

Result Update || Current Market Price – Rs 174 || Target Price – Rs 205 || Upside – 18% || Date: 17th July 2026

AI Expanding The Addressable Market While Capital Returns Compound Shareholder Value

Key Investment Thesis

- AI Services TAM Expansion:** The market still views AI as a threat to Wipro's legacy business, but management highlighted several new AI service categories including agent orchestration, sovereign AI, model operations and AI governance that did not exist 18 months ago. These represent incremental spending rather than replacement revenue. Legacy enterprise work remains resilient, while AI engagements command higher pricing and are increasingly platform led through WINGS, WEGA and the Reimagine AI portfolio. With investments in AI capabilities and partnerships, Wipro is well positioned to drive both revenue growth and margin expansion.
- Geographic Rebalancing:** Wipro is reducing its dependence on the Americas as Europe and APMEA continue to gain share and outgrow the portfolio. Both regions are benefiting from multi year consulting led and outcome based engagements that improve revenue visibility. A broader geographic mix lowers exposure to US specific cycles and creates a more resilient business model. As diversification strengthens, improved execution and customer wins should support better talent attraction, stronger competitive positioning and potential valuation expansion.
- Capital Allocation Discipline Plus Margin Normalization:** Wipro returned over USD 3 billion to shareholders in the past year while maintaining strong cash conversion, highlighting high earnings quality. The current 16.0% margin reflects seasonal salary hikes, deal ramp costs and AI investments, all of which should moderate over time. Management's 17.0% to 17.5% margin objective is supported by utilization improvement, organizational efficiencies and ongoing cost optimization. Even with moderate revenue growth, margin recovery and continued capital returns can drive sustainable double digit EPS growth.

Outlook — Revenue growth to remain range bound near term with Q2 guided at minus 1.5% to plus 0.5% CC. Americas BFSI deal ramps and Europe EMR wins entering delivery should provide sequential improvement from Q3. Healthcare remains the monitorable. Margin recovery will be gradual as salary hike impact fades and utilization normalizes. Cash generation and capital returns continue to underpin total shareholder return even in a slow growth quarter.

Valuation - The stock trades at roughly 12.6x FY28E P/E. We see revenue, EBIT and PAT CAGR of 3.2%, 6.7% and 4.4% over FY26 to FY28. We value the company at 15x FY28E EPS of INR 13.7, which on a normalized earnings base supports an BUY stance for patient capital willing to ride the AI transition and capital return compounding.

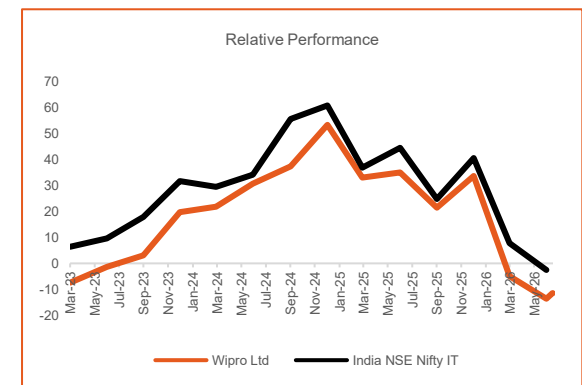
Key Risks — (a) Americas 2 at minus 7.3% YoY CC is the weakest SMU and any further deterioration would pressure overall growth targets. (b) Healthcare has declined for two consecutive quarters with no recovery timeline from management, creating downside risk to H2 estimates. (c) IT Services margin at 16.0% is 100 to 150 bps below the stated narrow band and if AI investment costs run ahead of revenue conversion, margin recovery could take longer than expected. (d) Total bookings TCV declined 32% YoY (partly base effect from mega deals in Q1 FY26) and if Q2 TCV does not recover to \$3.5 Bn plus, it would signal pipeline conversion challenges. (e) Top 10 client concentration at 23.6% means any single account loss or ramp down can move the needle on quarterly numbers.

Particulars	
CMP	174
Market Cap (Cr)	1,72,525
Free Float Market Cap (Cr)	46,984
52 Week High / Low	273/168
Avg Daily Vol (1yr) shares	1,66,33,499
No. of Shares (Cr.)	990

Key Financials	FY26	FY27E	FY28E
Revenue	9,26,240	9,76,835	9,87,343
EBITDA	1,78,111	1,93,973	2,03,003
EBIT	1,49,004	1,61,361	1,69,602
EBIT (%)	16.1%	16.5%	17.2%
PAT	1,32,654	1,38,173	1,44,705
EPS	12.6	14.0	14.6

Multiples	FY26	FY27E	FY28E
P/E (x)	13.8	12.5	11.9
P/BV (x)	2.1	1.9	1.8
EV/EBITDA	8.1	6.9	6.2

Holding	Dec-25	Mar-26	Jun-26
Promoters	72.64	72.62	72.59
FII	8.22	8.32	8.45
DII	8.38	7.86	5.20
Others	10.76	11.20	13.76
TOTAL	100.00	100.00	100.00



Source: Company Research, Deven Choksey Research

Story in Charts

Exhibit 1: INR revenue accelerated to 10.6% YoY in Q1 FY27 aided by INR depreciation, but underlying CC growth remained subdued at 0.9% YoY masking the currency tailwind in reported numbers

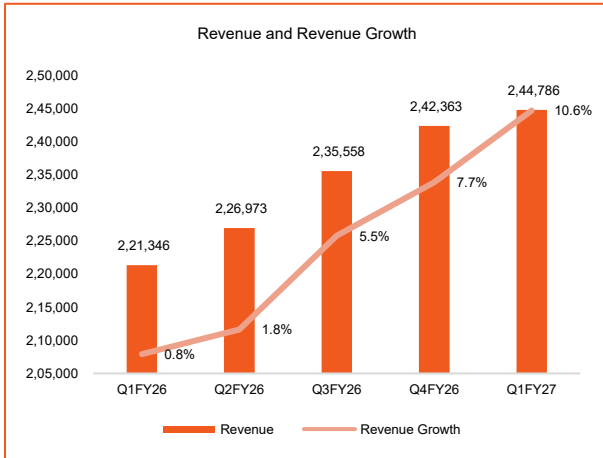


Exhibit 2: EBITDA margin contracted to 18.9% in Q1 FY27 from the 20.3% peak in Q4 FY26 as annual wage hikes, large deal ramp costs and AI investments weighed on profitability despite sequentially higher revenue

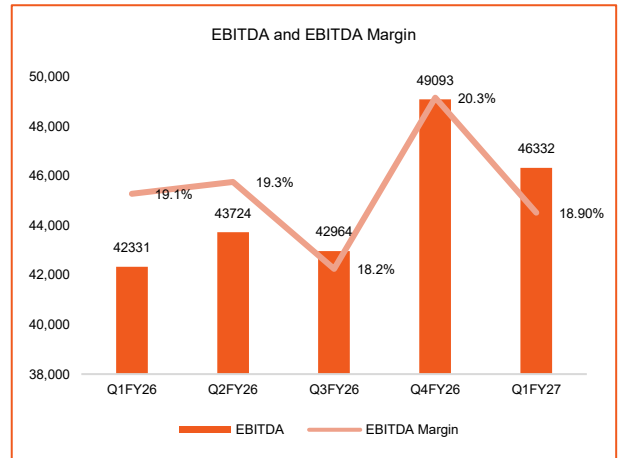


Exhibit 3: PAT growth turned positive at 0.6% YoY after three quarters of contraction, signaling the earnings trough is likely behind even as margin headwinds persist in the near term

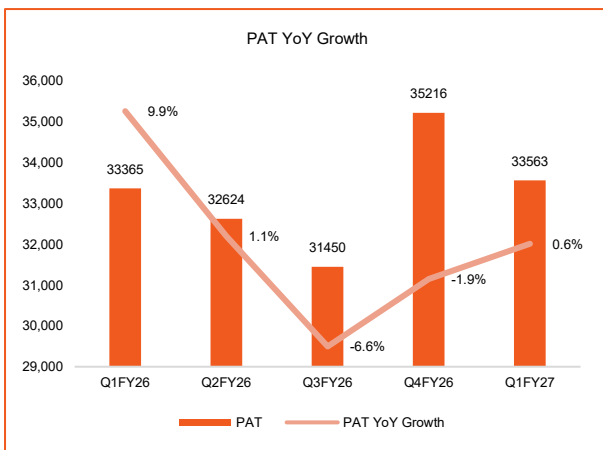


Exhibit 4: EPS at INR 3.20 grew 0.6% YoY but declined 4.2% QoQ reflecting the margin compression in Q1, with the sequential decline entirely driven by operating leverage loss rather than share dilution

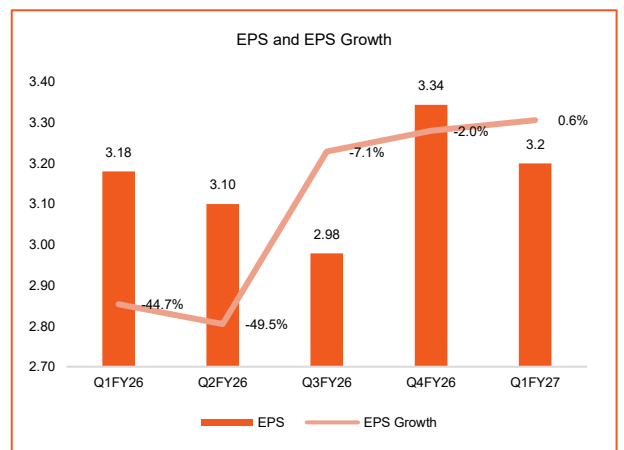


Exhibit 5: Headline headcount rose to 243,044 but organic additions were negative by 2,500 after adjusting for the Bind acquisition, while attrition held steady at 13.9% confirming the supply side remains well under control

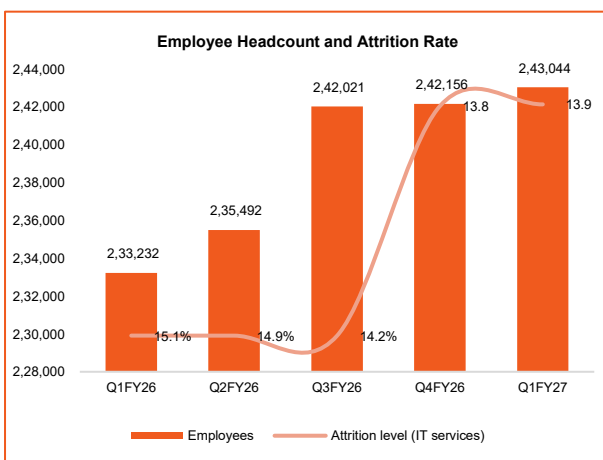
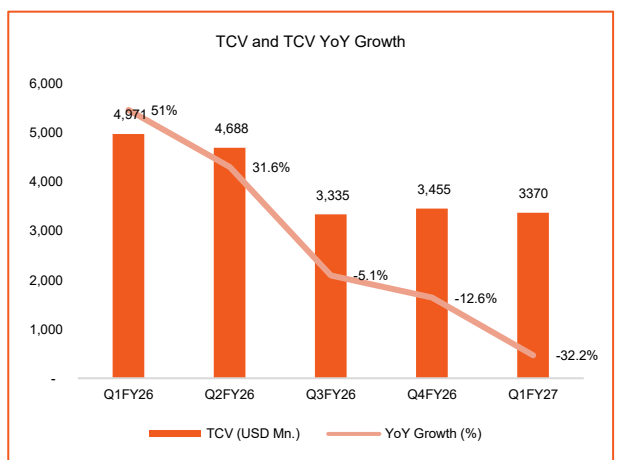


Exhibit 6: Total bookings at USD 3,370 Mn declined 32.2% YoY off an inflated Q1 FY26 base that had mega deal closures, though large deal TCV at USD 1.6 Bn grew 12.9% QoQ



Source: Company Research, Deven Choksey ResearchS

Result Snapshot

Particulars (Mn)	Q1FY27	Q4FY26	Q1FY26	QoQ	YoY
Revenues	2,44,786	2,42,363	2,21,346	1.0%	10.6%
Employee Benefit Expenses	1,47,531	1,43,408	1,34,275	2.9%	9.9%
Cost of Revenue	50,923	49,862	44,740	2.1%	13.8%
General & Administrative Expenses	15,666	15,027	13,272	4.3%	18.0%
Total Expenses	1,98,454	1,93,270	1,79,015	2.7%	10.9%
EBITDA	46,332	49,093	42,331	(5.6%)	9.5%
EBITDA margin (%)	18.9%	20.3%	19.1%	-133bps	-20bps
Depreciation, amortization and impairment	8,044	7,285	6,855	10.4%	17.3%
EBIT	38,288	41,808	35,476	(8.4%)	7.9%
EBIT margin (%)	15.6%	17.3%	16.0%	-161bps	-39bps
Finance Costs	4,728	3,701	3,608	27.7%	31.0%
Other Income	9,790	8,542	10,665	14.6%	(8.2%)
Share of net profit/ (loss) of associates	-5	27	50	(118.5%)	(110.0%)
Profit before tax	43,345	46,676	42,583	(7.1%)	1.8%
Income tax expense	9,782	11,460	9,218	(14.6%)	6.1%
Net profit	33,563	35,216	33,365	(4.7%)	0.6%
Minority Interest	43	198	61	(78.3%)	(29.5%)
PAT after MI	33,520	35,018	33,304	(4.3%)	0.6%
Net profit margin (%)	13.7%	14.4%	15.0%	-75bps	-135bps
Diluted EPS (INR)	3.2	3.4	3.2	-4.7%	0.6%

Source: Company Research, Deven Choksey Research

Conference Call Highlights

- **Revenue:** IT Services revenue stood at USD 2.61 Bn, down 1.2% QoQ CC and up 0.9% YoY CC, within guidance. Reported revenue grew 1.0% QoQ and 10.6% YoY to INR 24,480 Cr, including two months of Bind acquisition revenue.
- **Strategic Market Units:** APMEA (+13.5% YoY CC) and Europe (+6.0% YoY CC) outperformed, while Americas 2 remained the weakest due to delayed deal ramp ups and softer discretionary spending. Europe and APMEA continued gaining revenue mix.
- **Sector Performance:** Technology & Communications (+10.8% YoY) led growth, followed by BFSI (+2.6%) and Consumer (+1.9%). Healthcare and EMR remained weak amid US healthcare budget pressures and slower spending.
- **Margins:** IT Services EBIT margin declined 130 bps QoQ to 16.0% due to annual wage hikes, large deal transition costs and AI investments. Management reiterated its 17.0% to 17.5% margin aspiration, expecting a gradual recovery supported by operational efficiencies.
- **Order Book:** Total bookings were USD 3.37 Bn, while large deal TCV rose 12.9% QoQ to USD 1.63 Bn across 13 deals. Some deal closures shifted to Q2, but management described the pipeline as healthy across key verticals and geographies.
- **Key Deal Wins:** Secured multi year engagements across chemicals, technology, healthcare, retail and insurance, with AI platforms such as WINGS and WEGA embedded across several large deals.
- **AI Strategy:** AI execution accelerated through the AI Native business, Anthropic powered Applied AI CoE, a USD 500 Mn AI focused venture fund and multiple client innovation networks, reinforcing Wipro's platform led AI strategy.
- **AI Services & Economics:** Management outlined seven new AI service categories spanning advisory, agent orchestration, sovereign AI, governance and model operations. AI consulting and platform engagements command premium pricing and are margin accretive, while legacy AI productivity gains remain gradual.
- **Healthcare:** Healthcare spending remained weak due to US payer and provider budget pressures. Clients are prioritizing AI, automation and compliance investments, but management provided no clear recovery timeline.
- **People:** Headcount increased to 243,044 due to the Bind acquisition, while organic headcount declined through AI driven productivity. Attrition remained stable at 13.9%, with utilization at 83.6%, leaving room for margin improvement.
- **Cash Flow & Capital Returns:** Operating cash flow was 98% of net income and free cash flow conversion 88.2%. The board declared an INR 2/share interim dividend, taking total shareholder returns over the past year to more than USD 3 Bn.
- **Acquisition:** Bind was consolidated for two months during Q1, with full quarter contribution expected from Q2. Integration is progressing well, with management seeing cross selling opportunities beyond the existing customer base.
- **Client Metrics:** Revenue concentration remained stable with the top 10 clients contributing 23.6% of revenue. Active clients increased to 1,233, including 49 new client additions, while 17 clients generated more than USD 100 Mn annually.
- **Guidance:** Q2 IT Services revenue is guided at USD 2.57 Bn to USD 2.63 Bn, implying minus 1.5% to plus 0.5% CC growth. Management expects continued macro uncertainty but sees improving BFSI momentum, accelerating large deal ramps and sustained AI investments supporting future growth.

Key Financials

Exhibit 7: Profit & Loss Statement

INR Mn	FY25	FY26	FY27E	FY28E
Revenues	8,90,884	9,26,240	9,76,835	9,87,343
Employee Cost	5,33,477	5,55,855	5,86,996	5,91,865
Other Expenses	1,77,195	1,92,274	1,95,866	1,92,475
Total Expenses	7,10,672	7,48,129	7,82,862	7,84,340
EBITDA	1,80,212	1,78,111	1,93,973	2,03,003
D&A	29,579	29,107	32,613	33,401
EBIT	1,50,633	1,49,004	1,61,361	1,69,602
EBIT Margin	16.9%	16.1%	16.5%	17.2%
Interest expense	14,770	14,577	18,228	16,200
Other income	38,840	38,737	37,390	37,000
PBT	1,74,957	1,73,421	1,80,518	1,90,402
Tax	42,777	40,767	42,345	45,696
PAT	1,32,180	1,32,654	1,38,173	1,44,705
EPS (INR)	12.5	12.6	14.0	14.6

Exhibit 9: Cash Flow Statement

INR Mn	FY25	FY26	FY27E	FY28E
CCFO	1,69,426	1,49,315	2,18,806	1,76,058
CFFI	(80,730)	(33,423)	(51,393)	(44,747)
CFFF	(63,963)	(1,41,260)	(69,086)	(72,353)
Change in Capital	25,023	(16,420)	98,326	58,959
Closing Cash	1,21,974	1,05,555	2,03,881	2,62,840

Exhibit 10: Ratios

INR Mn	FY25	FY26	FY27E	FY28E
ROE (%)	16.7	15.5	15.0	14.6
ROCE (%)	16.1	14.7	14.9	14.8
ROIC (%)	12.1	11.2	11.4	11.3

Exhibit 8: Balance Sheet

INR Mn	FY25	FY26	FY27E	FY28E
Equity				
Equity Capital	20,944	20,977	20,977	20,977
Other Equity	8,04,835	8,61,715	9,30,801	10,03,154
Total Equity	8,25,779	8,82,692	9,51,778	10,24,131
Non-Current Liabilities				
Lease Liability	22,193	26,327	26,327	26,327
Long Term Debt	63,954	1,962	1,962	1,962
Other Non-Current Liabilities	83,673	99,864	99,864	99,864
Total Non-Current Liabilities	1,69,820	1,28,153	1,28,153	1,28,153
Current Liabilities				
Loans, Borrowings and Bank Overdrafts	97,863	1,65,912	1,65,912	1,65,912
Accounts payable	88,252	62,894	96,517	96,699
Current Tax Liabilities	34,481	49,621	49,621	49,621
Other current liabilities	65,657	1,24,805	1,24,805	1,24,805
Total Current Liabilities	2,86,253	4,03,232	4,36,855	4,37,037
Total Equity & Liabilities	12,81,852	14,14,077	15,16,787	15,89,321
Non-Current Assets				
Fixed Assets	78,473	77,224	83,685	70,030
Goodwill	3,20,346	3,82,214	3,82,214	3,82,214
Other Non-Current Assets	1,05,258	1,28,285	1,28,285	1,28,285
Total Non-Current Assets	5,04,077	5,87,723	5,94,184	5,80,529
Current Assets				
Cash & Cash Equivalents	1,21,974	1,05,555	2,03,881	2,62,840
Trade Receivables	1,17,745	1,35,901	1,28,460	1,29,842
Other Current Assets	5,38,056	5,84,898	5,90,261	6,16,109
Total Current Assets	7,77,775	8,26,354	9,22,603	10,08,792
Total Assets	12,81,852	14,14,077	15,16,787	15,89,321

Wipro Ltd				Rating Legend (Expected over a 12-month period)	
Date	CMP (INR)	TP(INR)	Recommendation	Our Rating	Upside
17-Jul-26	174	205	BUY	Buy	More than 15%
16-Jul-26	177	188	ACCUMULATE	Accumulate	5% – 15%
16-Apr-26	210	226	ACCUMULATE	Hold	0 – 5%
19-Jan-25	246	272	ACCUMULATE	Reduce	-5% – 0
17-Oct-25	254	287	ACCUMULATE	Sell	Less than – 5%
18-Jul-25	260	279	ACCUMULATE		

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