Wipro

Reduce

IT Services | Q2FY26 Result Update

CMP: Rs.254 | TP: Rs 270 | Upside 6%

DOLAT CAPITAL
IN-DEPTH-PRECISE-ACTIONABLE

Non-Event Quarter as Deal Ramp-up timeline clouded

- **Wipro's IT services reported a CC Rev. growth of 0.3% QoQ (DE. 1%), as BFSI witnessed some momentum, but other verticals lagged. IT Services OPM, which was impacted by a 1x client bankruptcy provisioning (Rs 1.1bn hit) was down 70bps QoQ at 16.5%.**
- **TCV wins/Large deal wins at $4.7Bn/$2.8Bn remained robust. However, Q3FY26 growth would remain modest with guidance of -0.5% to +1.5%, while margins would see some pressure on deal ramp-up & M&A related investments.**
- **Given the muted vertical growth and unexciting Q3 guidance, despite solid deal bookings, slow ramp-up issues persist. We cut our FY26E/FY27E estm by 1%/0.4% (Introduce FY28E EPS of Rs13.7). Maintain 'Reduce' rating with a revised TP of Rs. 270, valued at 20x FY28E earnings.**

Deal Pipeline Robust, but Monetization awaited

Q2 TCV was at $4.7bn, stemming from 13 large deals (TTM TCV at $17bn, +20%). This included 2 mega deals in healthcare and BFSI, which had significant renewal components. Deal mix is skewed toward renewals, with only two pure net-new deals in Q2. Also, deal-to-revenue conversion faces timing challenges, as Q1 large deals need six to eight quarters for full ramp-up. Although the pipeline is robust, management's cautious Q3 guidance indicates that bookings haven't yet been translated into meaningful revenue acceleration (FY26E would be 3rd year in a row with revenue decline).

Vertical-wise Growth Dynamics remain skewed

Vertical growth remains narrow-based with only two of five sectors expanding sequentially. BFSI grew 2.2% QoQ, gaining traction in Europe and APAC. Healthcare was near-flattish (-0.2%) amid policy uncertainties in US. Consumer and Energy & Mfg declined 1.7% and 1.5% QoQ, facing continued tariff headwinds. Technology & Communications posted modest 0.8% growth under cost optimization pressures as discretionary spending still remains muted (All growth % in CC).

Near-term Outlook Assessment not encouraging

Q3 guidance of -0.5% to +1.5% CC remains cautious, with growth tempered by furloughs and slower large deal ramps. Despite strong H1 bookings, execution and conversion delays continue. OPM faces pressure from growth investments, pricing, and a potential 60 bps Harman (acquisition to add $300mn to revenue run rate) impact, as mgmt. targets the 17–17.5% OPM band (No wage hikes announced yet for the fiscal).

Key Data

Nifty	25,585
Equity / FV	Rs 20,944mn / Rs 2
Market Cap	Rs 2,664bn
	USD 30.3bn
52-Week High/Low	Rs 325/ 232
Avg. Volume (no)	88,39,340
Bloom Code	WPRO IN

	Current	Previous
Rating	Reduce	Reduce
Target Price	270	280

Change in Estimates

(Rs.bn)	Current		Chg (%)/bps	
	FY26E	FY27E	FY26E	FY27E
Revenue	916	960	1.5	1.3
EBITDA	178	192	0.9	1.9
EBITDA (%)	19.4	20.0	(13)	10
APAT	131	138	(0.9)	(0.3)
EPS (Rs)	12.5	13.2	(1.0)	(0.4)

Valuation (x)

	FY26E	FY27E	FY28E
P/E	20.4	19.3	18.5
EV/EBITDA	15.1	13.9	13.2
ROE (%)	15.1	15.4	15.7
RoACE (%)	14.1	14.4	14.8

Q2FY26 Result (Rs Mn)

Particulars	Q2FY26	YoY (%)	QoQ (%)
Revenue	2,26,973	2.0	2.5
Total Expense	1,89,702	2.3	2.1
EBITDA	44,188	(2.8)	4.2
Depreciation	6,917	(16.7)	0.9
EBIT	37,271	0.3	4.9
Other Income	9,629	4.7	(9.6)
Interest	3,612	1.2	0.1
EBT	43,288	1.2	1.7
Tax	10,200	(3.0)	10.7
RPAT	32,854	2.4	(1.4)
APAT	32,854	2.4	(1.4)
		(bps)	(bps)
Gross Margin	29.6	(77)	62
EBITDA (%)	19.5	(95)	31
NPM (%)	14.5	6	(57)
Tax Rate (%)	23.6	(101)	192
EBIT (%)	16.4	(27)	36

Director Research: Rahul Jain
+9122 40969771
rahulj@dolatcapital.com

Associate: Kashish Mehta
+9122 40969789
kashishm@dolatcapital.com

Associate: Harsh Yadav
+9122 40969789
harshy@dolatcapital.com

Exhibit 1: Quarterly performance versus estimates

Particulars (Rs mn)		Estimates		% Variation		Comment
	Actual	Dolat	Consensus	Dolat	Consensus	
USD Revenue – IT services	2,604	2,612	2,596	(0.3)	0.3	Rev Miss as tariff affected verticals drag growth
INR Revenue	2,26,973	2,31,480	2,27,932	(1.9)	(0.4)	
EBIT	37,251	38,930	37,837	(4.3)	(1.5)	1x client-related provision cost led to miss
EBIT, margin (%)	16.4	16.8	16.6	(40 bps)	(20 bps)	
PAT	32,854	34,032	33,050	(3.5)	(0.6)	Miss inline with OPM

Source: Company, Dolat Capital

Change in Estimates

For FY26E/FY27E: Wipro's Q2 deal wins remained impressive, but commentary suggests a modest outlook, as management remains watchful for any demand change. We trim Rev. estm by 0.1%/1.0%. Margin to see some headwinds as operational increments will be challenged by investment-related pressures. OPM (IT Ser.) lowered by 23bps for FY26E and marginally for FY27E too. Overall, earnings have been cut by 1%/0.4%. We also introduce FY28E with a Rev growth of 3.8%, slight OPM improvement (+10bps) & an EPS of Rs.13.7.

Exhibit 2: Change in Estimates

Particulars (Rs. mn)	FY25A	FY26E			FY27E			FY28E
	Actual	Old	New	Chg.(%)	Old	New	Chg.(%)	Introduced
IT Svcs. Rev ($mn)	10,512	10,506	10,492	(0.1)	10,921	10,812	(1.0)	11,222
YoY growth,	(2.7)	(0.1)	(0.2)	(13 bps)	4.0	3.0	(90 bps)	3.8
Total INR Revenue	890,916	9,02,579	9,16,286	1.5	9,47,437	9,60,025	1.3	10,01,791
YoY growth,	(0.8)	1.3	2.8	154 bps	5.0	4.8	(20 bps)	4.4
EBIT (IT Svcs)	151,639	1,51,338	1,51,452	0.1	1,59,892	1,61,832	1.2	1,70,427
OPM (IT Svcs)	17.1	16.8	16.6	(23 bps)	16.9	16.9	(1 bps)	17.0
EBIT	151,271	1,48,078	1,48,915	0.6	1,59,221	1,61,853	1.7	1,70,378
EBIT Margin,	17.0	16.4	16.3	(15 bps)	16.8	16.9	5 bps	17.0
Net Profit	131,354	1,31,907	1,30,672	(0.9)	1,38,653	1,38,215	(0.3)	1,44,300
EPS (Rs)	12.5	12.6	12.5	(1.0)	13.2	13.2	(0.4)	13.7

Source: Company, Dolat Capital

What to expect Next Quarter

We expect Wipro to achieve the mid-point of its Q2 guidance band of -0.5% to +1.5% and report 0.5% QoQ growth. OPM to remain flattish as operational efficiency benefits would be offset by investments being made during Harman consolidation.

Exhibit 3: What to expect Next Quarter

Particulars (Rs Mn)	Q3FY26E	Q2FY25	Q3FY25	QoQ (%)	YoY (%)
USD Revenue – IT Services	2,617	2,604	2,629	0.5	(0.4)
INR Revenue – Company Wide	2,31,071	2,26,973	2,23,598	1.8	3.3
EBIT (IT Services)	38,004	37,251	38,990	2.0	(2.5)
PAT	32,346	32,854	33,538	(1.5)	(3.6)
EPS (Rs)	3.1	3.1	3.2	(0.3)	(3.7)
EBIT Margin – IT Services (%)	16.5	16.5	17.5	1 bps	(100 bps)

Source: Company, Dolat Capital

Exhibit 4: Key Assumptions in our estimates

Key Assumptions	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E
USD Rev growth (%) (IT Services)	7.8	(3.8)	(2.7)	(0.2)	3.0	3.8
CC Growth (%)	11.5	(4.3)	(2.3)	(1.0)	3.1	3.7
USD/INR	80.4	82.7	84.5	87.0	88.5	89.0
INR Revenue growth (%)	14.0	(1.3)	(0.8)	2.8	4.8	4.4
EBIT Margins (%)	15.4	15.2	17.0	16.3	16.9	17.0
EPS growth (%)	(7.3)	2.0	18.4	(0.6)	5.8	4.4

Source: Company, Dolat Capital

Exhibit 5: Key Revenue Growth Matrix for IT Services Segment (YoY basis)

YoY Growth	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
CC Growth	(4.8)	(6.9)	(6.6)	(4.9)	(2.3)	(0.7)	(1.2)	(2.3)	(2.6)
USD Growth	(3.7)	(5.9)	(6.4)	(5.5)	(2.0)	(1.0)	(2.3)	(1.5)	(2.1)
INR Growth	0.1	(3.9)	(4.2)	(3.8)	(0.9)	0.6	1.7	0.8	1.8

Source: Company, Dolat Capital

Exhibit 6: Quarterly and YTD Trend

Particulars (mn)	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	YoY (%)	QoQ (%)	H1FY25	H1FY26	YoY (%)
USD Rev. (IT Serv.)	**2,660**	**2,630**	**2,597**	**2,587**	**2,604**	**(2.1)**	**0.7**	**5,286**	**5,192**	**(1.8)**
INR Rev - Co. Wide	**2,22,620**	**223,598**	**225,266**	**221,346**	**2,26,973**	**2.0**	**2.5**	**4,42,052**	**4,48,319**	**1.4**
Operating Exp	1,85,471	184,632	186,179	185,804	1,89,702	2.3	2.1	3,68,834	3,75,506	1.8
Cost of revenue	1,55,049	153,922	155,525	157,247	1,59,832	3.1	1.6	3,08,355	3,17,079	2.8
as % of sales	*69.6*	*68.8*	*69.0*	*71.0*	*70.4*	77 bps	(62 bps)	*69.8*	*70.7*	97 bps
SG&A expenses	30,422	30,710	30,654	28,557	29,870	(1.8)	4.6	60,479	58,427	(3.4)
as % of sales	*13.7*	*13.7*	*13.6*	*12.9*	*13.2*	(51 bps)	26 bps	*13.7*	*13.0*	(65 bps)
EBITDA	45,457	45,731	46,304	42,397	44,188	(2.8)	4.2	88,815	86,585	(2.5)
Depreciation	8,308	6,765	7,217	6,855	6,917	(16.7)	0.9	15,597	13,772	(11.7)
EBIT	**37,149**	**38,966**	**39,087**	**35,542**	**37,271**	**0.3**	**4.9**	**73,218**	**72,813**	**(0.6)**
Other Income	9,195	9,708	11,819	10,599	9,477	3.1	(10.6)	16,675	20,076	20.4
Finance Cost	3,569	4,146	3,767	3,608	3,612	1.2	0.1	6,857	7,220	5.3
Associates	3	5	291	50	152	NM	NM	(42)	202	NM
PBT	42,778	44,533	47,430	42,583	43,288	1.2	1.7	82,994	85,871	3.5
Tax	10,512	10,866	11,549	9,218	10,200	(3.0)	10.7	20,362	19,418	(4.6)
PAT	32,266	33,667	35,881	33,365	33,088	2.5	(0.8)	62,632	66,453	6.1
MI	178	129	185	61	234	31.5	283.6	512	295	(42.4)
PAT after MI	32,088	33,538	35,696	33,304	32,854	2.4	(1.4)	62,120	66,158	6.5
Reported EPS	3.1	3.2	3.4	3.2	3.1	1.0	(2.5)	5.9	6.3	5.7
Margins (%)						**(bps)**	**(bps)**			**(bps)**
EBITDA	20.4	20.5	20.6	19.2	19.5	(95 bps)	31 bps	20.1	19.3	(78 bps)
EBIT	16.7	17.4	17.4	16.1	16.4	(27 bps)	36 bps	16.6	16.2	(32 bps)
EBT	19.2	19.9	21.1	19.2	19.1	(14 bps)	(17 bps)	18.8	19.2	38 bps
PAT	14.4	15.0	15.8	15.0	14.5	6 bps	(57 bps)	14.1	14.8	70 bps
Effective Tax rate	24.6	24.4	24.3	21.6	23.6	(101 bps)	192 bps	24.5	22.6	(192 bps)

Earnings Call KTAs

- **Revenue:** IT services revenue stood at $2.6bn with sequential growth of 0.3% in CC, declining 2.6% YoY CC. (Revenue was +0.7% QoQ & -2.1% YoY in $ terms)
- **Geographies:** 3 of the 4 strategic market units (SMUs) reported sequential growth. Americas 1 grew 0.5% QoQ and 5% YoY, driven by healthcare, technology and communication sectors. Americas 2 declined 2% QoQ and 5% YoY, though management expects recovery as H1 deal wins begin ramping. Europe returned to sequential growth of 1.4% after several quarters, led by BFSI, with the Phoenix deal set to contribute from Q3. APAC grew 3.1% QoQ and 2.6% YoY, driven by India, Australia and Southeast Asia **(**All growth % are in CC terms).
- **Vertical-wise: BFSI** grew 2.2% sequentially, driven by vendor consolidation, modernization, and AI. **Healthcare** declined slightly, 0.2% with recovery hopes lingering, while **Consumer** & **ENU** struggled, declining 1.7% & 1.5% QoQ respectively, due to tariffs. **Tech & Communications** saw 0.8% QoQ growth as work majorly remained focused on AI and cost-cutting. **Capco** continued to grow (up 3.2 YoY), driven by expansion in developing Asian markets
- **Margins:** Operating margin was 16.5%, contracting 70 bps QoQ and 30 bps YoY. A one-time Rs 1,165mn client bankruptcy provision impacted the OPM by ~50bps. Positive drivers included rupee depreciation, improved utilization, lower attrition and better fixed-price profitability. Headwinds included large deal ramp investments and Q3 seasonal factors. Management aims to maintain margins in the 17-17.5% band despite growth investments and upcoming Harman dilution, leveraging utilization and SG&A optimization.
- **Guidance:** Q3 guidance projects IT services rev growth of -0.5% to +1.5% in CC, with the midpoint positive for the first time in several quarters. Management cited furloughs and lower working days as seasonal headwinds but expressed confidence in converting strong backlog into revenue. The Harman acquisition, expected to close during Q3, is excluded from guidance (There would be related investments which bring about a 60bps impact on OPM). Pipeline remains robust and secular across geographies and deal sizes, driven by cost optimization, vendor consolidation and AI-led transformations. Management suggested December/January will provide clearer demand visibility as US clients complete budgeting cycles.
- **Deal wins:** TCV reached $4.7bn with 13 large deals signed (TTM TCV at $17.1 bn), including two mega deals, one in healthcare and one in BFSI. Both mega deals contain significant renewal components alongside expansion opportunities. Management noted strong momentum from vendor consolidations, AI-powered transformations and consulting-led programs. H1 bookings totaled approximately $9.5 bn. Q2 specifically includes two net new deals, six renewals and other renewal-plus-expansion deals. Q1 large deals with new components would take six to eight quarters to fully ramp.
- **Headcount and Attrition**: ~2,900 freshers were onboarded during the quarter. Utilization improved to 86.4% vs 85% QoQ. Future hiring will be purely demand-driven. No wage hike decisions have been made yet. Over 80% of US workforce is localized, with minimal H-1B dependency (~250 H-1Bs), reducing exposure to visa policy changes.

Exhibit 7: Geographical Revenue Trend for the Quarter

Geography	Amount ($ mn)	Mix (%)	QoQ (%) (CC)	YoY (%) (CC)	Incremental Revenue ($ mn)	% Contribution of Incremental Revenue
Americas 1	859	33	0.5	50.0	3	18
Americas 2	771	30	(2.0)	(5.2)	(16)	(93)
Europe	685	26	1.4	(10.2)	20	118
APMEA	289	11	3.1	2.6	10	57
Total	**2,604**	**100**	**0.3**	**(2.6)**	**17**	**100**

Source: Company, Dolat Capital

Exhibit 8: Vertical Revenue Trend for the Quarter

Vertical	Amount ($ mn)	Mix (%)	QoQ (%) (CC)	YoY (%) (CC)	Incremental Revenue ($ mn)	% Contribution of Incremental Revenue
BFSI	893	34	2.2	(4.0)	24	141
Consumer Business Unit	474	18	(1.7)	(7.4)	(7)	(43)
ENU & Manufacturing	453	17	(1.5)	(0.5)	(5)	(29)
Health Business Unit	378	15	(0.2)	3.9	0	(1)
Technology and Comm.	406	16	0.8	1.7	5	31
Total	**2,604**	**100**	**0.3**	**(2.6)**	**17**	**100**

*Source: Company, Dolat Capital ; *ENU and Manufacturing segments have been consolidated into a single segment from Q3'FY25.*

Please note: Wipro reported constant currency gains of 160bps in Q1FY26.

Exhibit 9: Client Bucket Revenue Trend for the Quarter

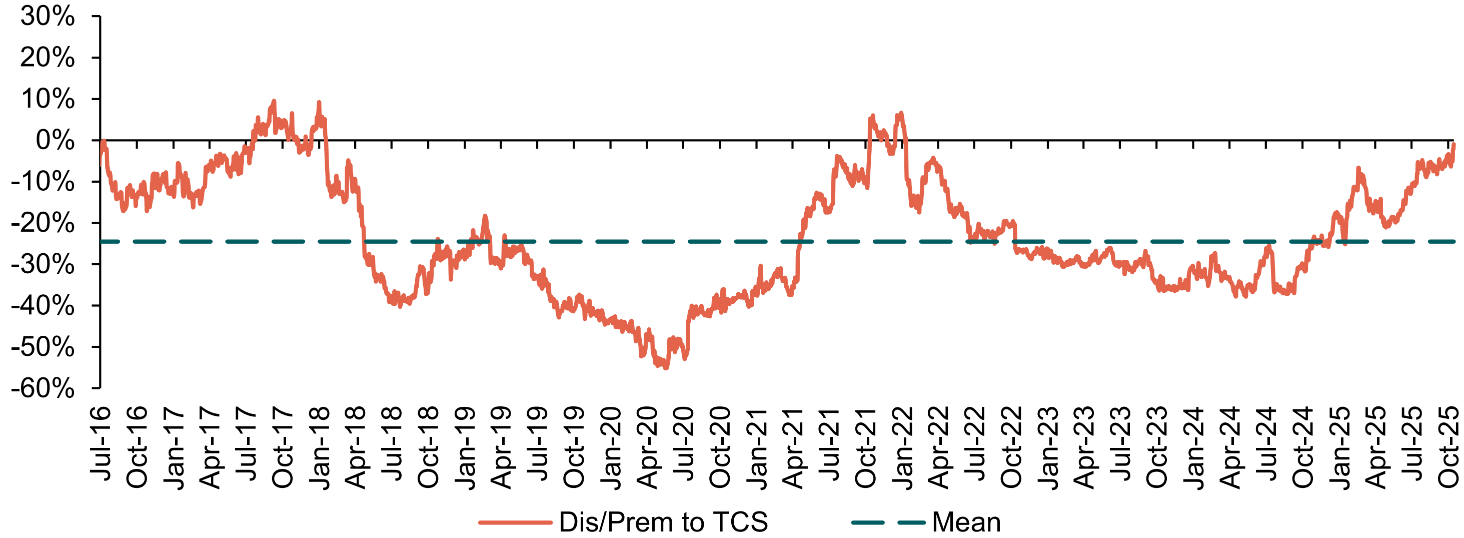
Client Bucket	Amount ($ mn)	Mix (%)	QoQ (%)	YoY (%)	Incremental Revenue ($ mn)	% Contribution of Incremental Revenue
Top client	125	5	2.8	14.6	3	20
Top 2-5 client	250	10	(3.4)	(5.1)	(9)	(52)
Top 6-10 client	250	10	(1.4)	5.6	(4)	(21)
Non Top 10 client	1,979	76	1.3	(3.5)	26	153
Total Revenue	**2,604**	**100**	**0.7**	**(2.1)**	**17**	**100**

Source: Company, Dolat Capital

Valuation

While Wipro continues to secure a healthy flow of deal wins, management commentary does not indicate any near-term outperformance. Vertical-wise outlook too, has not been secular in suggesting a recovery, as BFSI remains decent, whereas Consumer & Mfg segments continue to be marred by tariff-related disruptions and 2nd order impacts. We value the stock at 20x of FY28E earnings of Rs.13.7 with a TP of Rs. 270 and maintain our rating at **'Reduce',** noting no significant triggers in near-term.

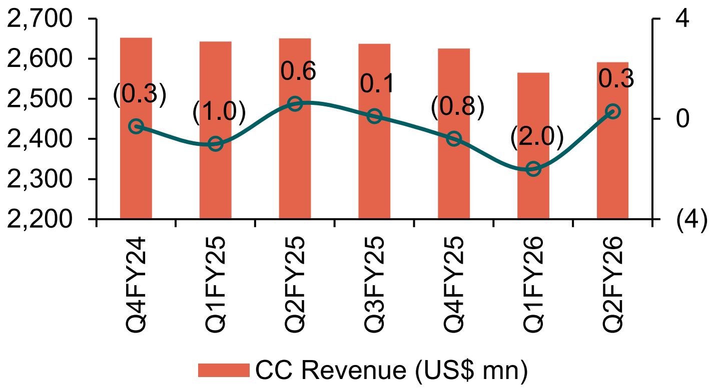
Exhibit 10: Valuation: WIPRO's discount to TCS is very marginal at just 1%



Source: Company, Dolat Capital

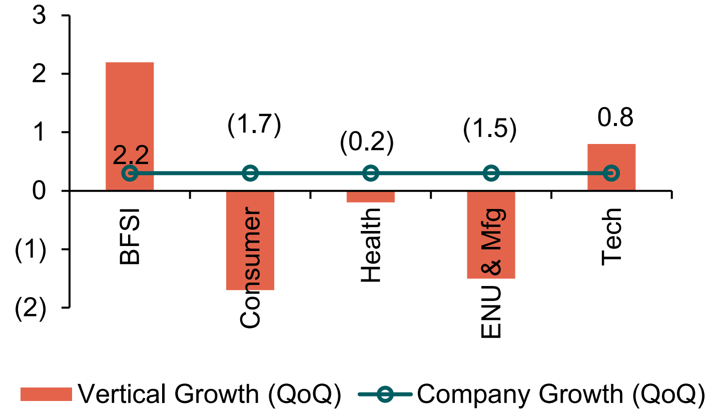
Story in Charts

Exhibit 11: CC Rev grew by 0.3% QoQ



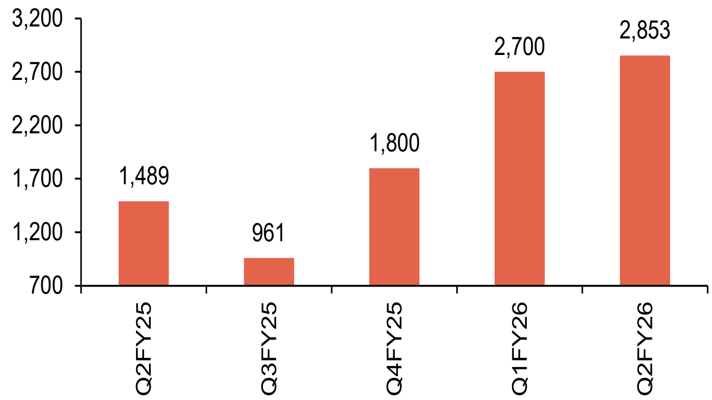
Source: Company, Dolat Capital

Exhibit 12: Most segments remained weak



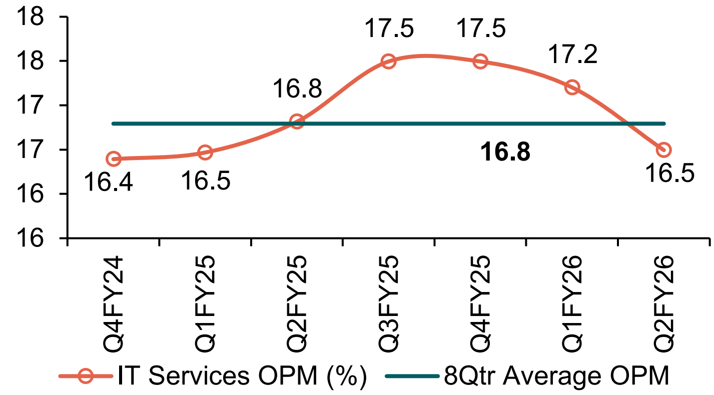
Source: Company, Dolat Capital

Exhibit 13: Large Deal wins robust (TCV $2.8bn)



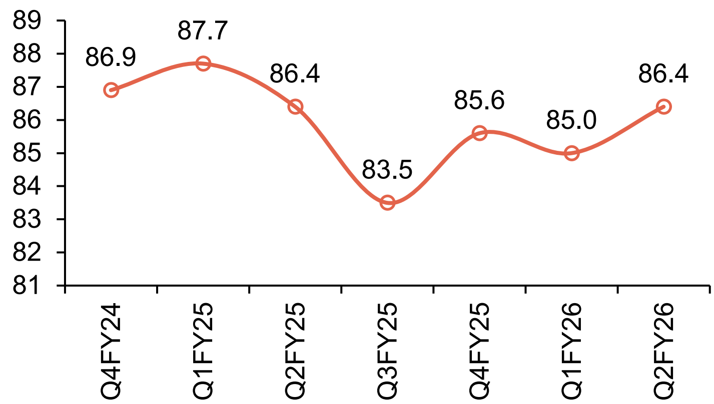
Source: Company, Dolat Capital

Exhibit 14: IT Sev. OPM down 70bps QoQ at 16.5%



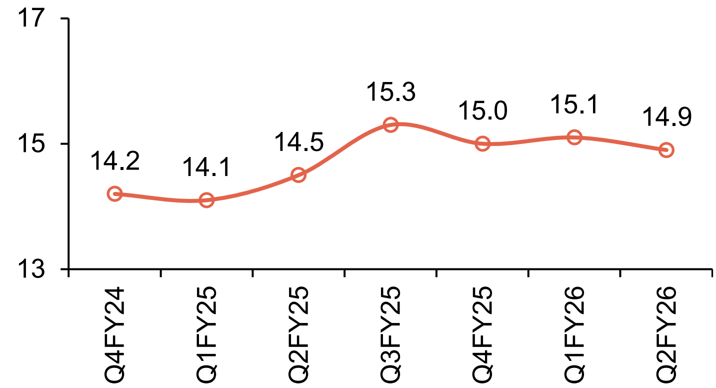
Source: Company, Dolat Capital

Exhibit 15: Net Utilization improved by 164bps QoQ



Source: Company, Dolat Capital

Exhibit 16: LTM Attrition saw mild decline



Source: Company, Dolat Capital

Exhibit 17: Operating Metrics 1

Operating Metrics	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Revenue Growth in CC (QoQ)	(1.7)	(0.3)	(1.0)	0.6	0.1	(0.8)	(2.0)	0.3
Revenue Growth in CC (YoY)	(6.9)	(6.6)	(4.9)	(2.3)	(0.7)	(1.2)	(2.3)	(2.6)
OPM Margin (%) - IT Services	16.0	16.4	16.5	16.8	17.5	17.5	17.2	16.5
Vertical Amount (INR mn)								
BFSI	869	890	893	926	897	888	869	893
Technology & Communication	428	404	402	410	402	395	401	406
Consumer Business Unit	499	497	504	511	500	491	481	474
ENU & Manufacturing	491	492	462	452	444	449	458	453
Health Business Unit	369	375	365	362	387	374	378	378
Vertical Growth (YoY) (CC)								
BFSI	(13.2)	(9.4)	(4.8)	0.6	3.4	0.8	(3.5)	(4.0)
Technology & Comms*	N.A	N.A	N.A	(8.4)	(5.3)	(1.1)	(0.3)	1.7
Consumer Business Unit	(8.1)	(7.4)	(2.3)	0.3	0.4	0.0	(5.7)	(7.4)
ENU & Manufacturing*	N.A	N.A	N.A	N.A	(8.7)	(7.0)	(2.4)	(0.5)
Health Business Unit	9.9	9.0	7.2	5.2	4.5	0.1	3.5	3.9
SBU Amount								
Americas 1	823	808	811	819	849	852	856	859
Americas 2	797	816	809	814	805	795	787	771
Europe	736	739	725	742	702	678	665	685
APMEA	300	295	281	285	274	273	279	289
SBU Growth (YoY) (CC)								
Americas 1	0.1	0.0	1.4	1.7	3.7	6.0	5.8	5.0
Americas 2	(8.0)	(6.0)	(2.5)	0.5	1.2	(1.8)	(2.7)	(5.2)
Europe	(12.7)	(12.4)	(10.7)	(6.0)	(4.6)	(6.9)	(11.6)	(10.2)
APMEA	(7.4)	(9.4)	(11.7)	(10.9)	(8.0)	(4.9)	(0.1)	2.6
Client Revenue ($mn)								
Top client	80	101	105	109	118	114	122	125
Top 2-5 client	242	255	252	263	258	262	259	250
Top 5 client	321	356	357	372	376	376	380	375
Top 6-10 client	223	229	234	237	247	252	254	250
Top 10 client	545	585	591	609	623	628	634	625
Non-Top 10 clients	2,112	2,073	2,035	2,051	2,007	1,968	1,953	1,979
Client Growth (YoY)								
Top client	(11.7)	7.8	21.9	34.0	48.5	13.1	15.8	14.6
Top 2-5 client	(15.2)	(3.4)	(3.5)	4.4	6.6	2.8	2.6	(5.1)
Top 5 client	(14.4)	(0.5)	2.8	11.6	17.0	5.7	6.5	0.7
Top 6-10 client	(1.2)	4.5	5.1	5.1	10.8	10.2	8.5	5.6
Top 10 client	(9.4)	1.4	3.7	9.0	14.5	7.5	7.3	2.6
Non-Top 10 client	(4.9)	(8.4)	(7.9)	(4.8)	(5.0)	(5.0)	(4.0)	(3.5)

Source: Company, Dolat Capital

**Note: From Q2'FY25 onwards, Wipro clubbed Technology and Communications, and from Q3'FY25 onwards, Wipro clubbed Manufacturing and Energy, Natural Resources and Utilities.*

Exhibit 18: Operating Metrics 2

Operating Metrics	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Client Data									
>US$1 million	774	750	741	735	733	722	716	725	730
>US$3 million	437	430	409	407	411	403	398	397	393
>US$5 million	313	305	301	301	297	290	289	281	272
>US$10 million	207	203	205	192	186	187	181	180	177
>US$20 million	122	121	116	117	117	114	111	109	104
>US$50 million	51	46	45	43	42	42	44	47	45
>US$100 million	22	22	22	22	21	18	17	16	16
Number of active clients	1,393	1,349	1,371	1,364	1,342	1,299	1,282	1,266	1,257
Number of New Customers	49	55	60	43	28	63	63	49	45
New Customers Business ($mn)	24	32	58	8	16	32	49	10	36
Old Customers Business ($mn)	2,689	2,624	2,599	2,618	2,644	2,598	2,547	2,577	2,568
Deal Wins									
Total bookings TCV ($mn)	3,785	3,791	3,607	3,284	3,561	3,514	3,955	4,971	4,688
Large deal TCV ($mn)	1,275	909	1,191	1,154	1,489	961	1,800	2,700	2,853
Revenue Area (Mix)									
Onsite	40.1	40.2	39.6	42.1	40.2	39.2	37.9	40.2	39.8
Offshore	59.9	59.8	60.4	57.9	59.8	60.8	62.1	59.8	60.2
Service Type (Mix)									
FPP	58.4	59.9	58.9	57.6	56.7	56.7	55.5	53.5	53.0
TTM	41.6	40.1	41.1	42.4	43.3	43.3	44.5	46.5	47.0
Employee Data									
Total Employees	2,44,707	2,39,655	2,32,614	2,32,911	2,33,889	232,732	233,346	233,232	2,35,492
Net Addition	(5,051)	(5,052)	(7,041)	297	978	(1,157)	614	(114)	2,260
Breakup of Employees									
Core	2,27,929	2,23,822	2,17,013	2,17,372	2,18,553	217,421	218,116	218,101	2,20,629
Support and Sales	16,778	15,833	15,601	15,539	15,336	15,311	15,230	15,131	14,863
Other Employee Data									
Attrition (LTM) (%)	15.5	14.2	14.2	14.1	14.5	15.3	15.0	15.1	14.9
Net Utilization (Ex. Trainees)	84.5	84.0	86.9	87.7	86.4	83.5	85.6	85.0	86.4

Source: Company, Dolat Capital

Financial Performance

Profit and Loss Account

(Rs Mn)	FY25A	FY26E	FY27E	FY28E
Revenue	**8,90,916**	**9,16,286**	**9,60,025**	**10,01,791**
Total Expense	**7,39,645**	**7,67,371**	**7,98,171**	**8,31,413**
COGS	6,17,802	6,46,549	6,72,865	7,00,250
Employees Cost	0	0	0	0
Other expenses	1,21,843	1,20,821	1,25,306	1,31,163
EBIDTA	**1,80,850**	**1,77,662**	**1,92,094**	**2,01,935**
Depreciation	29,579	28,747	30,241	31,556
EBIT	**1,51,271**	**1,48,915**	**1,61,853**	**1,70,378**
Interest	14,770	14,516	14,702	15,218
Other Income	38,456	37,009	35,589	36,655
Exc. / E.O. items	0	0	0	0
EBT	**1,74,957**	**1,71,407**	**1,82,741**	**1,91,815**
Tax	42,777	39,947	43,858	46,995
Minority Interest	826	788	668	520
Profit/Loss share of associates	0	0	0	0
RPAT	**1,31,354**	**1,30,672**	**1,38,215**	**1,44,300**
Adjustments	0	0	0	0
APAT	**1,31,354**	**1,30,672**	**1,38,215**	**1,44,300**

Balance Sheet

(Rs Mn)	FY25A	FY26E	FY27E	FY28E
Sources of Funds				
Equity Capital	20,944	20,944	20,944	20,944
Minority Interest	2,138	2,926	3,594	4,114
Reserves & Surplus	8,07,365	8,43,718	8,76,970	8,95,314
Net Worth	**8,28,309**	**8,64,662**	**8,97,914**	**9,16,258**
Total Debt	1,61,817	1,52,031	1,47,627	1,43,443
Net Deferred Tax Liability	13,882	14,704	15,567	16,111
Total Capital Employed	**10,06,146**	**10,34,323**	**10,64,702**	**10,79,927**
Applications of Funds				
Net Block	**4,58,746**	**4,80,799**	**5,04,998**	**5,33,994**
CWIP	0	0	0	0
Investments	4,39,259	4,37,759	4,36,509	4,35,509
Current Assets, Loans & Advances	**3,85,954**	**4,00,668**	**4,16,260**	**4,11,473**
Current Investments	0	0	0	0
Inventories	694	720	749	780
Receivables	1,82,324	1,81,654	1,87,038	1,89,716
Cash and Bank Balances	1,21,974	1,34,783	1,41,732	1,34,099
Loans and Advances	0	0	0	0
Other Current Assets	80,962	83,511	86,741	86,878
Less: Current Liabilities & Provisions	**2,77,813**	**2,84,903**	**2,93,065**	**3,01,049**
Payables	88,252	89,458	90,862	92,368
Other Current Liabilities	1,89,561	1,95,445	2,02,203	2,08,681
sub total				
Net Current Assets	1,08,141	1,15,765	1,23,195	1,10,424
Total Assets	**10,06,146**	**10,34,323**	**10,64,702**	**10,79,927**

E – Estimates

Important Ratios

Particulars	FY25A	FY26E	FY27E	FY28E
(A) Margins (%)				
Gross Profit Margin	30.7	29.4	29.9	30.1
EBIDTA Margin	20.3	19.4	20.0	20.2
EBIT Margin	17.0	16.3	16.9	17.0
Tax rate	24.5	23.3	24.0	24.5
Net Profit Margin	14.7	14.3	14.4	14.4
(B) As Percentage of Net Sales (%)				
COGS	69.3	70.6	70.1	69.9
Employee	0.0	0.0	0.0	0.0
Other	13.7	13.2	13.1	13.1
(C) Measure of Financial Status				
Gross Debt / Equity	0.2	0.2	0.2	0.2
Interest Coverage	10.2	10.3	11.0	11.2
Inventory days	0	0	0	0
Debtors days	75	72	71	69
Average Cost of Debt	9.1	9.5	10.0	10.6
Payable days	36	36	35	34
Working Capital days	44	46	47	40
FA T/O	1.9	1.9	1.9	1.9
(D) Measures of Investment				
AEPS (Rs)	12.5	12.5	13.2	13.7
CEPS (Rs)	15.3	15.2	16.0	16.8
DPS (Rs)	6.0	9.0	10.0	12.0
Dividend Payout (%)	47.8	72.2	75.9	87.3
BVPS (Rs)	79.0	82.4	85.5	87.3
RoANW (%)	15.9	15.1	15.4	15.7
RoACE (%)	14.6	14.1	14.4	14.8
RoAIC (%)	17.1	16.6	17.5	18.0
(E) Valuation Ratios				
CMP (Rs)	254	254	254	254
Mcap (Rs Mn)	26,63,803	26,63,803	26,63,803	26,63,803
EV	27,03,646	26,81,051	26,69,698	26,73,148
MCap/ Sales	3.0	2.9	2.8	2.7
EV/Sales	3.0	2.9	2.8	2.7
P/E	20.3	20.4	19.3	18.5
EV/EBITDA	14.9	15.1	13.9	13.2
P/BV	3.2	3.1	3.0	2.9
Dividend Yield (%)	2.4	3.5	3.9	4.7
(F) Growth Rate (%)				
Revenue	(0.8)	2.8	4.8	4.4
EBITDA	6.3	(1.8)	8.1	5.1
EBIT	11.1	(1.6)	8.7	5.3
PBT	18.8	(2.0)	6.6	5.0
APAT	18.9	(0.5)	5.8	4.4
EPS	18.7	(0.6)	5.8	4.4

E – Estimates

Cash Flow

Particulars	FY25A	FY26E	FY27E	FY28E
Profit before tax	**1,32,180**	**1,71,407**	**1,82,741**	**1,91,815**
Depreciation & w.o.	29,579	28,747	30,241	31,556
Net Interest Exp	(23,432)	(22,268)	(20,848)	(21,367)
Direct taxes paid	16,602	(39,947)	(43,858)	(46,995)
Change in Working Capital	10,274	5,323	(319)	5,050
Non Cash	4,223	0	0	0
(A) CF from Operating Activities	**1,69,426**	**1,43,262**	**1,47,958**	**1,60,060**
Capex {(Inc.)/ Dec. in Fixed Assets n WIP}	(1,264)	0	0	(60,552)
Free Cash Flow	**1,55,247**	**92,462**	**93,518**	**99,508**
(Inc)./ Dec. in Investments	(95,062)	1,500	1,250	1,000
Other	28,511	22,268	20,848	21,367
(B) CF from Investing Activities	**(80,730)**	**(27,032)**	**(32,342)**	**(38,185)**
Issue of Equity/ Preference	27	0	0	0
Inc./(Dec.) in Debt	17,923	(9,102)	(3,703)	(3,552)
Interest exp net	(8,689)	0	0	0
Dividend Paid (Incl. Tax)	(62,750)	(94,320)	(1,04,963)	(1,25,956)
Other	(10,474)	0	0	0
(C) CF from Financing	**(63,963)**	**(1,03,421)**	**(1,08,666)**	**(1,29,507)**
Net Change in Cash	25,023	12,809	6,949	(7,633)
Opening Cash balances	**96,951**	**1,21,974**	**1,34,783**	**1,41,732**
Closing Cash balances	**1,21,974**	**1,34,783**	**1,41,732**	**1,34,099**

E – Estimates

Notes

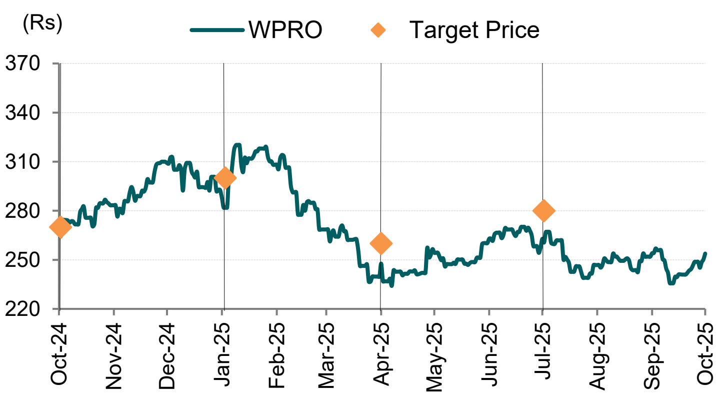
Stock Info and Rating History

Price Performance

Particulars	1M	3M	12M
Absolute (%)	0	(3)	(5)
Rel to NIFTY (%)	(1)	(5)	(7)

Shareholding Pattern

Particulars	Mar'25	Jun'25	Sep'25
Promoters	72.7	72.7	72.7
MF/Banks/FIs	8.4	8.2	8.2
FIIs	7.5	7.8	7.8
Public / Others	11.5	11.4	11.4



Month	Rating	TP (Rs.)	Price (Rs.)
Oct-24	Reduce	270	264
Jan-25	Reduce	300	282
Apr-25	Reduce	260	248
Jul-25	Reduce	280	261

*Price as on recommendation date

Notes

Dolat Rating Matrix

Total Return Expectation (12 Months)

Buy	**> 20%**
Accumulate	**10 to 20%**
Reduce	**0 to 10%**
Sell	**< 0%**

Dolat Team

Amit Khurana, CFA	**Head of Equities**	**amit@dolatcapital.com**	**+9122 4096 9745**
	CONTACT DETAILS		
Equity Sales	**Designation**	**E-mail**	**Direct Lines**
Dinesh Bajaj	Director - Equity Sales	dineshb@dolatcapital.com	+9122 4096 9709
Kapil Yadav	Director - Equity Sales & Corporate Access	kapil@dolatcapital.com	+9122 4096 9735
Jubbin Shah	Director - Equity Sales	jubbins@dolatcapital.com	+9122 4096 9779
Nikhil Thacker	Director - Equity Sales	nikhilt@dolatcapital.com	+9122 4096 9773
Pratik Shroff	AVP - Equity Sales	pratiks@dolatcapital.com	+9122 4096 9621
Rajeev Lala	AVP - Equity Sales	rajeevl@dolatcapital.com	+9122 4096 9767
Equity Trading	**Designation**	**E-mail**	
P. Sridhar	Director and Head of Sales Trading	sridhar@dolatcapital.com	+9122 4096 9728
Chandrakant Ware	Director - Sales Trading	chandrakant@dolatcapital.com	+9122 4096 9707
Shirish Thakkar	Director - Sales Trading	shirisht@dolatcapital.com	+9122 4096 9702
Kartik Mehta	Director - Sales Trading	kartikm@dolatcapital.com	+9122 4096 9715
Nishit Sariya	VP - Derivatives Sales Trading	nishits@dolatcapital.com	+9122 4096 9765
Monali Jobanputra	Co - Head Asia Derivatives	monalij@dolatcapital.com	+9122 6176 4841
Bhavin Mehta	Director Research - Derivatives Strategist	bhavinm@dolatcapital.com	+9122 4096 9705

Analyst(s) Certification

The research analyst(s), with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

I. Analyst(s) and Associate (S) holding in the Stock(s): (Nil)

II. Disclaimer:

This research report has been prepared by Dolat Capital Market Private Limited. to provide information about the company(ies) and sector(s), if any, covered in the report and may be distributed by it and/or its affiliated company(ies) solely for the purpose of information of the select recipient of this report. This report and/or any part thereof, may not be duplicated in any form and/or reproduced or redistributed without the prior written consent of Dolat Capital Market Private Limited. This report has been prepared independent of the companies covered herein. Dolat Capital Market Private Limited. and its affiliated companies are part of a multi-service, integrated investment banking, brokerage and financing group. Dolat Capital Market Private Limited. and/or its affiliated company(ies) might have provided or may provide services in respect of managing offerings of securities, corporate finance, investment banking, mergers & acquisitions, financing or any other advisory services to the company(ies) covered herein. Dolat Capital Market Private Limited. and/or its affiliated company(ies) might have received or may receive compensation from the company(ies) mentioned in this report for rendering any of the above services. Research analysts and sales persons of Dolat Capital Market Private Limited. may provide important inputs to its affiliated company(ies) associated with it. While reasonable care has been taken in the preparation of this report, it does not purport to be a complete description of the securities, markets or developments referred to herein, and Dolat Capital Market Private Limited. does not warrant its accuracy or completeness. Dolat Capital Market Private Limited. may not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This report is provided for information only and is not an investment advice and must not alone be taken as the basis for an investment decision. The investment discussed or views expressed herein may not be suitable for all investors. The user assumes the entire risk of any use made of this information. The information contained herein may be changed without notice and Dolat Capital Market Private Limited. reserves the right to make modifications and alterations to this statement as they may deem fit from time to time. Dolat Capital Market Private Limited. and its affiliated company(ies), their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions. This report is neither an offer nor solicitation of an offer to buy and/or sell any securities mentioned herein and/or not an official confirmation of any transaction. This report is not directed or intended for distribution to, or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject Dolat Capital Market Private Limited. and/or its affiliated company(ies) to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to a certain category of investors. Persons in whose possession this report may come, are required to inform themselves of and to observe such restrictions.

For U.S. persons only: This research report is a product of Dolat Capital Market Private Limited, under Marco Polo Securities 15a-6 chaperone service, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

Research reports are intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a-6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Dolat Capital Market Private Limited has entered into a chaperoning agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo"). Transactions in securities discussed in this research report should be affected through Marco Polo or another U.S. registered broker dealer.

DOLAT CAPITAL

IN-DEPTH-PRECISE-ACTIONABLE

Dolat Capital Market Private Limited.

Corporate Identity Number: U65990GJ993PTC116741
Member: BSE Limited and National Stock Exchange of India Limited.
SEBI Registration No: BSE - INZ000274132, NSE - INZ000274132, Research: INH000014012
Regd. office: 1401-1409, Dalal Street Commercial, Block 53 (Bldg. No.53E) Zone-5, Road-5E, Gift City, Sector 9, Gandhinagar-382355 Gujarat, India.
Board: +9122 40969700 | Fax: +9122 22651278 | Email: research@dolatcapital.com | www.dolatresearch.com