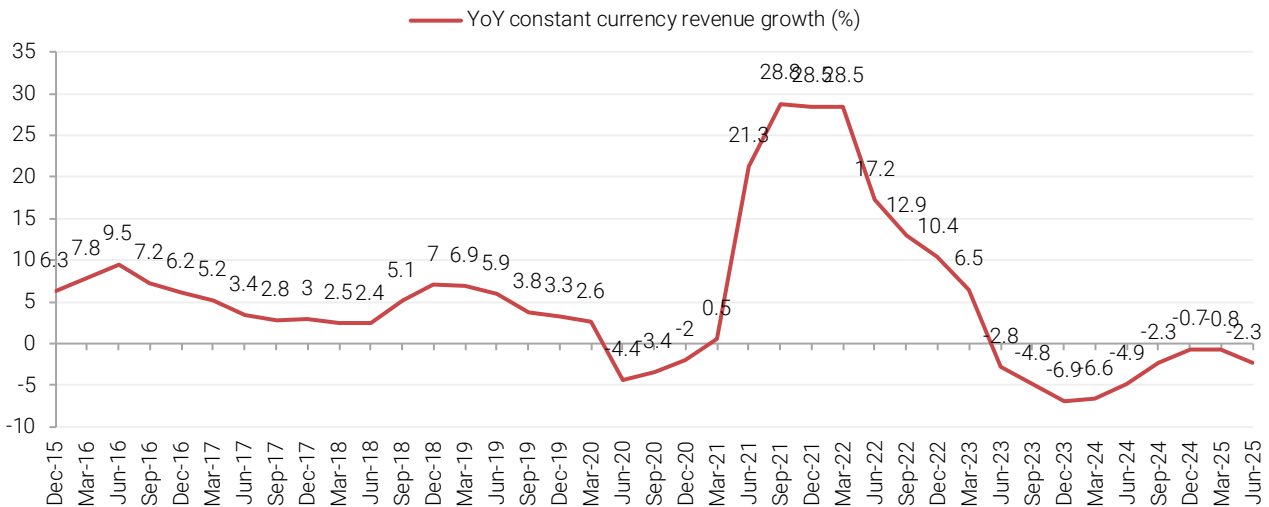
Exhibit 6: Business unit-wise margin performance (Jun 2025)

Strategic business units	Jun-25 EBIT margin (%)	Change (bps)		C/C growth		Contribution to revenues (%)
		QoQ	YoY	QoQ	YoY	
Americas 1	20.5	(146)	30	0.2	5.8	33.1
Americas 2	20.0	(266)	(311)	(1.7)	(2.7)	30.4
Europe	10.6	(330)	89	(6.4)	(11.6)	25.7
APMEA	12.5	(305)	225	0.6	(0.1)	10.8

Source: Company, Kotak Institutional Equities

**Revenue declines by 2.3% yoy**

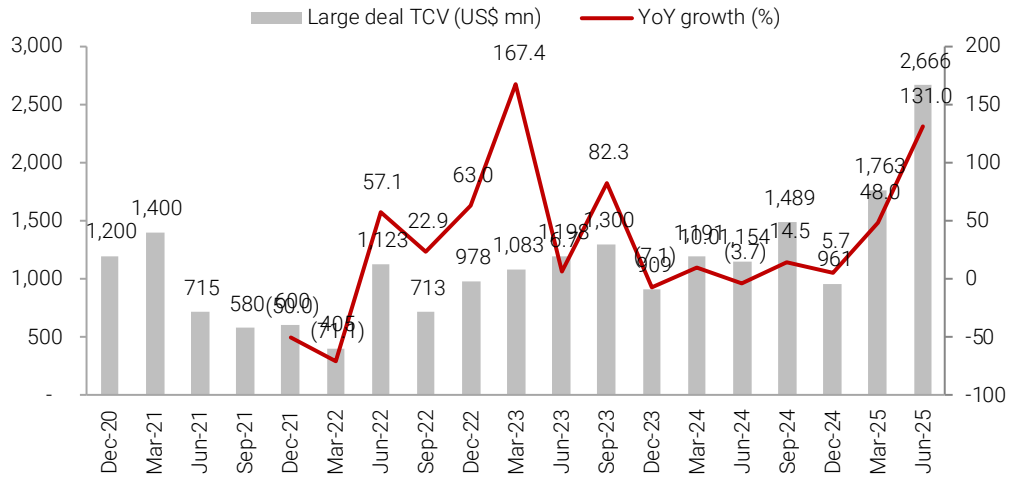
Exhibit 7: Revenue growth trend yoy, December 2015-June 2025 (%)



Source: Company, Kotak Institutional Equities

**Large deal TCV increases 131% yoy to US\$2.67 mn**

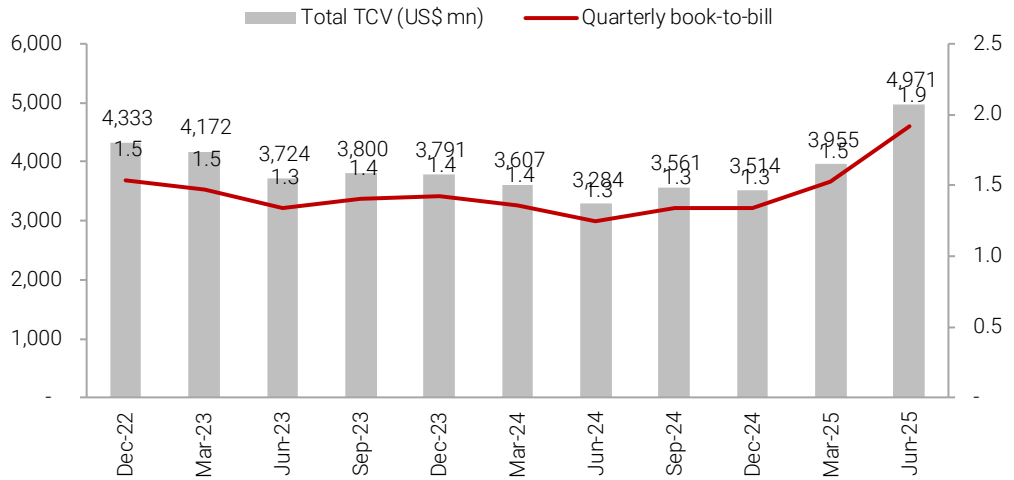
**Exhibit 8: Trend in large deal TCV, December 2020-June 2025 (US\$ mn)**



Source: Company, Kotak Institutional Equities

**Total TCV of US\$4,971 bn represents a book-to-bill ratio of 1.9**

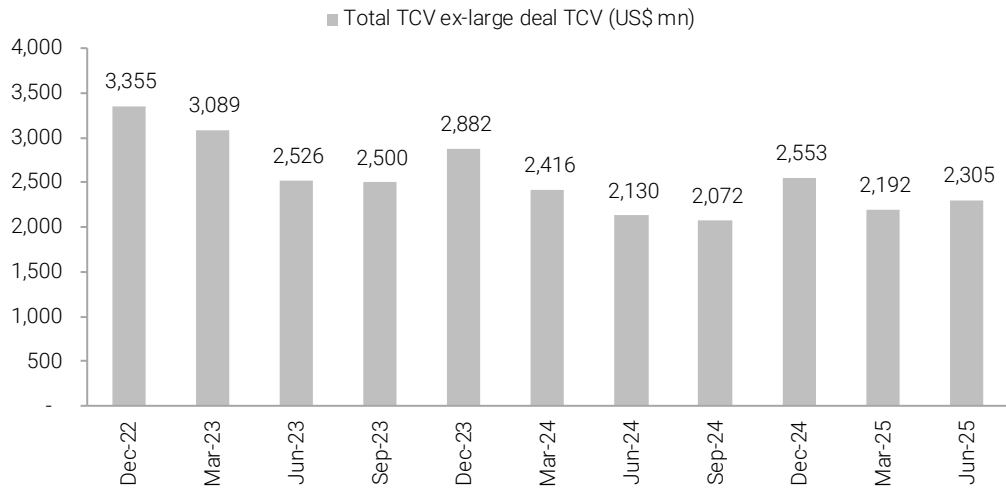
**Exhibit 9: Trend in total TCV, December 2022-June 2025 (US\$ mn)**



Source: Company, Kotak Institutional Equities

**Total TCV ex-large deal TCV increased 5.2% qoq and 8.2% yoy**

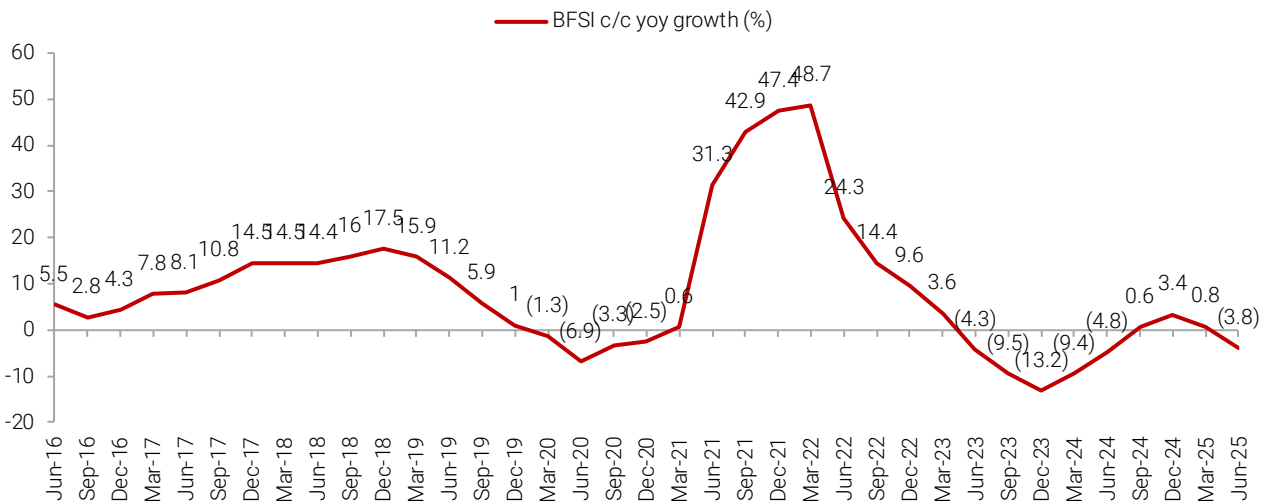
**Exhibit 10: Trend in overall TCV ex-large deal TCV**



Source: Company, Kotak Institutional Equities

**BFSI vertical revenue declined 3.8% yoy in 1QFY26**

**Exhibit 11: BFSI revenue growth trend, June 2016-June 2025 (%)**



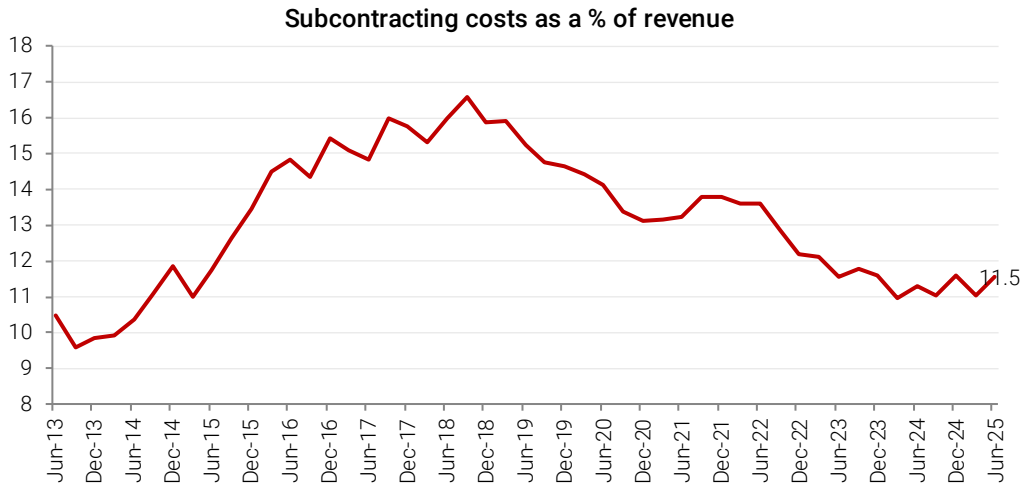
Note:

(a) Growth rates adjusted for reclassification of IT services business, divestment of hosted data center business and divestment of Workday business

Source: Company, Kotak Institutional Equities

**Subcontracting costs as a percentage of revenue increased 40 bps qoq to 11.5%**

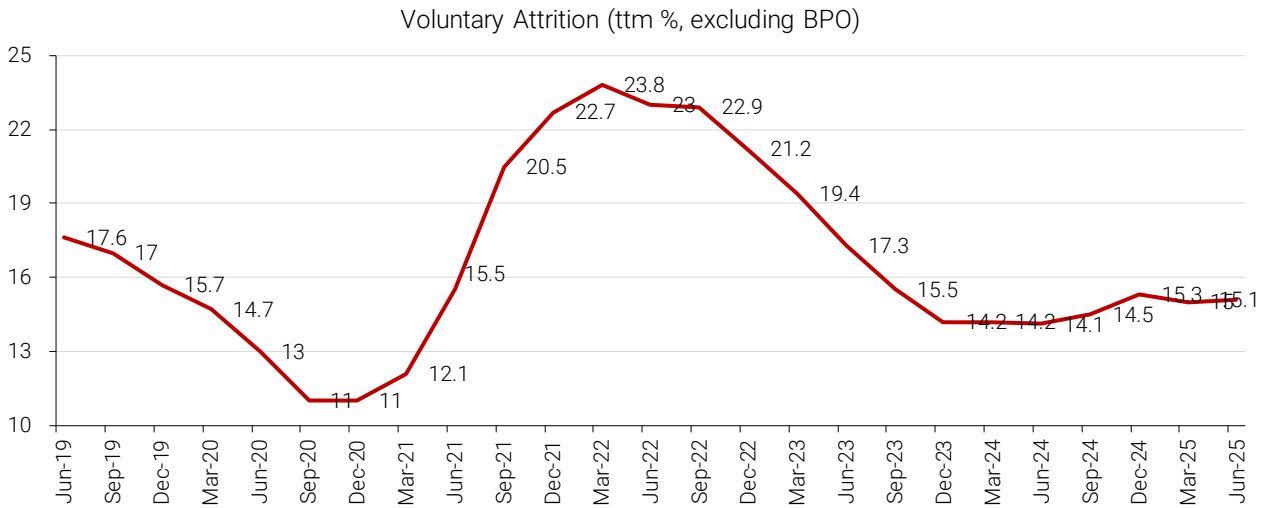
**Exhibit 12: Subcontracting costs (as a % of revenue), June 2013-June 2025 (%)**



Source: Company, Kotak Institutional Equities

**Voluntary attrition increased 10 bps qoq to 15.1% on LTM basis**

**Exhibit 13: TTM voluntary attrition trend, June 2019-June 2025 (%)**



Source: Company, Kotak Institutional Equities

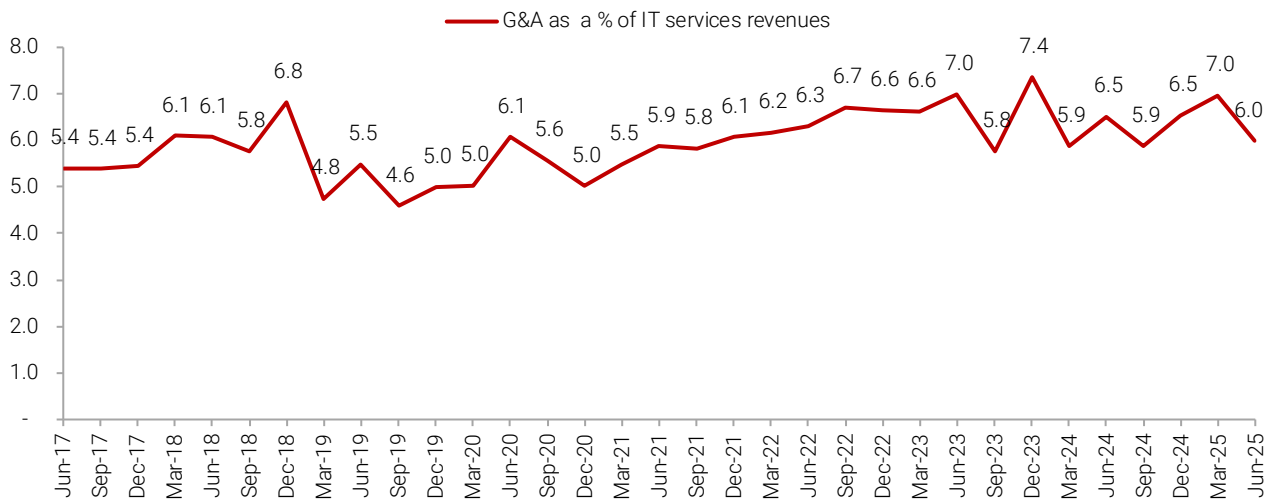
**Exhibit 14: Cost breakup as a percentage of revenue**

	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
<b>Expenses (Rs mn)</b>								
Employee compensation	138,536	134,234	136,255	132,293	134,695	133,035	133,454	134,275
Sub-contracting and technical fees	26,547	25,780	24,318	24,767	24,582	25,903	24,896	25,578
Cost of hardware and software	1,501	831	978	658	893	778	841	668
Travel	4,049	3,529	3,349	3,937	3,836	3,164	3,158	3,788
Facility expenses	3,815	3,562	3,727	4,133	3,937	3,884	4,113	4,198
Software license expense for internal use	4,701	4,675	4,395	4,605	4,702	5,080	4,951	4,961
Depreciation and impairment	8,970	9,316	8,405	7,289	8,308	6,765	7,217	6,855
Communication	1,360	1,313	956	993	1,079	871	899	797
Legal and professional fees	2,507	2,477	2,324	2,282	3,013	2,842	3,133	1,889
Rates, taxes and insurance	1,641	1,476	1,414	1,216	1,395	1,503	1,690	1,121
Marketing and brand building	880	1,031	667	804	838	1,032	917	883
Lifetime expected credit loss/ (write-back)	139	(166)	367	(26)	593	(608)	365	502
(Gain)/ loss on sales PPE	(2,320)	68	102	(23)	(820)	77	160	(66)
Miscellaneous expenses	(244)	1,322	(675)	435	(1,580)	306	385	355
<b>Total</b>	<b>192,082</b>	<b>189,448</b>	<b>186,582</b>	<b>183,363</b>	<b>185,471</b>	<b>184,632</b>	<b>186,179</b>	<b>185,804</b>
<b>As a % of revenue</b>								
Employee compensation	61.5	60.5	61.4	60.2	60.4	59.6	59.3	60.7
Sub-contracting and technical fees	11.8	11.6	10.9	11.3	11.0	11.6	11.1	11.6
Cost of hardware and software	0.7	0.4	0.4	0.3	0.4	0.3	0.4	0.3
Travel	1.8	1.6	1.5	1.8	1.7	1.4	1.4	1.7
Facility expenses	1.7	1.6	1.7	1.9	1.8	1.7	1.8	1.9
Software license expense for internal use	2.1	2.1	2.0	2.1	2.1	2.3	2.2	2.2
Depreciation	4.0	4.2	3.8	3.3	3.7	3.0	3.2	3.1
Communication	0.6	0.6	0.4	0.5	0.5	0.4	0.4	0.4
Legal and professional fees	1.1	1.1	1.0	1.0	1.4	1.3	1.4	0.9
Rates, taxes and insurance	0.7	0.7	0.6	0.6	0.6	0.7	0.8	0.5
Marketing and brand building	0.4	0.5	0.3	0.4	0.4	0.5	0.4	0.4
Lifetime expected credit loss/ (write-back)	0.1	(0.1)	0.2	(0.0)	0.3	(0.3)	0.2	0.2
(Gain)/ loss on sales PPE	(1.0)	0.0	0.0	(0.0)	(0.4)	0.0	0.1	(0.0)
Miscellaneous expenses	(0.1)	0.6	(0.3)	0.2	(0.7)	0.1	0.2	0.2
<b>Total</b>	<b>85.3</b>	<b>85.3</b>	<b>84.0</b>	<b>83.5</b>	<b>83.2</b>	<b>82.7</b>	<b>82.7</b>	<b>83.9</b>
<b>Margin impact (bps)</b>								
Employee compensation							YoY	QoQ
Employee compensation							43	136
Sub-contracting and technical fees							28	49
Cost of hardware and software							-	(7)
Travel							(8)	31
Facility expenses							1	7
Depreciation							(22)	(11)
Communication							(9)	(4)
Legal and professional fees							(19)	(54)
Rates, taxes and insurance							(5)	(24)
Marketing and brand building							3	(1)
Lifetime expected credit loss/ (write-back)							24	6
(Gain)/ loss on sales PPE							(2)	(10)
Miscellaneous expenses							(4)	(1)
<b>Total</b>							<b>46</b>	<b>121</b>

Source: Company, Kotak Institutional Equities

**G&A expense as a percentage of revenue declined 100 bps qoq to 6%**

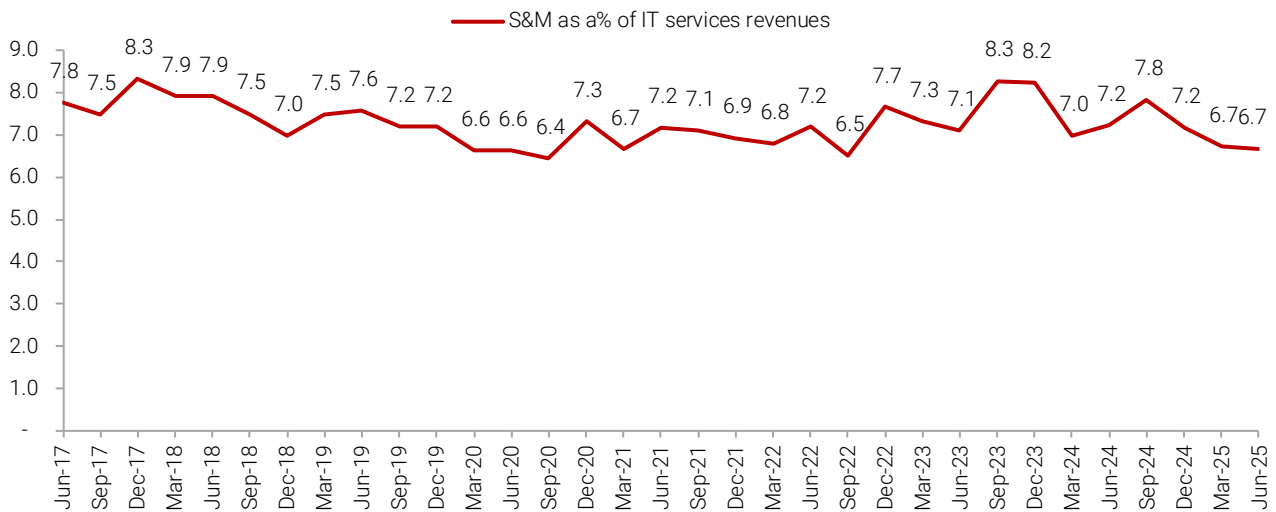
**Exhibit 15: Trend in G&A expenses as a percentage of revenue**



Source: Company, Kotak Institutional Equities estimates

**S&M expense as a percentage of revenue was flat qoq**

**Exhibit 16: Trend in S&M expenses as a percentage of revenue**



Source: Company, Kotak Institutional Equities

**Key management personnel have been stable in the past 2-3 months**

**Exhibit 17: Wipro key hires, replacements and exits under Srinii Pallia in the past 12-15 months**

Period	Name	Designation	Previous Role
<b>Key exits at Wipro</b>			
Apr-25	Anup Purohit	Not available	CIO
Mar-25	Jo Debecker	CEO, Akkodis	Head, FullStride Global business line
Mar-25	Kim Watson	Fractional executive, Bloomfield Executives	Head, Canada
Feb-25	Priti Kataria	Chief People Officer, Birlasoft	SVP, CHRO, Wipro Enterprise Futuring
Jan-25	Srinii Rajamani	CEO, Opus Technologies	SVP, Head, Consumer and Life Sciences
Nov-24	Pierre Bruno	NA	CEO, Europe
Oct-24	Harmeet Chouhan	CEO, GAVS	Head, ERD
Aug-24	Ajit Mahale	Not available	Chief Delivery Officer
Aug-24	Subha Tataavarti	Not available	CTO
Jun-24	Abhishek Jain	CFO, Tanla Platforms	Head, Financial Planning & Analysis
Jun-24	Rene Mulder	Executive Board Member, Swiss Indian Chamber of Commerce	Country head and MD, Switzerland
Jun-24	Anis Chenchah	Not available	CEO, APMEA
May-24	Amit Choudhary	COO, Thoughtworks	COO
Apr-24	Thierry Delaporte	Board member, Saint Gobain	CEO
<b>Leadership replacements and key hires</b>			
Apr-25	Kenny Kesar	CIO	SVP, Head, Business Systems and Application Management
Mar-25	Nagendra Bandaru	President, Head, Technology services	President, Head, Enterprise Futuring service line
Feb-25	Amit Kumar	Head, Consulting	MD, Americas market lead, Accenture S&C
Nov-24	Omkar Nisal	CEO, Europe	Head, UK and Ireland
Oct-24	Srikumar Rao	Head, ERD	COO, ERD
Oct-24	Nanda Kishore	Chief of Delivery and Operations Excellence	COO, Americas 1
Aug-24	Sandhya Arun	CTO	VP, Delivery and Operations Executive, Americas
Jun-24	Bruno Schenk	Country head, MD, Switzerland	Country head, Switzerland, Eviden
May-24	Hari Shetty	Chief Strategist and Technology Officer	SVP- Technology
May-24	Vinay Firake	CEO, APMEA	SVP and MD - Nordics
May-24	Sanjeev Jain	COO	Head, Business Operations
Apr-24	Malay Joshi	CEO, Americas 1	
Apr-24	Srinii Pallia	CEO	CEO, Americas 1

Source: Companies, Kotak Institutional Equities

**Exhibit 18: List of acquisitions by Wipro since 2012**

	Date	Target	Country	Business Description	Consideration (mn)	Sales (mn)	Price/Sales
1	Dec-24	Applied Value Technologies	US	Application services	US\$40	\$19.4	2.6
1	Feb-24	Aggne (60% stake)	US	Duck Creek implementation specialist	US\$66	US\$17.9	6.1
2	Apr-22	Rizing	US	SAP consulting firm	US\$540	US\$200	2.6
3	Apr-22	Convergence Acceleration Solutions	US	Telecom consulting and program management	\$80.0	\$28.1	2.8
4	Dec-21	Edgile	US	Cybersecurity consulting provider	US\$230	\$44.1	5.2
5	Dec-21	LeanSwift	US	Infor System Integrator	US\$21	\$18.0	1.2
6	Apr-21	Ampion	Australia	Cybersecurity, DevOps & quality eng services	US\$117	US\$85.5	1.4
7	Mar-21	Capco	UK	Global management and technology consultancy	US\$1450	US\$720	2.0
8	Oct-20	Encore Theme	India	Finastra trade finance solutions' implementation	INR 950	INR 545	1.7
9	Oct-20	Eximius Design	US	VLSI and systems design engineering services	US\$80	US\$35	2.3
10	Jul-20	4C	Belgium	Salesforce services	EUR 68	EUR 31.8	2.1
11	Jul-20	IVIA	Brazil	IT services provider in Brazil	US\$22.4	US\$13.5	1.7
12	Feb-20	Rational Interaction	USA	CRM, digital marketing	US\$52	NA	NA
13	Jun-19	International TechneGroup	US	Engineering services firm	US\$45	US\$23.2	1.9
14	Dec-18	Syfte	Australia	Strategic design consultancy	NA	NA	NA
15	Oct-17	Cooper Software Inc	US	Design and User Experience firm	US\$8.5	US\$8	1.1
16	Jun-17	IBM IP deal	US	IP partnership	US\$90	US\$30	3.0
17	Jan-17	InfoSERVER	Brazil	A specialized IT services provider for BFSI in Brazil	US\$8.7	US\$11	0.8
18	Oct-16	Appirio	US	Cloud services provider	US\$500	US\$196	2.6
19	Feb-16	HealthPlan Services	US	BPaaS provider	US\$460	US\$223	2.1
20	Dec-15	cellent AG	Germany	IT services	\$73.5	\$87.0	0.8
21	Jul-15	Designit	Denmark	Strategic design firm	\$85.0	\$27.0	3.1
22	Mar-15	Drivestream Inc	US	Consulting in Oracle cloud services	US\$5	NA	NA
23	Jan-14	Opus Capital Markets Consultants	US	Risk management solutions for mortgage industry	US\$75	\$43.0	1.7
24	Apr-12	Promax Applications Group	Australia	Trade promotion planning and optimization	US\$36.75	US\$16.8	2.2

Source: Company, Kotak Institutional Equities

**Exhibit 19: Key model assumptions, March fiscal year-ends, 2020-2028E**

	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
INR/USD rate	72.0	74.5	75.5	80.4	82.7	84.5	86.0	88.0	90.0
Revenues (US\$ mn)	8,541	8,358	10,563	11,307	10,855	10,543	10,516	10,887	11,190
<b>IT services revenues (US\$ mn)</b>	<b>8,256</b>	<b>8,137</b>	<b>10,356</b>	<b>11,160</b>	<b>10,805</b>	<b>10,512</b>	<b>10,481</b>	<b>10,852</b>	<b>11,168</b>
% growth	0.8	(1.4)	27.3	7.8	(3.2)	(2.7)	(0.3)	3.5	2.9
C/c revenue growth (%)	3.9	(2.3)	26.9	11.5	(3.6)	(2.3)	(1.2)	3.5	2.9
C/c revenue growth (organic %)	3.7	(3.2)	14.2	7.2	(3.9)	(2.5)	(1.2)	3.5	2.9
IT services EBITDA margin (%)	21.4	24.8	21.5	19.4	19.7	20.4	20.0	19.6	19.5
<b>IT services EBIT margin (%)</b>	<b>17.9</b>	<b>20.3</b>	<b>17.5</b>	<b>15.7</b>	<b>15.9</b>	<b>17.1</b>	<b>16.9</b>	<b>16.7</b>	<b>16.7</b>
Effective tax rate (%)	20.2	21.9	19.1	23.0	24.5	24.9	25.6	25.6	26.5

Source: Company, Kotak Institutional Equities estimates

**Exhibit 20: Key operating metrics**

	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
<b>IT services revenues (US\$ mn)</b>	<b>2,779</b>	<b>2,713</b>	<b>2,656</b>	<b>2,657</b>	<b>2,626</b>	<b>2,660</b>	<b>2,629</b>	<b>2,597</b>	<b>2,587</b>
<b>Vertical split of revenues (%) - including ISRE</b>									
Consumer	18.7	18.7	18.8	18.7	19.2	19.2	19.0	19.1	18.6
BFSI	33.9	33.6	32.7	33.5	34.0	34.8	34.1	34.2	33.6
Healthcare, Life Sciences & Services	12.2	12.7	13.9	14.1	13.9	13.6	14.7	14.4	14.6
Energy, Manufacturing & Utilities	19.3	18.6	18.5	18.5	17.6	17.0	16.9	17.3	17.7
Tech and communications	15.9	16.4	16.1	15.2	15.3	15.4	15.3	15.2	15.5
<b>Strategic market units mix (%) - including ISRE</b>									
Americas 1	28.8	29.8	31.0	30.4	30.9	30.8	32.3	32.8	33.1
Americas 2	30.0	29.9	30.0	30.7	30.8	30.6	30.6	30.6	30.4
Europe	29.5	28.6	27.7	27.8	27.6	27.9	26.7	26.1	25.7
APMEA	11.7	11.7	11.3	11.1	10.7	10.7	10.4	10.5	10.8
<b>Client metrics- including ISRE</b>									
Customer size distribution (TTM)									
Million dollar clients of which	769	774	750	741	735	733	722	716	725
> US\$100 mn	21	22	22	22	22	21	18	17	16
>US\$75 mn	28	28	31	32	29	30	30	28	27
>US\$50 mn	51	51	46	45	43	42	42	44	47
>US\$20 mn	123	122	121	116	117	117	114	111	109
>US\$10 mn	207	207	203	205	192	186	187	181	180
>US\$5 mn	319	313	305	301	301	297	290	289	281
>US\$3 mn	444	437	430	409	407	411	403	398	397
>US\$1 mn	769	774	750	741	735	733	722	716	725
Revenue from new customers									
Repeat business (%)	99.6	99.1	98.8	97.8	99.7	99.4	98.8	98.1	99.6
New client additions	65	49	55	60	43	28	63	63	49
Total active customers	1,444	1,393	1,349	1,371	1,364	1,342	1,299	1,282	1,266
<b>Customer concentration (%) - including ISRE</b>									
Top customer	3.1	3.0	3.0	3.8	4.0	4.1	4.5	4.4	4.7
Top 5 customers	12.5	12.3	12.1	13.4	13.6	14.0	14.3	14.5	14.7
Top 10 customers	20.5	20.6	20.5	22.0	22.5	22.9	23.7	24.2	24.5
<b>Employees- including ISRE</b>									
Employees (IT services)	249,758	244,707	239,655	232,614	232,911	233,889	232,732	233,346	233,232
Sales and support (IT servuces)	16,942	16,778	15,833	15,601	15,539	15,336	15,311	15,230	15,131
Total bookings TCV (US\$ mn)									
Large deal TCV (US\$ mn)	3,724	3,800	3,791	3,607	3,284	3,561	3,514	3,955	4,971
	1,198	1,300	909	1,191	1,154	1,489	961	1,763	2,666
<b>Utilization (%) (a)</b>									
Global IT Services Gross	NA	NA	NA	NA	NA	NA	NA	NA	NA
Global IT Services excl IFOX-Net	83.7	84.5	84.0	86.9	87.7	86.4	83.5	84.6	85.0
<b>Attrition (%) - including ISRE</b>									
IT services excluding DOP (ttm)	17.3	15.5	14.2	14.2	14.1	14.5	15.3	15.0	15.1
DOP (Post training quarterly)	9.2	9.8	8.3	8.9	8.3	7.9	7.1	7.7	8.2
<b>Revenues by project type (%) - including ISRE</b>									
Fixed price	59.7	58.4	59.9	58.9	57.6	56.7	56.7	55.5	53.5
Time and material	40.3	41.6	40.1	41.1	42.4	43.3	43.3	44.5	46.5
<b>Onsite-offshore revenue split (%) - including ISRE</b>									
Onsite	40.5	40.1	40.2	39.6	42.1	40.2	39.2	37.9	40.2
Offshore	59.5	59.9	59.8	60.4	57.9	59.8	60.8	62.1	59.8

Source: Company, Kotak Institutional Equities

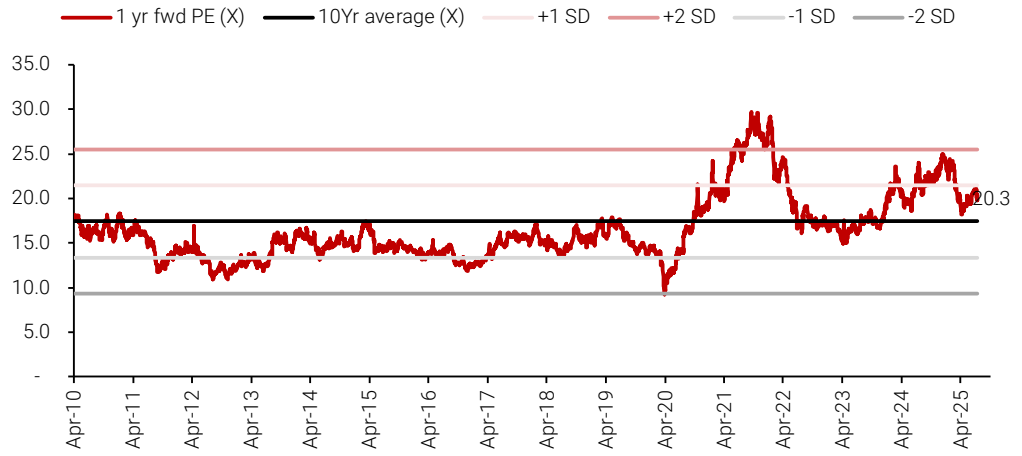
Exhibit 21: Profit model, balance sheet, cash model of Wipro Limited, March fiscal year-ends, 2020-2028E (Rs mn)

	2021	2022	2023	2024	2025	2026E	2027E	2028E
<b>Profit model</b>								
<b>Revenues</b>	<b>622,344</b>	<b>797,475</b>	<b>909,348</b>	<b>897,942</b>	<b>890,917</b>	<b>904,649</b>	<b>958,044</b>	<b>1,007,102</b>
Cost of revenues (including depreciation)	(423,205)	(555,872)	(645,446)	(631,496)	(617,802)	(637,532)	(673,769)	(708,000)
<b>Gross profit</b>	<b>199,139</b>	<b>241,603</b>	<b>263,902</b>	<b>266,446</b>	<b>273,115</b>	<b>267,117</b>	<b>284,275</b>	<b>299,101</b>
SG&A expenses (including depreciation)	(76,085)	(101,316)	(124,296)	(130,349)	(121,843)	(116,738)	(124,255)	(130,750)
<b>EBIT</b>	<b>123,054</b>	<b>140,287</b>	<b>139,606</b>	<b>136,097</b>	<b>151,272</b>	<b>150,378</b>	<b>160,021</b>	<b>168,351</b>
Other income	15,824	10,932	8,108	11,344	22,987	26,506	27,628	32,498
<b>Pre-tax profits</b>	<b>138,878</b>	<b>151,219</b>	<b>147,714</b>	<b>147,441</b>	<b>174,259</b>	<b>176,885</b>	<b>187,649</b>	<b>200,850</b>
Provision for tax	(30,345)	(28,946)	(33,992)	(36,089)	(43,462)	(45,336)	(48,038)	(53,225)
<b>PAT</b>	<b>108,533</b>	<b>122,273</b>	<b>113,722</b>	<b>111,352</b>	<b>130,797</b>	<b>131,549</b>	<b>139,611</b>	<b>147,625</b>
Equity in earnings of affiliates, minority interest (net)	(586)	(81)	(222)	(902)	(572)	(26)	(9)	(9)
<b>PAT from continuing operations</b>	<b>107,947</b>	<b>122,192</b>	<b>113,500</b>	<b>110,450</b>	<b>130,225</b>	<b>131,523</b>	<b>139,602</b>	<b>147,615</b>
<b>EPS (Rs)</b>	<b>9.5</b>	<b>11.1</b>	<b>10.3</b>	<b>10.3</b>	<b>12.5</b>	<b>12.7</b>	<b>13.3</b>	<b>14.1</b>
Dividend per share (Rs)	0.5	3.0	0.5	0.5	6.0	8.9	9.3	9.8
<b>Balance Sheet</b>								
Shareholders funds	553,095	658,158	781,164	749,883	828,309	867,766	909,646	953,931
Borrowings	20,971	71,640	77,225	76,262	86,147	86,147	86,147	86,147
Minority interest	1,498	515	589	1,340	2,138	2,364	2,574	2,783
Other liabilities	25,830	40,540	49,091	72,516	83,673	83,673	83,673	83,673
<b>Total liabilities</b>	<b>601,394</b>	<b>770,853</b>	<b>908,069</b>	<b>900,001</b>	<b>1,000,267</b>	<b>1,039,950</b>	<b>1,082,040</b>	<b>1,126,534</b>
Net fixed assets	101,612	109,768	107,361	99,563	106,282	105,146	104,286	105,708
Goodwill & intangibles	152,212	290,544	351,015	348,750	352,464	347,768	344,115	340,462
Cash and bank balances	356,076	364,600	421,832	429,753	559,906	598,128	637,966	678,636
Net current assets excluding cash	(47,996)	(28,303)	(6,906)	(5,875)	(41,627)	(34,721)	(28,882)	(23,695)
Other assets	39,490	34,244	34,767	27,810	23,242	23,629	24,555	25,423
<b>Total assets</b>	<b>601,394</b>	<b>770,853</b>	<b>908,069</b>	<b>900,001</b>	<b>1,000,267</b>	<b>1,039,950</b>	<b>1,082,040</b>	<b>1,126,534</b>
<b>Cashflow statement</b>								
Operating profit before working capital changes	150,456	173,817	175,515	174,452	186,557	177,905	186,981	195,798
Tax paid	(24,915)	(25,686)	(30,218)	(15,360)	(26,175)	(45,336)	(48,038)	(53,225)
Change in working capital/other adjustments	22,922	(36,488)	(14,556)	18,051	10,274	(7,093)	(6,565)	(5,855)
Capital expenditure	(18,824)	(19,417)	(14,288)	(6,488)	(12,915)	(21,680)	(22,447)	(25,216)
Acquisitions	(9,873)	(129,846)	(47,339)	(5,775)	(964-)	-	-	-
Other income	16,293	8,840	7,656	9,658	19,822	26,506	27,628	32,498
<b>Free cash flow</b>	<b>136,059</b>	<b>(28,780)</b>	<b>76,770</b>	<b>174,538</b>	<b>176,599</b>	<b>130,302</b>	<b>137,559</b>	<b>144,000</b>
<b>Margins and ratios</b>								
Consolidated gross profit margin (%)	32.0	30.3	29.0	29.7	30.7	29.5	29.7	29.7
Consolidated EBIT margin (%)	19.8	17.6	15.4	15.2	17.0	16.6	16.7	16.7
IT services EBIT margin (%)	20.3	17.5	15.7	15.9	17.1	16.9	16.7	16.7
RoAE (%)	19.4	20.2	15.8	14.4	16.5	15.5	15.7	15.8
RoACE (%)	17.3	18.7	14.9	13.4	14.4	13.2	13.4	13.3

Source: Company, Kotak Institutional Equities estimates

**Wipro trades at 20.3X one-year forward P/E on Bloomberg consensus estimates**

**Exhibit 22: Historical one-year forward P/E band**



Source: Bloomberg consensus estimates