

Wipro Ltd (WPRO)

Information Technology | 2QFY27 Result Update

SELL

CMP: Rs174 | Target Price (TP): Rs143 | Downside: 18%

Oct 16, 2026

Margins beat, but earnings collapse

Key Points

- Wipro delivered a mixed quarter, with revenue and margins holding up, but bookings declining sharply. IT services revenue at US\$2,611.5mn was flat QoQ in CC (down 0.1% reported) and up 0.6% YoY CC. It was 1.6% above consensus and 1.0% above NBIE expectations, and landed in the upper half of the US\$2,574-2,627mn guidance given in the 1QFY27 concall. Consolidated revenue at Rs247.5bn (US\$2,583mn) was up 1.1% QoQ and 9.1% YoY.
- IT services EBIT margin at 16.5% expanded by 50bps QoQ, 30bps above consensus and 50bps above NBIE estimates. Sub-contracting costs fell to 11.4% of revenue from 11.8% and employee costs eased 40bps QoQ. Management attributed the expansion to operational improvements and rupee depreciation, partly offset by continued investment in the AI-Native unit.
- For 2Q, total TCV at US\$2,595mn was down 22.9% QoQ CC and 44.6% YoY, while large deal TCV at US\$674mn was down 58.6% QoQ CC and 76.4% YoY — the weakest large-deal quarter in at least two years. H1FY27 bookings at US\$5,965mn were down 38% versus US\$9,659mn in H1FY26. Management flagged two deals slipping to 3Q on paperwork delays with no loss of the deals, but the 1Q commentary had made the same slippage argument and that conversion has not materialised. With TCV-to-revenue conversion already the weakest among peers, the shrinking order book removes one leg of the growth argument that was still standing.
- 3QFY27 guidance of (1.5%) to +0.5% QoQ CC implies a sequential decline at the mid-point against the usual 3Q furlough quarter, which the management confirmed will be broadly in line with last year. The ramp-up of earlier-won BFSI deals and a full quarter of Mindsprint continue to offset a soft Americas, but the FY28 growth bridge is now materially weaker than it was a quarter ago.

Margin beat, but bookings collapse: Wipro's 3Q guidance band is unchanged from the one given for 2Q, but it now carries a full quarter of Mindsprint and the Alpha Net tuck-in, implying that organic or core book growth is once again minimal, if not negative. Apart from this, the collapse in 2Q bookings to US\$2.6bn, with large deal TCV at just US\$674mn, will add materially to the growth uncertainty; the management has again attributed the shortfall to slippage, the same explanation offered in 1Q, with two deals now pushed into 3Q.

Valuation and outlook: Margins was a beat, but the order book has deteriorated sharply and 3Q guidance points to another sequential decline. We maintain our SELL rating on Wipro with a TP of Rs143, valuing the company at 10x blended EPS..

Est Change	Upwards
TP Change	Upwards
Rating Change	Maintain

Company Data and Valuation Summary

Reuters	WIPR.BO
Bloomberg	WPRO IN Equity
Market Cap (Rsbn / US\$bn)	1,724.0 / 17.8
52 Wk H / L (Rs)	273 / 157
ADTV-3M (mn) (Rs / US\$)	2,647.5 / 27.6
Stock performance (%) 1M/6M/1yr	2.4 / (17.0) / (30.4)
Nifty 50 performance (%) 1M/6M/1yr	(2.0) / (5.1) / (10.1)

Shareholding	3QFY26	4QFY26	1QFY27
Promoters	72.6	72.6	72.6
DII's	8.4	7.9	5.2
FII's	8.2	8.3	8.9
Others	8.5	8.7	11.1
Pro pledge	0.0	0.0	0.0

Financial and Valuation Summary

Particulars (Rsbn)	FY26	FY27	FY28E	FY29E
Revenue (Rsbn)	926	993	1027	1051
YoY Growth (%)	4.0	7.2	3.4	2.4
Gross Margin (%)	29.2	28.4	28.2	28.0
EBIT (Rsbn)	149	156	162	163
EBIT (%)	16.1	15.7	15.7	15.5
Adj. PAT (Rsbn)	133	129	141	144
PAT Margin (%)	14.3	13.0	13.7	13.7
YoY Growth (%)	0.5	(2.2)	9.2	2.1
FDEPS (Rs)	12.6	13.0	14.2	14.5
ROE (%)	15.4	14.9	16.1	15.2
Post Tax ROCE (%)	11.2	11.5	11.5	10.8
Post Tax ROIC (%)	22.4	21.6	20.5	20.3
P/E (x)	13.8	13.3	12.2	12.0
EV/EBITDA	8.1	8.2	7.6	7.2
P/BV (x)	2.1	2.1	1.9	1.7

Source: Company, Bloomberg, Nirmal Bang Institutional Equities Research

Key Links-

Last results note: [1QFY27 result update](#)

Please refer to the disclaimer towards the end of the document

Exhibit 1: Quarterly performance

Particulars (Rsmn)	1Q26	2Q26	3Q26	4Q26	1Q27	2Q27	3Q27	4Q27	FY26	FY27	2Q27E	Var
IT Services - Net Sales (US\$mn)	2,596	2,617	2,664	2,625	2,625	2,627	2,654	2,672	10,478	10,518	2,598	1.1
<i>QoQ Change (%)</i>	-0.4	0.8	1.8	-2.0	-2.0	0.1	1.0	0.7			-1.1	
Net Sales	2,21,346	2,26,973	2,35,558	2,44,786	2,44,786	2,47,527	2,49,449	2,51,159	9,26,240	9,92,920	2,44,167	1.4
<i>YoY Change (%)</i>	0.8	1.8	5.5	10.6	10.6	9.1	5.9	3.6	4.0	7.2	7.6	
Software Expenses	1,57,247	1,59,832	1,67,199	1,74,900	1,74,900	1,76,071	1,79,603	1,80,834	6,56,192	7,11,408	1,74,580	0.9
<i>% of Sales</i>	71.0	70.4	71.0	71.5	71.5	71.1	72.0	72.0	70.8	71.6	71.5	
Gross Profit	64,099	67,141	68,359	69,886	69,886	71,456	69,846	70,324	2,70,048	2,81,512	69,588	2.7
<i>Margin (%)</i>	29.0	29.6	29.0	28.5	28.5	28.9	28.0	28.0	29.2	28.4	28.5	
Operating Expenses	28,557	29,870	33,412	31,459	31,459	31,466	31,181	31,395	1,20,650	1,25,501	30,521	3.1
<i>% of Sales</i>	12.9	13.2	14.2	12.9	12.9	12.7	12.5	12.5	13.0	12.6	12.5	
EBIT	35,542	37,271	34,947	38,427	38,427	39,990	38,665	38,930	1,49,398	1,56,011	39,067	2.4
<i>YoY Change (%)</i>	-2.0	-0.7	-9.4	8.1	8.1	7.3	10.6	-6.5	-1.2	4.4	4.8	
<i>Margin (%)</i>	16.1	16.4	14.8	15.7	15.7	16.2	15.5	15.5	16.1	15.7	16.0	
Forex gain/loss	182	558	788	779	779	655	655	655	1,853	2,744	779	(15.9)
Other Income	6,809	4,843	5,576	4,144	4,144	1,316	2,193	2,195	21,914	9,847	3,793	(65.3)
PBT	42,583	42,824	41,339	43,345	43,345	42,047	41,598	41,865	1,73,422	1,68,856	43,634	(3.6)
Tax	9,218	10,200	9,889	9,782	9,782	10,050	9,943	10,007	40,767	39,781	9,847	2.1
<i>ETR (%)</i>	21.6	23.8	23.9	22.6	22.6	23.9	23.9	23.9	23.5	23.6	22.6	
Reported PAT	33,304	32,462	31,190	33,520	33,520	32,006	31,665	31,868	1,31,974	1,29,058	33,743	(5.1)
Adj. PAT	33,365	32,624	31,450	33,563	33,563	31,997	31,656	31,859	1,32,655	1,29,074	33,786	(5.3)
<i>YoY Change (%)</i>	10.9	1.2	-7.0	0.6	0.6	-1.4	1.5	-9.0	0.5	-2.2	3.9	
Adj. EPS (Rs)	3.2	3.1	3.0	3.2	3.2	3.2	3.2	3.2	12.6	13.0	3.4	(5.2)

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 2: Change in our estimates

Change in estimates	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue (Rsbn)	993	1,027	1,051	984	1,014	1,038	0.92	1.20	1.27
EBIT (Rsbn)	156	162	163	154	160	161	1.17	1.20	1.27
<i>EBIT Margin (%)</i>	15.7	15.7	15.5	15.7	15.7	15.5	0bps	0bps	0bps
FDEPS (Rs)	13	14	15	13	14	14	(2.61)	4.36	4.46
Revenues (US\$mn)	10,518	10,727	10,856	10,441	10,620	10,745	0.74	1.01	1.03
<i>Revenue growth (US\$, %)</i>	0.4	2.0	1.2	(0.4)	1.7	1.2	70bps	30bps	0bps

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 3: NBIE vs consensus estimates

	Consensus			NBIE			NBIE/Consensus		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue (US\$mn)	10,264	10,536	10,843	10,518	10,727	10,856	102%	102%	100%
Revenue (Rsmn)	989	1,015	1,045	993	1,027	1,051	100%	101%	101%
EBIT (Rsmn)	161	167	172	156	162	163	97%	97%	95%
PAT (Rsmn)	134	137	142	129	141	144	96%	102%	101%
EPS (Rs)	13.3	13.8	14.3	13.0	14.2	14.5	98%	103%	101%
EBIT Margin (%)	16.3	16.5	16.5	15.7	15.7	15.5	-60bps	-70bps	-100bps

Source: Company, Nirmal Bang Institutional Equities Research; Note: We have taken USD/INR rate as Rs93.9, Rs95, and Rs96 for FY27E, FY28E, and FY29E

Highlights from 2QFY27 results and analyst call

Revenue in line with estimates

- IT services revenue for 2Q was US\$2.61bn, flat sequentially and up 0.6% YoY in constant currency, within the guided range.

Margin improve sequentially

- EBIT margin at 16.5% was an improvement of 50bps sequentially. The expansion was driven by operational improvements and rupee depreciation, partly offset by continued investment in the business.
- Management reiterated its intent to keep improving margins and return to the stated band of 17.0-17.5% as quickly as possible, though no specific timeline was provided. It flagged that it will continue to invest in the AI-Native unit and in client engagements, which will create near-term margin headwinds.
- Net other income declined 68% sequentially, primarily because the investable surplus reduced QoQ following completion of the buyback in Jun-26.

Vertical and geographies

- Americas 1 declined 2.1% sequentially and 2.7% YoY, impacted by client-specific issues and softness in healthcare.
- Americas 2 grew 0.9% sequentially but declined 4.7% YoY. Sequential growth was driven by EMR, with encouraging momentum in BFSI.
- Europe grew 0.6% sequentially and 5.1% YoY, delivering broad-based growth led by BFSI, consumer, and EMR.
- APMEA grew 3.1% sequentially and 13% YoY, driven by consumer, technology, and communications.
- BFSI grew 1% sequentially and 1.3% YoY. Wipro won a consulting-led transformation deal in the quarter, one of the mega deals announced earlier has begun ramping up after a delay, and momentum with a Europe BFSI customer that had earlier moved work to a captive is now building. Capco performed well across APMEA, continental Europe, and the UK.
- Consumer grew 2.6% sequentially and 6% YoY, with traction in CPG, travel, and transportation. The Olam deal and recent wins supported performance.
- Energy, manufacturing, and resources grew 1% sequentially but declined 6% YoY. Deals won in previous quarters are ramping up, with traction across markets, particularly in BPS and engineering, and strong momentum in energy.
- Technology and communications declined 2.6% sequentially but grew 7% YoY. Demand is being driven by digital-native and new-edge firms, with investments in custom silicon, design-to-manufacture, physical AI, and AI model ecosystems spanning training, evaluation, and execution.
- Health declined 3.8% sequentially and 6.5% YoY. The US healthcare sector continues to be affected by policy changes, and large US payers are tightening discretionary spend and prioritising AI, automation, compliance, and productivity-led transformation amid slowing membership growth and margin pressure. Wipro expects health to benefit from seasonality in 3Q, though not to the extent seen in previous years, and also sees demand from first-time outsourcers driven by sustained cost pressures.

Demand environment

- The demand environment remained largely unchanged. Clients remain focused on efficiency and productivity while increasingly looking to accelerate AI adoption and drive long-term value. The balance between efficiency and growth is shaping demand across industries.

- Client discussions are increasingly about accelerating AI adoption, deployment, and innovation, with a focus on long-term business value and return on investment. Cost optimisation and vendor consolidation continue to be key drivers.
- The pipeline for 3Q, 4Q, and the year ahead is described as very strong. On pricing deflation, Wipro noted that contracts typically have an average tenor of about 2-2.5 years and the deflationary cycle has run for the last 1.5-2 years. With many contracts already refreshed and renewed, the management expects to reach an inflection point in a few quarters.
- From a geography perspective, the US economy is strong with a healthy pipeline, while European clients are revisiting their AI and sovereign AI strategies in the context of geopolitics, alongside cost optimisation and vendor consolidation.

Employee metrics

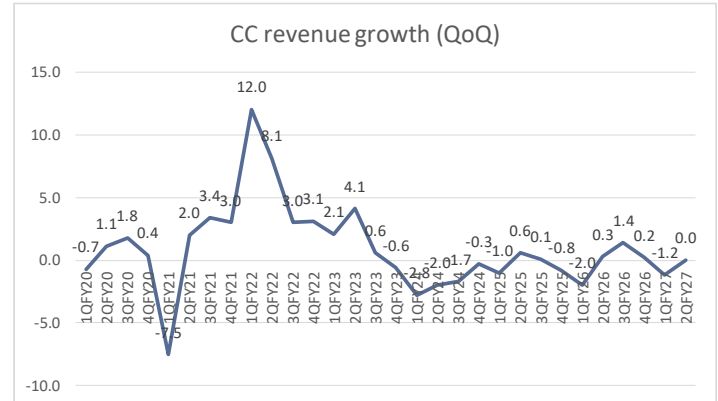
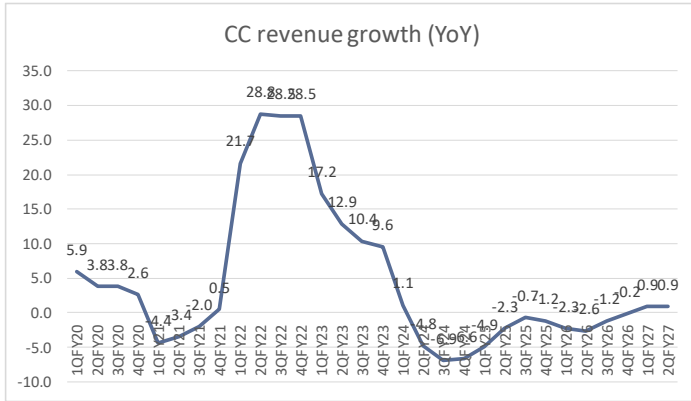
- Headcount was flat YoY. The quarter saw a reduction of over 6,500 people, partly because Wipro did not hire from campuses in the first half. It plans to hire from campuses in the second half given volume growth, so the metric is expected to even out. Productivity gains from AI projects are also supporting improvement.

Miscellaneous

- Total contract value for the quarter was US\$2.6bn with nine large deals signed, reflecting a healthy mix of new business and expansion of existing engagements. Two deals could not be signed on time due to paperwork delays and are slipping to 3Q, with no loss of the deals. Wipro expects better TCV closure in 3Q.
- Net income was Rs32bn, down 5% sequentially, while EPS was Rs3.23, up 0.9% sequentially and 4.2% YoY. Management noted EPS is the more relevant metric given the completed buyback.
- Salary increases were rolled out effective 1-Mar-26, so a further hike is not under consideration at present.
- Furloughs are expected in 3Q and are broadly in line with last year. For 3QFY27, Wipro is guiding for sequential IT services revenue growth of (1.5%) to +0.5% in constant currency. Conversion of the slipped deals is expected to positively influence 4Q revenue.
- The AI-Native unit launched in April is making rapid progress, with over 2,000 engineers including forward-deployed engineers, growing success in outcome-based deals, and non-linear growth. It has built industry-specific small language models for wealth management, insurance, healthcare, aviation, and asset-intensive industries, and deployed examples including an SLM for a major US retail bank, an AI-powered digital plant for a large Middle East petrochemical company, and an enrolment and billing SLM for a leading US healthcare payer.
- Wipro has accelerated investments in five emerging AI growth themes: AI data centres, AI foundry services, physical AI, AI devices, and design-to-manufacturing.
- The strategy is built around consulting-led AI, the Wipro Intelligence stack (build AI through Vega, Run AI through WINGS, and Reimagine AI spanning advisory, new AI services, and the AI-Native platform unit), and both organic and inorganic growth.
- Recent acquisitions are delivering returns: Mindsprint has strengthened the food and agriculture position, while Harman DTS has boosted engineering capabilities, helping win new logos and deepen existing engagements. Wipro will continue to make such investments even when they create near-term margin headwinds. The Alpha Net acquisition is a tuck-in within a large client and was not material.

Exhibit 4: CC revenue growth increased YoY

Exhibit 5: CC revenue growth increased QoQ

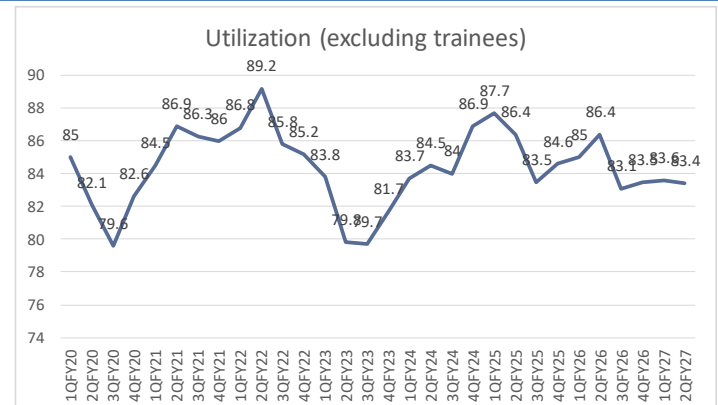
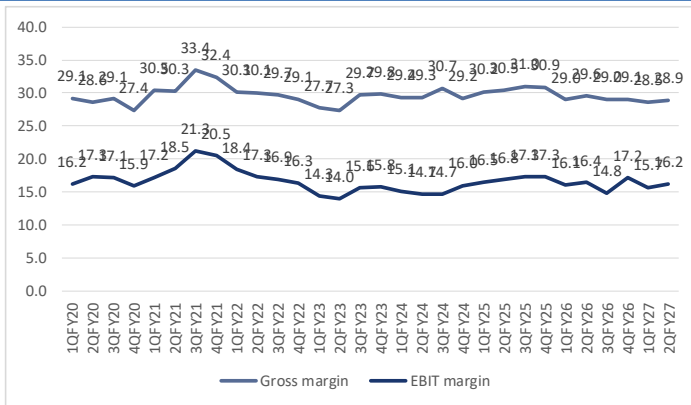


Source: Company, Nirmal Bang Institutional Equities Research

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 6: Gross and EBIT margin improve QoQ

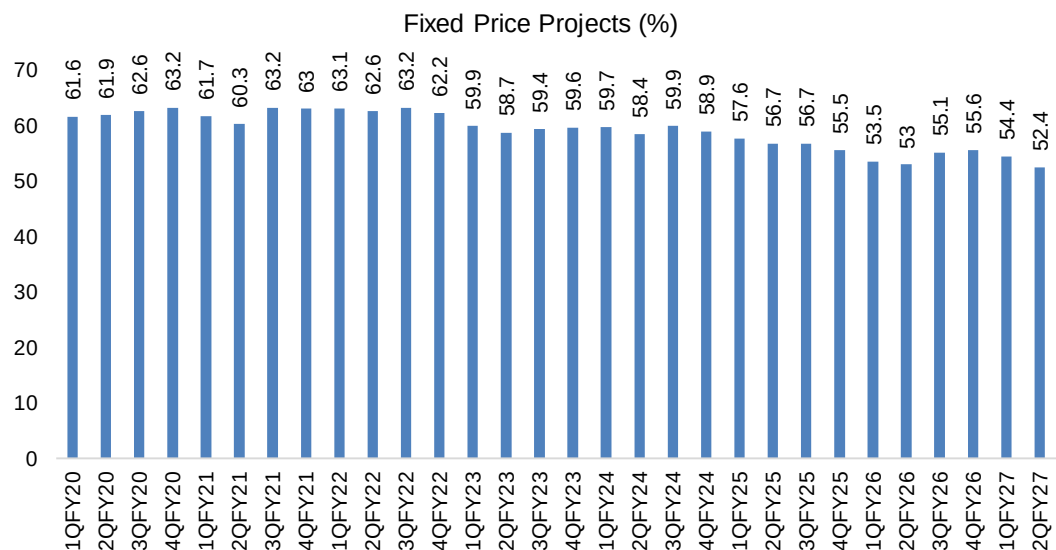
Exhibit 7: Staff utilization declines



Source: Company, Nirmal Bang Institutional Equities Research

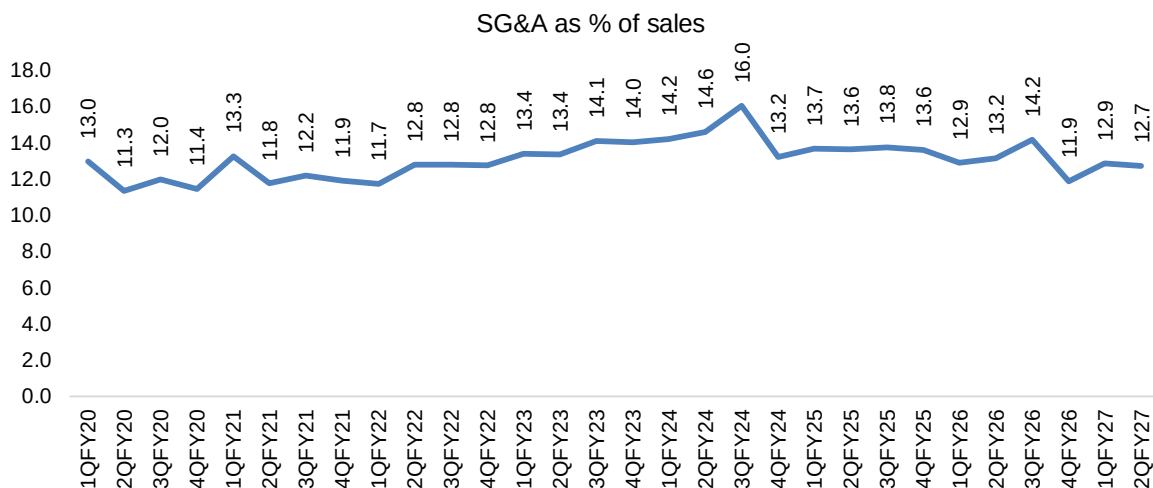
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 8: Fixed-price engagements in terms of revenue share



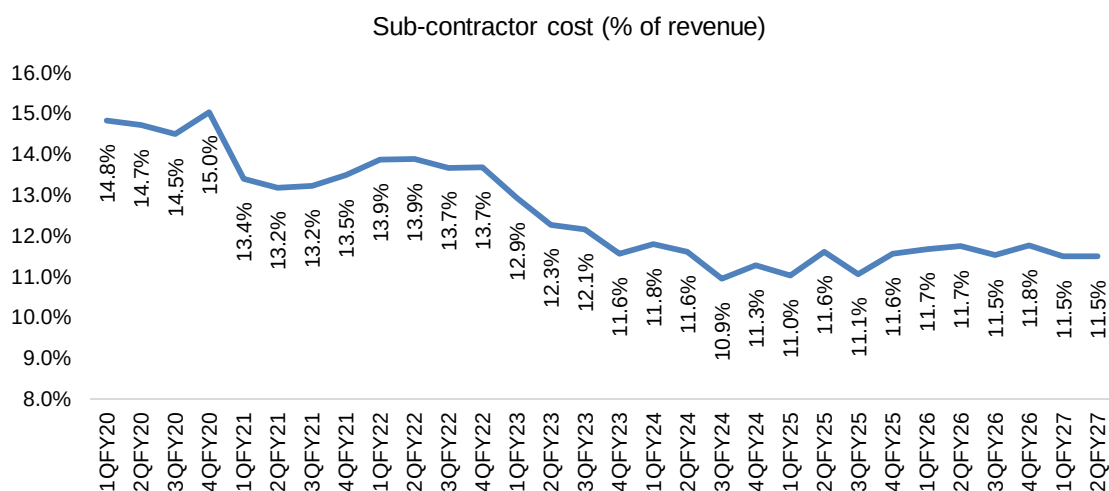
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 9: SG&A as a % of sales is under control



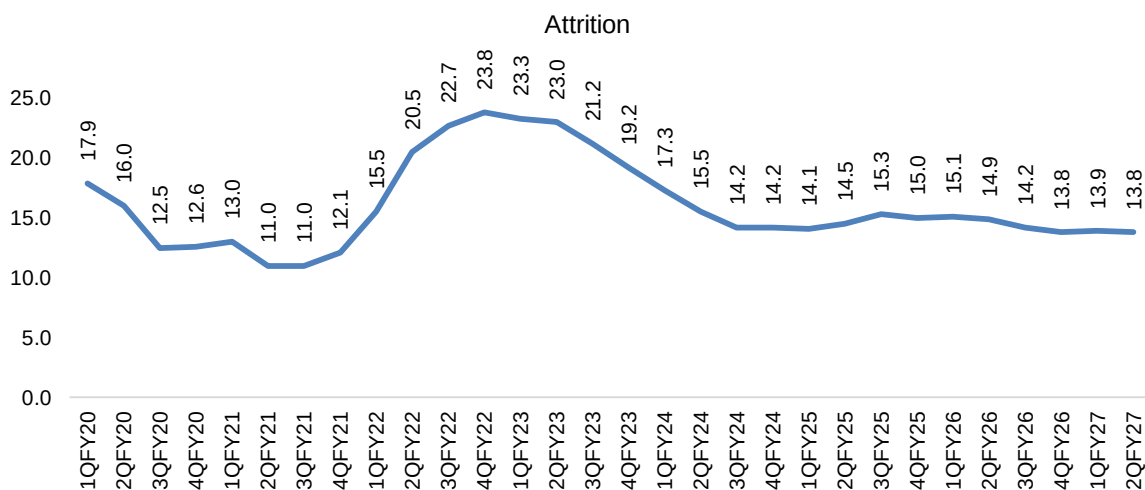
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 10: Sub-contractor cost declined QoQ



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 11: Attrition QoQ



Source: Company, Nirmal Bang Institutional Equities Research.

Exhibit 12: Key metrics

Key Metrics	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27
Revenue (US\$mn)	2,626	2,660	2,629	2,597	2,587	2,604	2,635	2,651	2,615	2,612
P&L (Rsmn)										
Revenue	2,19,638	2,23,016	2,23,188	2,25,042	2,21,346	2,26,973	2,35,558	2,42,363	2,44,786	2,47,527
EBIT	36,275	37,545	38,556	38,863	35,542	37,271	34,947	41,638	38,427	39,990
PAT	30,032	32,088	33,489	35,696	33,304	32,462	31,190	35,018	33,520	32,006
Vertical Mix (%)										
Banking, Financial Services, and Insurance	34.0	34.8	34.1	34.2	33.6	34.3	34.6	34.1	34.1	34.5
Consumer	19.2	19.2	19.0	18.9	18.6	18.2	18.2	18.4	18.8	19.2
Technology and Communications	13.9	13.6	14.7	14.4	14.6	14.5	14.9	14.2	14.0	13.5
Health	11.2	10.8	16.9	17.3	17.7	17.4	16.3	16.5	16.1	16.3
Energy, Natural Resources, and Utilities	11.5	15.4	15.3	15.2	15.5	15.6	16.0	16.8	17.0	16.5
Manufacturing	6.4	6.2	-	-	-	-	-	-	-	-
Communications	3.8	-	-	-	-	-	-	-	-	-
Geographic Mix (%)										
Americas 1	30.9	30.8	32.3	32.8	33.1	33.0	33.2	33.2	35.2	34.4
Americas 2	30.8	30.6	30.6	30.6	30.4	29.6	29.0	28.1	25.4	25.6
Europe	27.6	27.9	26.7	26.1	25.7	26.3	26.7	27.2	27.2	27.4
APMEA	10.7	10.6	10.4	10.5	10.8	11.1	11.1	11.5	12.2	12.6
Project Type										
Fixed Price	57.6	56.7	56.7	55.5	56.6	53.0	55.1	55.6	53.6	52.4
Time & Material	42.4	43.3	43.3	44.5	43.4	47.0	44.9	44.4	46.4	47.6
Client Concentration (%)										
Top client	4.0	4.1	4.5	4.4	4.7	4.8	4.7	4.3	4.4	4.5
Top-5 clients	13.6	14.0	14.3	14.5	14.7	14.4	14.4	13.8	14.3	14.9
Top-10 clients	22.5	22.9	23.7	24.2	24.5	24.0	23.7	23.1	23.6	23.9
Number of Clients										
>US\$100mn	22	21	18	17	16	16	16	16	16	18
>US\$75mn	29	30	30	28	27	29	31	29	32	29
>US\$50mn	43	42	42	44	47	45	45	45	45	45
>US\$20mn	117	117	114	111	109	104	103	106	110	107
>US\$10mn	192	186	187	181	180	177	177	183	184	185
>US\$5mn	301	297	290	289	281	272	281	289	287	299
>US\$3mn	407	411	403	398	397	393	390	391	394	407
>US\$1mn	735	733	722	716	725	730	722	715	714	715
Employees (no. of)										
Employees (no. of)	2,32,911	2,33,889	2,32,732	2,33,346	2,33,232	2,35,492	2,42,021	2,42,156	2,43,044	2,36,328
Net Addition	297	978	(1,157)	614	(114)	2,260	6,529	135	888	(6,716)
TTM Attrition (%)	14.1	14.5	15.3	15.0	15.1	14.9	14.2	13.8	13.9	13.8

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 13: QoQ and YoY growth of various parameters

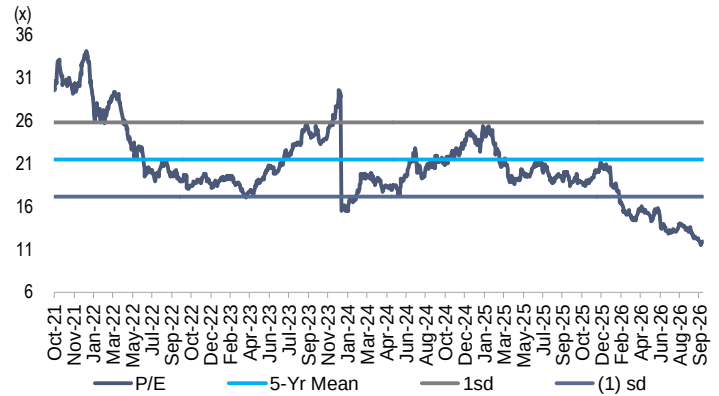
	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27
QoQ Growth (%)										
Vertical-Wise										
Banking, Financial Services, and Insurance	0.3	3.7	(3.2)	(1.0)	(2.1)	2.8	2.1	(0.9)	(1.4)	1.1
Consumer	1.5	1.3	(2.2)	(1.8)	(1.9)	(1.5)	1.2	1.7	0.8	2.0
Technology and Communications	(2.6)	(0.9)	6.8	(3.3)	1.0	(0.0)	4.0	(4.1)	(2.8)	(3.7)
Health	(7.0)	(2.3)	54.7	1.1	2.0	(1.1)	(5.2)	1.8	(3.8)	1.1
Energy, Natural Resources, and Utilities	(0.3)	35.7	(1.8)	(1.9)	1.6	1.3	3.8	5.6	(0.2)	(3.1)
Manufacturing	(4.2)	(1.9)	-	-	-	-	-	-	-	-
Communications	(1.2)	-	-	-	-	-	-	-	-	-
Geography-Wise										
Americas 1	0.4	1.0	3.6	0.3	0.6	0.3	1.8	0.6	(2.5)	(2.4)
Americas 2	(0.9)	0.6	(1.2)	(1.2)	(1.0)	(2.0)	(0.9)	(2.5)	(2.5)	0.7
Europe	(1.9)	2.4	(5.4)	(3.5)	(1.9)	3.0	2.7	2.5	(1.4)	0.6
APMEA	(4.7)	0.4	(3.0)	(0.3)	2.5	3.4	1.2	4.2	4.6	3.2
Customer Concentration										
Top customer	4.0	3.8	8.5	(3.4)	6.4	2.8	(0.9)	(8.0)	0.9	2.2
Top 5	0.3	4.3	1.0	0.1	1.0	(1.4)	1.2	(3.6)	2.2	4.1
Top 10	1.1	3.1	2.3	0.8	0.9	(1.4)	(0.1)	(2.0)	0.8	1.2
YoY Growth (%)										
Vertical-Wise (New from Q1FY11)										
Banking, Financial Services, and Insurance	(5.2)	1.5	3.2	(0.3)	(2.6)	(3.5)	1.7	1.8	2.6	0.9
Consumer	(3.0)	0.7	0.0	(1.2)	(4.5)	(7.2)	(4.0)	(0.6)	2.1	5.8
Technology and Communications	7.7	5.0	4.7	(0.2)	3.5	4.4	1.6	0.7	(3.1)	(6.6)
Health	(11.8)	(8.7)	41.8	42.0	55.7	57.7	(3.3)	(2.6)	(8.1)	(6.1)
Energy, Natural Resources, and Utilities	(3.8)	24.8	25.2	30.3	32.8	(0.8)	4.8	12.8	10.8	6.1
Manufacturing	(17.1)	(13.2)	-	-	-	-	-	-	-	-
Communications	(21.9)	-	-	-	-	-	-	-	-	-
Geography-Wise										
Americas 1	1.4	1.3	3.1	5.4	5.5	4.9	3.0	3.3	(0.6)	(3.1)
Americas 2	(3.0)	0.3	1.0	(2.6)	(2.7)	(5.3)	(5.0)	(6.2)	(7.3)	(4.9)
Europe	(11.6)	(4.4)	(4.6)	(8.3)	(8.2)	(7.7)	0.2	6.4	6.9	4.5
APMEA	(13.6)	(11.2)	(8.9)	(7.6)	(0.5)	2.5	7.0	11.8	14.1	13.8
Customer Concentration										
Top customer	21.9	34.0	48.5	13.1	15.8	14.6	4.7	(0.2)	(5.4)	(6.0)
Top 5	2.8	11.6	17.0	5.7	6.5	0.7	0.9	(2.8)	(1.7)	3.8
Top 10	3.7	9.0	14.4	7.5	7.3	2.6	0.2	(2.5)	(2.7)	(0.1)

Source: Nirmal Bang Institutional Equities Research

Exhibit 14: P/E charts

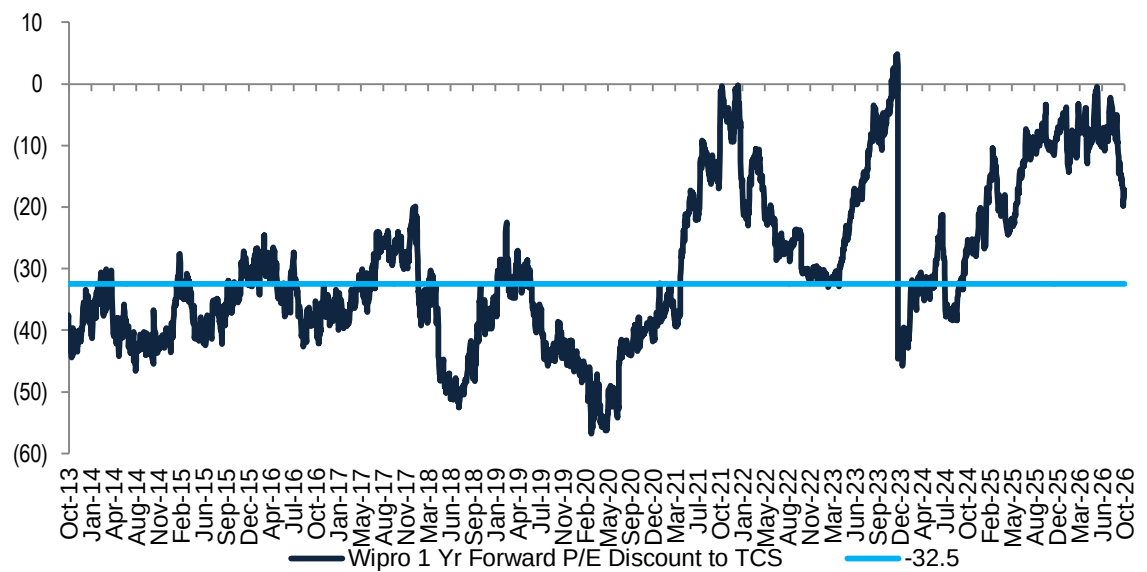


Source: Bloomberg, Nirmal Bang Institutional Equities Research



Source: Bloomberg, Nirmal Bang Institutional Equities Research

Exhibit 15: P/E (discount)/premium of Wipro to TCS



Source: Bloomberg, Nirmal Bang Institutional Equities Research

Financials

Exhibit 16: Income statement

Y/E March (Rs bn)	FY25	FY26	FY27E	FY28E	FY29E
Average INR/USD	84.5	87.8	93.9	95.0	96.0
Net Sales - IT Services (USD mn)	10,512	10,478	10,518	10,727	10,856
-Growth (%)	-2.7	-0.3	0.4	2.0	1.2
Net Sales - Overall	891	926	993	1027	1051
-Growth (%)	-0.7	4.0	7.2	3.4	2.4
Cost of Sales & Services	618	656	711	737	757
% of sales	69.3	70.8	71.6	71.8	72.0
Gross profit	273	270	282	290	294
% of sales	30.7	29.2	28.4	28.2	28.0
SG&A	122	121	126	128	131
% of sales	13.7	13.0	12.6	12.5	12.5
EBITDA	181	179	189	195	198
% of sales	20.3	19.3	19.1	19.0	18.8
Depreciation	30	29	33	34	35
% of sales	3.3	3.1	3.3	3.3	3.3
EBIT	151	149	156	162	163
% of sales	17.0	16.1	15.7	15.7	15.5
Other income (net)	23	22	10	22	24
PBT	175	173	169	187	190
-PBT margin (%)	19.6	18.7	17.0	18.2	18.1
Provision for tax	43	41	40	46	47
Effective tax rate (%)	24.5	23.5	23.6	24.5	24.5
Minority Interest	-0.8	-0.7	0.0	0.0	0.0
Net profit	131	132	129	141	144
-Growth (%)	18.9	0.5	(2.2)	9.2	2.1
-Net profit margin (%)	14.7	14.2	13.0	13.7	13.7

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 18: Balance sheet

Y/E March (Rs bn)	FY25	FY26	FY27E	FY28E	FY29E
Share capital	21	21	20	20	20
Reserves	807	864	819	890	965
Net worth	830	888	840	912	986
Long term debt	64	2	0	0	0
Short term debt	98	166	185	185	185
Total debt	162	168	185	185	185
Net debt	-372	-375	-279	-341	-409
Other non-current liabilities	106	126	136	136	136
Total Equity & Liabilities	1,287	1,419	1,403	1,477	1,554
Net Block	81	82	84	88	92
Right to use assets	26	28	27	27	27
Intangible and others	352	417	459	459	459
Other non-current assets	50	66	65	65	65
Investments	411	438	342	342	342
Trade receivables	182	213	220	228	232
Inventories	1	1	1	1	1
Cash & Cash Equivalents	122	106	122	185	252
Other current assets	62	70	83	84	85
Total current assets	778	826	768	839	911
Trade payables	88	95	101	104	106
Other current liabilities	198	308	326	326	326
Total current liabilities	286	403	427	430	432
Total Assets	1,287	1,419	1,403	1,477	1,554

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 17: Cash flow

Y/E March (Rs bn)	FY25	FY26	FY27E	FY28E	FY29E
PBT	175	173	169	174	190
Depreciation	30	29	32	32	35
Interest	-9	0	0	0	0
Other adjustments	-23	-22	-14	-16	-24
Change in Working capital	14	52	125	-3	-3
Tax paid	-26	-41	-38	-43	-47
Operating cash flow	169	192	274	144	151
Capex	-16	-97	-74	-36	-39
Free cash flow	154	95	200	108	112
Other investing activities	-65	-20	291	16	24
Investing cash flow	-81	-117	218	-20	-14
Issuance of share capital	0	41	-95	0	-0
Movement of Debt	18	-62	-2	0	0
Dividend paid (incl DDT)	-63	-265	-69	-69	-69
Other financing activities	-10	20	4	0	0
Financing cash flow	-64	-266	-162	-69	-69
Net change in cash flow	25	-191	330	55	67
Opening C&CE	97	122	106	156	185
Closing C&CE	122	-69	435	211	252

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 19: Key ratios

Y/E March	FY25	FY26	FY27E	FY28E	FY29E
Per Share (Rs)					
FDEPS	12.6	12.6	13.2	13.3	14.5
Dividend Per Share	6.0	11.0	7.0	7.0	7.0
Book Value	79	84	86	92	99
Valuation (x)					
P/Sales	2.5	2.4	1.8	1.8	1.6
EV/EBITDA	10.1	10.2	9.4	9.0	7.2
P/E	16.7	16.7	13.5	13.4	12.0
P/BV	2.7	2.5	2.1	1.9	1.7
Return ratios (%)					
RoCE	12.1	11.2	11.3	11.0	10.8
RoCE (pre-tax)	16.0	14.6	14.5	14.6	14.4
RoE	16.6	15.4	15.0	14.8	15.2
RoIC	23.0	22.4	18.5	15.5	20.3
Profitability ratios (%)					
Gross margin	30.7	29.2	28.3	28.2	28.0
EBITDA margin	20.3	19.3	19.0	19.0	18.8
PAT margin	14.7	14.2	13.5	13.3	13.7
Liquidity ratios (%)					
Current ratio	2.7	2.0	2.4	2.6	2.1
Quick ratio	2.7	2.0	2.4	2.6	2.1
Solvency ratio (%)					
Net Debt to Equity ratio	-0.4	-0.4	-0.2	-0.2	-0.4
Turnover ratios					
Fixed asset turnover ratio (x)	0.7	0.7	0.8	0.8	0.7
Debtor days	74.3	85.5	82.2	81.5	81.5
Creditor days	36.0	38.1	36.0	35.7	37.2
Net Working capital days	38.3	47.3	46.1	45.7	44.2

Source: Company, Nirmal Bang Institutional Equities Research

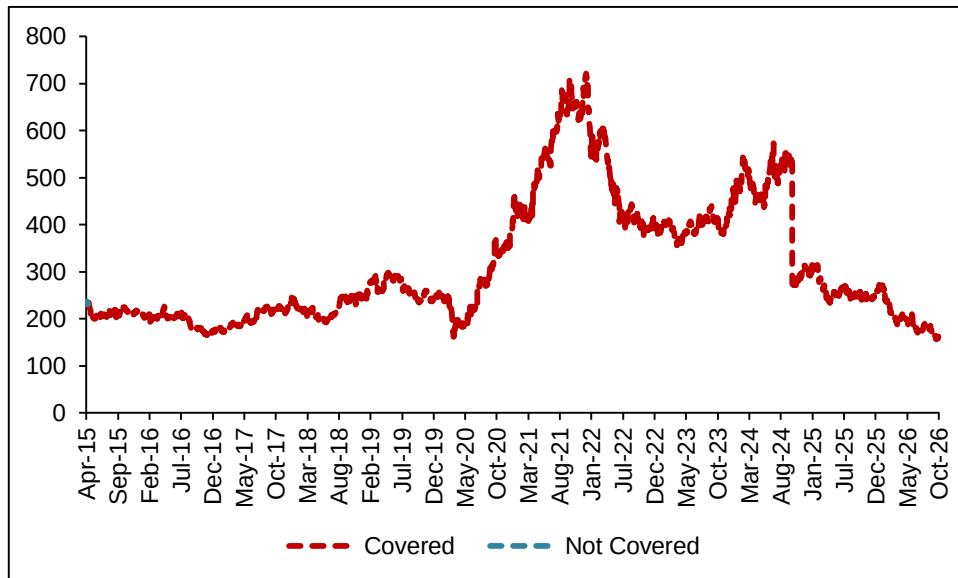
Rating track

Date	Rating	Market price (Rs)	Target price (Rs)
13 April 2015	Sell	618	576
22 April 2015	Sell	588	546
24 July 2015	Sell	588	548
30 September 2015	Sell	587	546
23 October 2015	Sell	578	544
8 January 2016	Under Review	556	-
19 January 2016	Under Review	549	-
14 March 2016	Sell	540	498
21 April 2016	Sell	601	489
20 July 2016	Sell	549	478
24 October 2016	Sell	499	436
10 January 2017	Sell	472	410
27 January 2017	Sell	474	413
14 February 2017	Sell	474	427
26 April 2017	Sell	495	437
21 June 2017*	Sell	254	197
21 July 2017	Sell	269	235
28 September 2017	Sell	290	228
18 October 2017	Sell	290	244
26 December 2017	Under Review	302	-
22 January 2018	Under Review	329	-
17 March 2018	Accumulate	296	302
26 April 2018	Accumulate	287	303
3 July 2018	Buy	262	335
23 July 2018	Buy	282	323
5 October 2018	Buy	325	377
17 October 2018	Buy	309	364
27 December 2018	Sell	326	297
7 January 2019	Sell	324	268
21 January 2019	Sell	347	277
19 March 2019**	Sell	258	209
18 April 2019	Sell	282	219
18 July 2019	Sell	260	212
23 September 2019	Sell	239	222
15 October 2019	Sell	244	221
2 January 2020	Under Review	248	-
15 January 2020	Under Review	256	-
31 March 2020	Hold	186	186
16 April 2020	Hold	186	178
9 July 2020	Under Review	222	-
15 July 2020	Under Review	225	-
6 September 2020	Buy	276	326
28 September 2020	Hold	314	346
14 October 2020	Hold	376	382
19 November 2020	Hold	345	382
29 December 2020	Hold	383	411
14 January 2021	Hold	459	480
5 March 2021	Hold	439	461
16 April 2021	Hold	431	465
5 July 2021	Hold	536	563
16 July 2021	Hold	576	604
22 September 2021	Hold	668	698
14 October 2021	Hold	673	706
20 December 2021	Buy	671	790
13 January 2022	Hold	691	776
8 April 2022	Hold	581	571
1 May 2022	Hold	509	501
19 May 2022	Sell	481	400
8 July 2022	Sell	421	367
21 July 2022	Sell	412	362
10 October 2022	Sell	408	355

13 October 2022	Sell	408	340
14 January 2023	Sell	394	347
20 March 2023	Sell	377	351
28 April 2023	Sell	374	350
14 June 2023	Sell	396	350
14 July 2023	Sell	394	338
26 September 2023	Sell	436	358
19 October 2023	Sell	407	353
15 December 2023	Sell	434	370
14 January 2024	Sell	467	384
19 March 2024	Sell	510	441
07 April 2024	Sell	485	441
21 April 2024	Sell	453	422
21 July 2024	Sell	557	516
03 September 2024	Hold	532	523
18 October 2024	Hold	529	600
19 January 2025	Hold	282	306
19 February 2025	Hold	306	335
07 April 2025	Hold	247	262
17 April 2025	Hold	248	276
02 July 2025	Hold	266	286
18 July 2025	Hold	261	297
17 October 2025	Hold	254	290
18 January 2026	Hold	267	296
07 April 2026	Hold	197	204
17 April 2026	Hold	210	204
06 July 2026	Sell	174	152
17 July 2026	Sell	178	147
1 October 2026	Sell	137	178
16 October 2026	Sell	143	174

Note: *Post 1:1 bonus share issue, *Post 1:3 bonus share issue

Rating track graph



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BUY > 15%

HOLD -5% to 14%

SELL < -5%

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