

HSIE Results Daily

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Results Reviews

- **Wipro:** Wipro (WPRO) posted a revenue decline of 0.8% QoQ CC, which was towards the lower end of the guidance, while the IT services margin at 17.5% was better vs. expectations. The revenue guidance for Q1FY26E was disappointing at -3.5 to -1.5% QoQ CC. Despite a strong increase in order booking and large deal wins, Wipro highlighted that clients have become more cautious due to global economic uncertainty and recent tariff announcements. This is leading to potential delays in decision-making and pauses in projects, particularly in the consumer and manufacturing verticals. As a result, Wipro has issued a cautious guidance, reflecting the current demand environment and expecting a measured approach from clients towards transformation programs and discretionary spending. Key positives include (1) strong order bookings and sturdy pipeline, (2) margin discipline, (3) growth in Capco and resilient US BFSI, and (4) strong cash generation with FCF/PAT at 130% for FY25. We believe that leakages in renewals still need to be plugged for Wipro to catch up with peers on growth. We cut our revenue estimates by ~4-5% and the company is expected to register revenue degrowth for the third consecutive year. Maintain REDUCE on Wipro, with a revised TP of INR 240, based on 18x FY27E.

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Wipro

Weak guidance amidst economic uncertainty

Wipro (WPRO) posted a revenue decline of 0.8% QoQ CC, which was towards the lower end of the guidance, while the IT services margin at 17.5% was better vs. expectations. The revenue guidance for Q1FY26E was disappointing at -3.5 to -1.5% QoQ CC. Despite a strong increase in order booking and large deal wins, Wipro highlighted that clients have become more cautious due to global economic uncertainty and recent tariff announcements. This is leading to potential delays in decision-making and pauses in projects, particularly in the consumer and manufacturing verticals. As a result, Wipro has issued a cautious guidance, reflecting the current demand environment and expecting a measured approach from clients towards transformation programs and discretionary spending. Key positives include (1) strong order bookings and sturdy pipeline, (2) margin discipline, (3) growth in Capco and resilient US BFSI, and (4) strong cash generation with FCF/PAT at 130% for FY25. We believe that leakages in renewals still need to be plugged for Wipro to catch up with peers on growth. We cut our revenue estimates by ~4-5% and the company is expected to register revenue degrowth for the third consecutive year. Maintain REDUCE on Wipro, with a revised TP of INR 240, based on 18x FY27E.

- **Q4FY25 highlights:** (1) WPRO's IT services revenue came at USD 2.59bn (lower than our estimate of USD 2.61bn), declining -1.2% QoQ and -2.3% YoY. Revenue for FY25 declined -2.7% YoY to USD 10.51bn. The revenue decline was a result of paused or delayed projects due to macro uncertainty (related to tariff). (2) Within verticals, Health (14% of the revenue) declined -3.1% QoQ CC, Consumer (19% of the revenue) declined -1.3% QoQ CC, BFSI (34% of the revenue) declined -0.5% QoQ CC while Energy, Mfg & Resources (17% of the revenue) improved 1.1% QoQ CC. Wipro's consulting businesses Capco performed well, with 6.5/11.5% QoQ/YoY revenue growth. (3) T1 client revenue declined -3.4% QoQ while T5/10 clients grew 0.1/0.8% QoQ. (4) Total TCV was USD 3.96bn, improving 12.5% QoQ and 9.6% YoY; large-deal TCV (USD 30mn+ TCV) stood at USD 1.76bn, +83% QoQ and 48% YoY. The company won two mega deals during FY25. (5) EBITM remained flat QoQ at 17.5% (in line with our estimate), supported by improved margins in Americas1 and Europe. However, higher unallocated expenses offset the impact of margin improvement. The management expects the margin to remain in a narrow band in the near-medium term. (6) Headcount improved by 614 on a net basis as utilization improved by 110bps to 84.6% and attrition decreased by 30bps to 15%.
- **Outlook:** We have factored revenue growth of -1.7/+5.8% in FY26/27E. IT services EBITM is expected to be 17.1/17.2% for FY26/27E, translating into an EPS CAGR of ~3% over FY25-27E. At CMP, Wipro is trading at 20/18.6x FY26/27E (5Y average at 20x).

Quarterly Financial summary

YE March (INR bn)	Q4 FY25	Q4 FY24	YoY (%)	Q3 FY25	QoQ (%)	FY23	FY24	FY25	FY26E	FY27E
IT revenue(USD Mn)	2,597	2,657	(2.3)	2,629	(1.2)	11,147	10,805	10,512	10,332	10,929
Net Sales	225.04	222.08	1.3	223.19	0.8	904.88	897.60	890.88	892.82	951.43
EBIT	38.86	35.50	9.5	38.56	0.8	135.13	135.76	151.24	151.85	163.08
APAT	35.70	28.35	25.9	33.54	6.4	113.50	110.45	131.35	129.92	139.76
Diluted EPS (INR)	3.4	2.7	25.7	3.2	6.4	10.8	10.5	12.5	12.4	13.3
P/E (x)						22.8	23.5	19.8	20.0	18.6
EV / EBITDA (x)						14.0	13.8	12.5	12.3	11.4
RoE (%)						15.8	14.4	16.6	15.4	15.9

Source: Company, HSIE Research, Consolidated Financials

Change in Estimates

YE March (INR bn)	FY26E Old	FY26E Revised	Change %	FY27E Old	FY27E Revised	Change %
IT revenue (USD Mn)	10,805	10,332	(4.4)	11,477	10,929	(4.8)
Revenue	934.78	892.82	(4.5)	997.38	951.43	(4.6)
EBIT	160.88	151.85	(5.6)	171.27	163.08	(4.8)
EBIT margin (%)	17.2	17.0	-20bps	17.2	17.1	-3bps
APAT	137.73	129.92	(5.7)	147.96	139.76	(5.5)
EPS (INR)	13.1	12.4	(5.7)	14.1	13.3	(5.5)

Source: Company, HSIE Research

REDUCE

CMP (as on 16 Apr 2025)	INR 248
Target Price	INR 240
NIFTY	23,437

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 255	INR 240
EPS %	FY26E	FY27E
	-5.7	-5.5

KEY STOCK DATA

Bloomberg code	WPRO IN
No. of Shares (mn)	10,472
MCap (INR bn) / (\$ mn)	2,593/30,267
6m avg traded value (INR mn)	4,015
52 Week high / low	INR 325/208

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(14.0)	(6.9)	10.5
Relative (%)	(14.0)	(1.5)	4.8

SHAREHOLDING PATTERN (%)

	Dec-24	Mar-25
Promoters	72.75	72.73
FIs & Local MFs	8.20	7.47
FPIs	10.30	11.13
Public & Others	8.75	8.67
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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Rating Criteria

BUY: >+15% return potential

ADD: +5% to +15% return potential

REDUCE: -10% to +5% return potential

SELL: > 10% Downside return potential

Disclosure:

Analyst	Company Covered	Qualification	Any holding in the stock
Amit Chandra	Wipro	MBA	NO
Vinesh Vala	Wipro	MBA	NO
Maitreyee Vaishampayan	Wipro	MSc	NO

1 Yr Price movement

Disclosure:

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