



3R MATRIX

	+	=	-
Right Sector (RS)	✓	✗	✗
Right Quality (RQ)	✓	✓	✗
Right Valuation (RV)	✓	✓	✗

+ Positive = Neutral - Negative

What has changed in 3R MATRIX

	Old		New
RS	✓	↔	✓
RQ	✗	↔	✗
RV	✗	↔	✗

Company details

Market cap:	Rs. 2,79,773 cr
52-week high/low:	Rs. 325 / 225
NSE volume: (No of shares)	122.8 lakh
BSE code:	507685
NSE code:	WIPRO
Free float: (No of shares)	286.5 cr

Shareholding (%)

Promoters	72.7
FII	8.2
DII	7.8
Others	11.4

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

Price performance

(%)	1m	3m	6m	12m
Absolute	2.0	12.7	-5.3	-6.9
Relative to Sensex	1.7	8.6	-12.0	-7.4

Source: Mirae Asset Sharekhan Research, Bloomberg

Wipro Ltd

Soft Quarter, Recovery hinges on disciplined execution amid macro challenges

IT & ITES	Sharekhan code: WIPRO		
Reco/View: Hold	↔	CMP: Rs. 267	Price Target: Rs. 285 ↑
↑ Upgrade	↔ Maintain	↓ Downgrade	

Summary

- IT services revenues stood at \$2,587 million, down 2% q-o-q/ 2.3% y-o-y in constant currency terms, beat our estimates of 2.5% q-o-q decline in CC terms.
- IT services EBIT margins fell 20 bps q-o-q sequentially to 17.3%, nearly in line with our estimates of 17.4%. Large deal bookings stood at \$2.67 billion, up 131% y-o-y in CC terms.
- Company provided revenue growth guidance for IT services of -1% to +1% in CC terms for Q2FY26.
- We maintain Hold rating with revised PT of Rs. 285 (valued at 21x FY27E EPS). At CMP, the stock trades at 21/19.7x FY26/27E EPS.

Wipro reported IT services revenues of \$2,587 million, down 2% q-o-q/ 2.3% y-o-y in CC terms, beat our estimates of a 2.5% q-o-q fall in CC terms. Rupee revenues stood at Rs. 22,080 crore, down 1.6% q-o-q/ up 0.8% y-o-y. IT services' EBIT margins fell ~20 bps q-o-q to 17.3%, nearly in line with our estimates of 17.4%. Adjusted PAT stood at Rs 3,330 crore, down 6.7% q-o-q/up 10.9% y-o-y beating our estimates of Rs. 3,304 crore. Large deal bookings stood at \$2,666 million, up 131% y-o-y in CC terms. Total bookings stood at \$4,971 million, up 51% y-o-y in constant currency. The management has provided IT service revenue growth guidance of -1% to 1% in CC terms for Q2FY26. Net headcount declined by 114 q-o-q, taking the total to 233,232. Utilisation rate (excluding trainees) improved by 40 bps q-o-q to 85% while LTM attrition inched up by 10 bps q-o-q to 15.1%. Wipro's AI-first strategy and large-deal wins position it well for growth in H2, particularly in the BFSI and healthcare verticals. However, macro headwinds, weakness in Europe and margin pressures from upfront investment to execute large deals will be the near term challenges. We maintain Hold rating with revised price target (PT) of Rs. 285 (valued at 21x FY27E EPS). At CMP, the stock trades at 21/19.7x FY26/27E EPS.

Key positives

- Large deal bookings stood at \$2,666 million, up 130.8% y-o-y in CC terms.
- Utilisation rate (ex-trainees) improved by 40 bps q-o-q to 85% from 84.6% in Q4FY25.
- Revenue from top account, Top 5 and Top 10 accounts grew 15.8%/6.5% and 7.3% y-o-y respectively.

Key negatives

- Europe declined 6.4% q-o-q/11.6% y-o-y in CC
- Consumer vertical declined 4% q-o-q/5.7% y-o-y in CC.
- Net headcount declined 114 q-o-q, taking the total headcount to 233,232

Management Commentary

- The management has provided IT service revenue growth guidance of -1% to 1% in CC terms for Q2FY26.
- Management is cautious due to macro uncertainty but confident on a stronger H2, driven by a robust order book and deal pipeline.
- Muted demand amid macro uncertainties, with clients prioritising cost optimisation, vendor consolidation and AI/data modernization.
- Discretionary spending remains weak but stable, with some sectors such as retail, CPG, manufacturing impacted by tariffs and supply chain issues.
- Europe is facing macro headwinds and client-specific issues, though stabilization is expected in H2FY26.
- Upfront investments in large deals and competitive pricing may strain margins in the near term.

Revision in earnings estimates – We have revised our estimates to factor in Q1FY26 performance and Q2FY26 outlook.

Our Call

Valuation – Maintain Hold with a revised PT of Rs. 285: Wipro reported soft quarter but managed to beat our weak estimates on revenue front, while margins were broadly in-line. Large deal and total booking was robust at \$2.7 billion/ \$5 billion respectively. The company has provided flatter outlook for Q2FY26 reflecting lower macro impact and optimism on growth from ramp up of recent deal wins. Wipro's "AI-first" strategy and large-deal wins position it well for H2 growth, particularly in BFSI and Healthcare. However, macro headwinds, Europe's weakness, and margin pressures from upfront investment to execute large deals will be the near term challenges. We maintain Hold rating with revised price target (PT) of Rs. 285 (valued at 21x FY27E EPS). At CMP, the stock trades at 21/19.7x FY26/27E EPS.

Key Risks

Rupee appreciation and/or adverse cross-currency movements, macro headwinds, and recession in the US can moderate the pace of technology spends.

Valuation (Consolidated)

Particulars	FY24	FY25	FY26E	FY27E
Revenue	89,794.3	89,091.6	90,460.2	95,969.1
OPM (%)	19.8	20.5	20.0	20.4
Adjusted PAT	11,045.2	13,135.4	13,296.8	14,184.0
YoY growth (%)	-2.7	18.9	1.2	6.7
Adjusted EPS (Rs.)	10.6	12.5	12.7	13.5
P/E (x)	12.6	21.3	21.0	19.7
P/B (x)	2.2	3.9	3.5	3.2
EV/EBITDA (x)	8.5	8.2	8.0	7.5
RoNW (%)	14.7	15.9	14.6	14.3
RoCE (%)	13.8	13.7	13.2	13.5

Source: Company; Mirae Asset Sharekhan estimates

Key result highlights

- ♦ **Revenue growth:** IT services revenue stood at \$2,587 million, down 2%/2.3% y-o-y in constant currency terms beat our estimates of \$2,566 million. Revenue in rupee terms was Rs. 22,080 crore, up 0.8% y-o-y4/ down 1.6% q-o-q.
- ♦ **IT services' EBIT margins:** Margins fell by ~20 bps to 17.3% nearly in-line with our estimates of 17.4%
- ♦ **Revenue growth guidance:** The company expects revenues from the IT services business segment to be in the range of \$2,560 million to \$2,612 million for Q2FY26. This translates to a sequential guidance of -1% to 1% in CC terms.
- ♦ **Order bookings:** Large deal bookings stood at \$2,666 million, up 131% y-o-y in constant currency including 16 large deals with two mega deals. Total bookings stood at \$4,971 million, up 51% y-o-y in constant currency.
- ♦ **Vertical-wise:** BFSI, Consumer, Energy, Manufacturing & Resources declined 3.8%/4% /1.4% 0.9% q-o-q in CC terms, respectively, while Health, technology & communications grew 0.5 and 0.4% q-o-q respectively in CC terms.
- ♦ **Geography-wise:** Americas1 and APMEA grew 0.2%/0.6% q-o-q in CC while Americas 2 and Europe declined 1.7% and 6.4% q-o-q, respectively in CC terms.
- ♦ **Client metrics:** The number of clients in the \$100 million+, \$75 million+, \$20million+ \$10 million+, \$5million+ and \$3million+ revenue buckets declined by 1/1/2/1/8 and 1 q-o-q respectively while the company added three clients in the \$50 million+ category and nine clients in the \$1 million+ category. Revenue from top account, Top 5 and Top 10 accounts grew 15.8%/6.5% and 7.3% y-o-y respectively.
- ♦ **Headcount and attrition:** Net headcount additions stood at 114 q-o-q, taking the total to 233,232. Utilisation rate (excluding trainees) improved by 40 bps q-o-q to 85% from 84.6% in Q4FY25. LTM attrition inched up by 10 bps q-o-q to 15.1%.
- ♦ **OCF:** It stood at Rs.4111.9 crore 3746.5 crore, up 10% q-o-q with OCF/Ni at 123.%. Free cash flow (FCF) stood at Rs. 3838.9 crore, up 24% q-o-q with FCF/Ni at 115.1%.

Results (Consolidated)

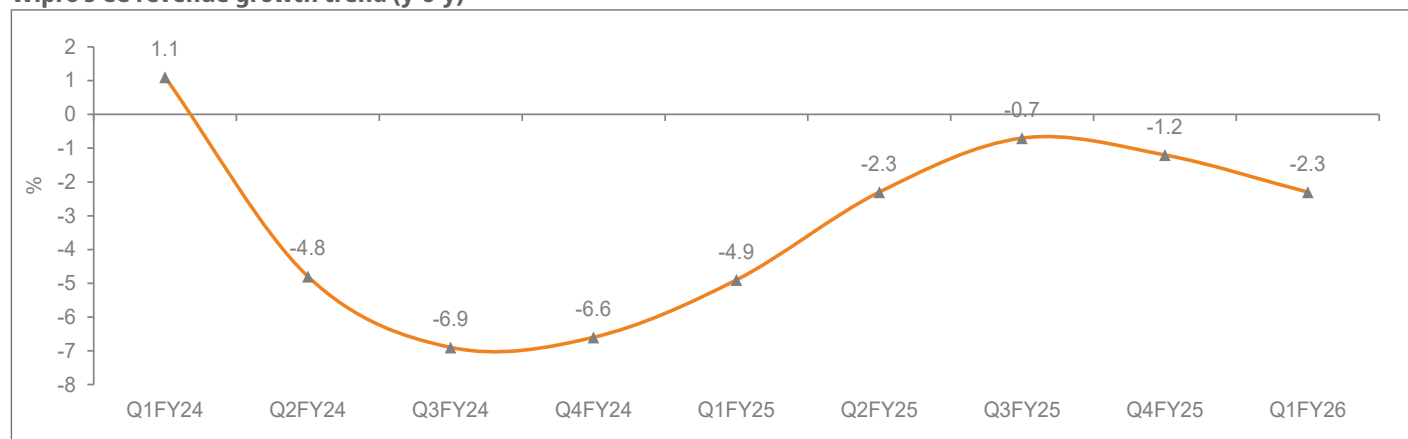
Particulars (IFRS)	Rs cr				
	Q1FY26	Q1FY25	Q4FY25	YoY (%)	QoQ (%)
Revenues (\$ mn)	2,587.4	2,625.9	2,596.5	-1.5	-0.4
Total Revenues (IT services and Products)	22,152.8	21,943.2	22,526.6	1.0	-1.7
Direct Costs	15,724.7	15,280.1	15,392.2	2.9	2.2
Gross Profit	6,681.0	6,663.1	7,387.3	0.3	-9.6
SG&A	2,855.7	3,005.7	3,065.4	-5.0	-6.8
EBIT	3,825.3	3,657.4	4,321.9	4.6	-11.5
Net other income	680.9	419.2	805.2	62.4	-15.4
PBT	4,253.3	4,026.1	4,713.9	5.6	-9.8
Tax Provision	921.8	985.0	1,154.9	-6.4	-20.2
Minority interest	6.1	33.4	18.5	-81.7	-67.0
Adjusted net profit	3,330.4	3,003.2	3,569.6	10.9	-6.7
Adjusted net profit					
EPS (Rs)	3.2	5.8	3.4	-44.7	-6.7
Margin (%)					
EBIT margins (Blended)	17.3	16.7	19.2	60	-192
EBIT Margin (%) (IT Services)	17.3	16.5	17.5	80	-23
NPM	15.0	13.7	15.8	135	-81
Tax rate	21.7	24.5	24.5	-279	-283

Source: Company; Mirae Asset Sharekhan Research

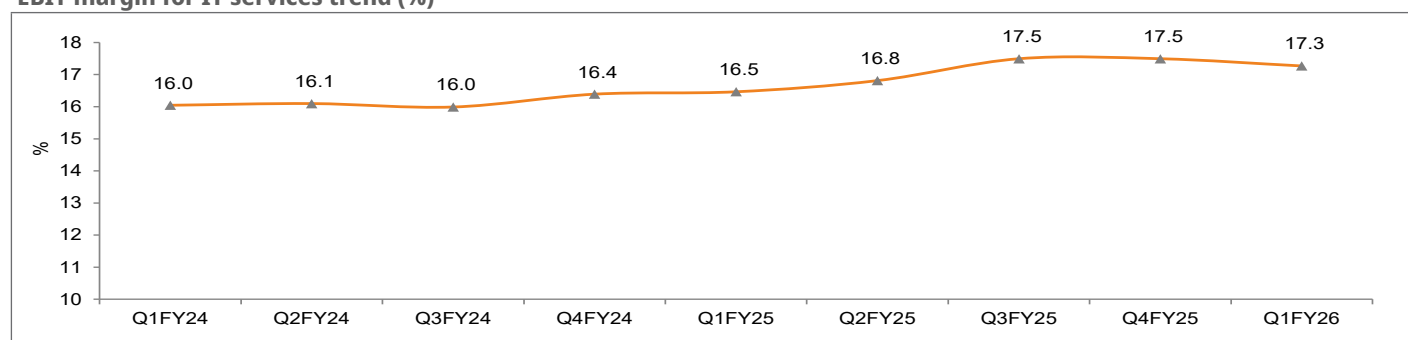
Operating metrics

Particulars	Revenues	Contribution	\$ Growth (%)		CC growth (%)	
	(\$ mn)	(%)	Q-o-Q (%)	Y-o-Y (%)	Q-o-Q (%)	Y-o-Y (%)
Revenues (\$ mn)	2,587	100	-0.4	-1.5	-2.0	-2.3
Geographic mix						
Americas 1	856	33.1	0.6	5.5	0.2	5.8
America 2	787	30.4	-1.0	-2.7	-1.7	-2.7
Europe	665	25.7	-1.9	-8.2	-6.4	-11.6
APMEA	279	10.8	2.5	-0.5	0.6	-0.1
Industry verticals						
BFSI	869	33.6	-2.1	-2.6	-3.8	-3.5
Consumer	481	18.6	-1.9	-4.5	-4.0	-5.7
Healthcare	378	14.6	1.0	3.5	0.5	3.5
Energy & utilities	458	17.7	2.0	55.7	-0.7	-2.4
Technology & Communications	401	15.5	1.6	-0.2	1.6	8.4
Clients Contribution						
Top client	122	4.7	6.4	15.8		
Top 5	380	14.7	1.0	6.5		
Top 10	634	24.5	0.9	7.3		

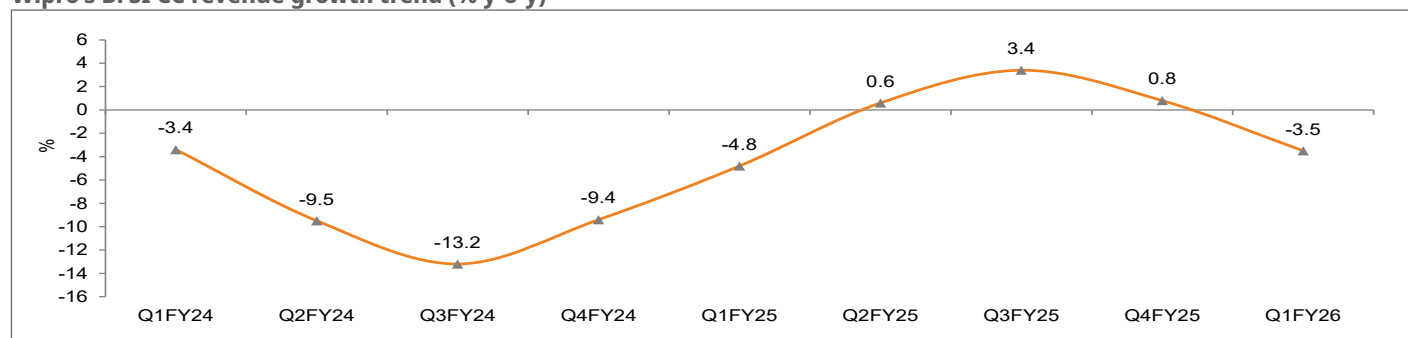
Source: Company; Mirae Asset Sharekhan Research

Wipro's CC revenue growth trend (y-o-y)


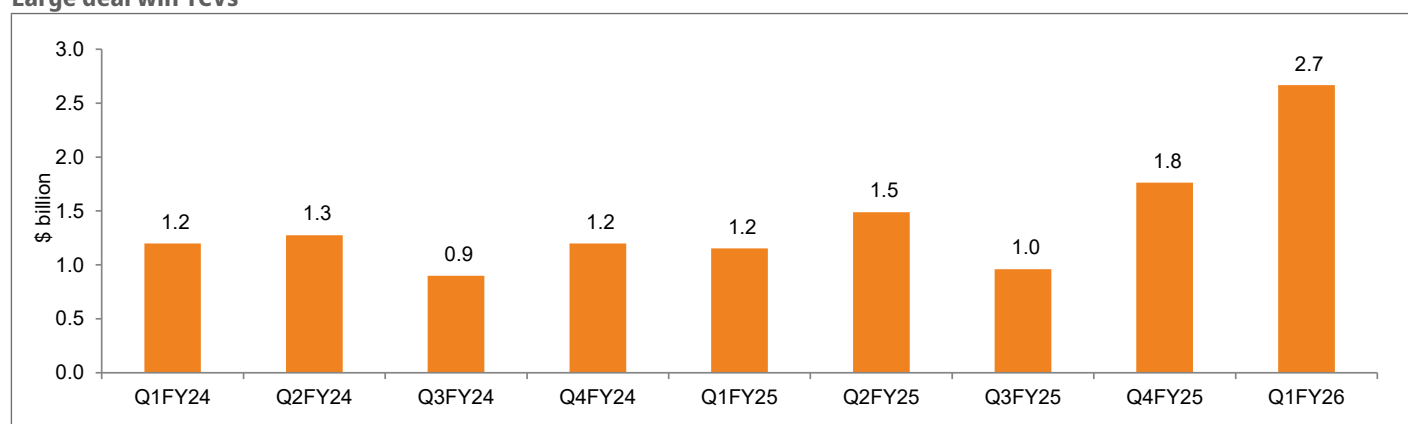
Source: Company; Mirae Asset Sharekhan Research

EBIT margin for IT services trend (%)


Source: Company; Mirae Asset Sharekhan Research

Wipro's BFSI CC revenue growth trend (% y-o-y)


Source: Company; Mirae Asset Sharekhan Research

Large deal win TCVs


Source: Company; Mirae Asset Sharekhan Research

Outlook and Valuation

■ Sector Outlook – Robust deal pipeline, cost optimisation, and technology modernisation opportunities to aid growth

The Indian IT sector is poised for modest growth in FY2026, driven by stabilisation in key markets like the U.S. and Europe, alongside increasing demand for AI, cloud, and digital transformation services. Despite near-term challenges such as macroeconomic uncertainty, discretionary spending delays, and geopolitical volatility, the sector is expected to benefit from a robust deal pipeline and a shift toward cost optimisation and technology modernisation initiatives.

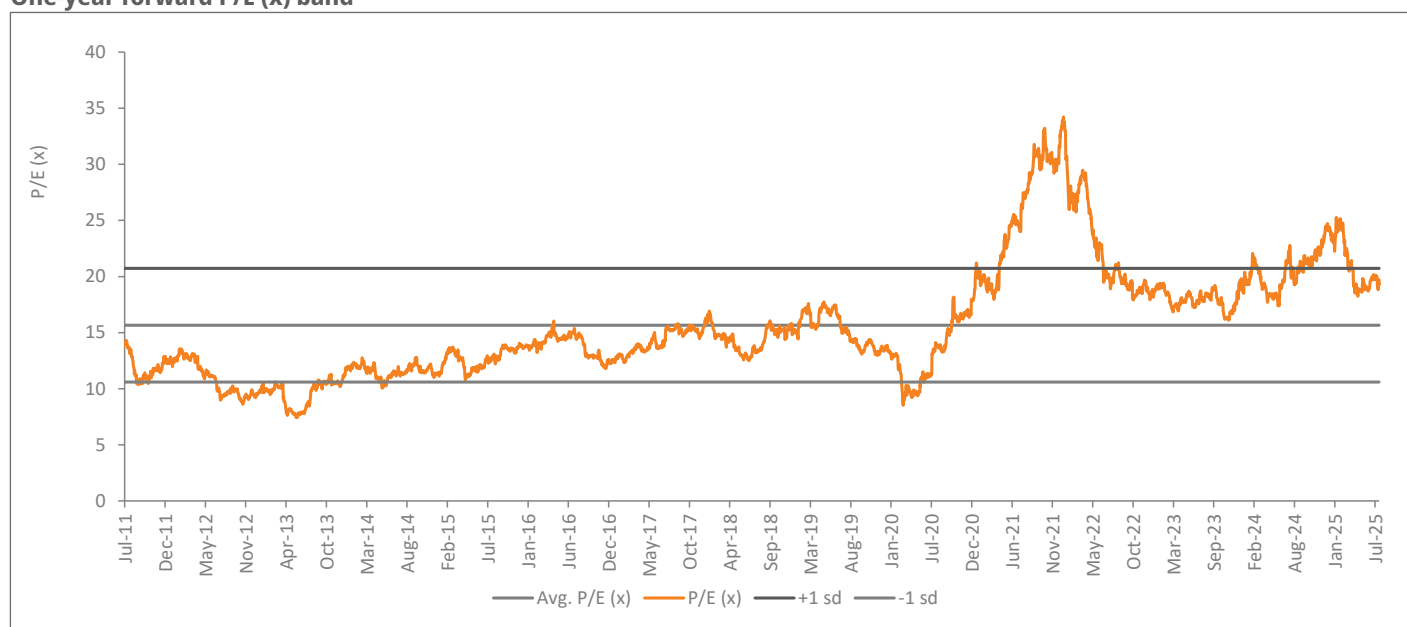
■ Company Outlook – Muted near-term outlook amid tariff and macro headwinds

Wipro focuses on higher client mining, enhancing digital capabilities, a blend of both external and internal talent, and large deal wins to drive organic revenue growth. Large deal and total booking across markets and sectors was robust at \$2.7 billion/ \$5 billion, respectively. The company has provided flatter outlook for Q2FY26 reflecting lower macro impact and optimism on growth from ramp up of recent deal wins. Wipro's "AI-first" strategy and large-deal wins position it well for H2 growth, particularly in BFSI and Healthcare.

■ Valuation – Maintain Hold with revised PT of Rs. 285

Wipro reported soft quarter but managed to beat our weak estimates on revenue front, while margins were broadly in-line. Large deal and total booking was robust at \$2.7 billion/ \$5 billion respectively. The company has provided flatter outlook for Q2FY26 reflecting lower macro impact and optimism on growth from ramp up of recent deal wins. Wipro's "AI-first" strategy and large-deal wins position it well for H2 growth, particularly in BFSI and Healthcare. However, macro headwinds, Europe's weakness, and margin pressures from upfront investment to execute large deals will be the near term challenges. We maintain Hold rating with revised price target (PT) of Rs. 285 (valued at 21x FY27E EPS). At CMP, the stock trades at 21/19.7x FY26/27E EPS.

One-year forward P/E (x) band



Source: Company; Mirae Asset Sharekhan Research

About company

Wipro Limited, is an Indian multinational technology company headquartered in Bengaluru, providing IT, consulting, and business process services. Operating in over 65 countries with nearly 234,000 employees, Wipro offers services in cloud computing, AI, cybersecurity, and digital transformation. The company reported \$10.4 billion in revenue for the fiscal year ending March 2025.

Investment theme

With the company's large-deal focus and customer-first approach, management hopes that its growth trajectory would catch up with the industry's average growth rates. Wipro is expected to report strong revenue growth in the coming years, led by increasing deal wins, continued growth momentum in BFSI, and higher adoption of digital-transformation initiatives.

Key Risks

Rupee appreciation and/or adverse cross-currency movements, 2)Macro headwinds and recession in the U.S. can moderate the pace of technology spends.

Additional Data

Key management personnel

Name	Designation
Rishad Premji	Chairman
Srini Pallia	Chief Executive Officer and MD
Aparna Iyer	Chief Financial Officer
Saurabh Govil	Chief Human Resources Officer

Source: Company Website

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Life Insurance Corp of India	2.67
2	Blackrock Inc	1.22
3	SBI Funds Management Ltd	0.94
4	Vanguard Group Inc/The	0.92
5	Kotak Mahindra Asset Management Co	0.70
6	ICICI Prudential Asset Management	0.68
7	Norges Bank	0.57
8	Tata Asset Management Pvt Ltd	0.43
9	Mirae Asset Financial Group	0.40
10	UTI Asset Management Co Ltd	0.37

Source: Bloomberg

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Understanding the Mirae Asset Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/ weak realisation environment resulting in margin pressure and deteriorating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Mirae Asset Sharekhan Research

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