Wipro Ltd

Margins stable, awaiting catalysts for future growth

Reco/View: **HOLD**	CMP: **Rs. 267**	Price Target: **Rs. 285**

STOCK UPDATE

Result Update - Q3FY2026

SECTOR

IT & ITES

COMPANY DETAILS

Market cap:	Rs. 2,80,162 cr
52-week high/low:	Rs. 324.6/228
NSE volume: (No of shares)	83.2 lakh
BSE code:	507685
NSE code:	WIPRO
Free float: (No of shares)	286.6 cr

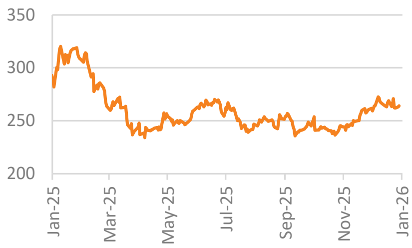
Source: NSE, BSE, Mirae Asset Sharekhan Research

SHAREHOLDING (%)

Promoters	72.6
FII	8.2
DII	8.4
Others	10.8

Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE CHART



Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	3.2	5.4	0.2	-7.2
Relative to Sensex	4.5	5.3	-2.0	-15.6

Source: Mirae Asset Sharekhan Research, Bloomberg

Quick Snapshot

- IT Services revenue grew 1.4% q-o-q (down 1.2% y-o-y) in CC terms, led by robust growth in BFSI, tech & communications, and healthcare partially offset by continued weakness in the consumer vertical.
- Wipro had guided for revenue of $2,635–2,688 million for Q4FY26, implying a 0-2% sequential CC growth. Outlook includes two extra months of Harman DTS' contribution but is offset by fewer Q4 working days and delayed ramp-ups in several large deals. While a one prior-year deal is now fully ramped, others will take multiple quarters to reach a full run-rate. Management is confident in their progressive contribution over the coming quarters.
- We expect margins to stay stable, with depreciation and acquisition dilution offset by operational efficiencies. Guidance has improved to 0-2% in CC terms (but negative ex-Harman DTS), with growth now dependent on new deal wins and ramp-ups.
- We maintain a PT of Rs. 285 and Hold rating; after the recent rally, CMP has priced in current catalysts, with further upside requiring clear revenue acceleration. Accordingly, we change our rating on Wipro to "Hold" from "Buy".

Result overview

- IT Services Revenue stood at $ 2,647 million, achieving upper end of the guidance given by the company, translating to a growth of 1.4% q-o-q (down 1.2% y-o-y) in CC. Excluding the Harman DTS acquisition, revenue grew by 0.6% CC q-o-q. Total revenue came in at Rs. 23,556 crore, up 3.8% q-o-q (5.5% y-o-y).
- Adjusted EBIT stood at Rs. 3,798 crore, up 1.9% q-o-q (-1.5% y-o-y), slightly missing our estimates by 1.2%, led by higher-than-expected depreciation costs. Adjusted EBIT margin stood at 16.1% (-30bps q-o-q/ -115bps y-o-y) against our estimate of 16.3%.
- Adjusted PAT after Minority Interest stood at Rs 3,363 Cr, up 3.6% q-o-q (+0.3% y-o-y) beating our estimates by 2.2%, due to higher-than-expected other income. Adj. PAT margin at 14.3%, down 3bps q-o-q (-75 bps y-o-y). Reported PAT stood at Rs. 3,119 crore post adjusting the labor code laws of net Rs. 2,438.

Our Call

We expect OPM to remain stable or within a narrow band going forward, with headwinds from accelerated depreciation and margin-dilutive acquisitions largely offset by ongoing operational efficiencies. Guidance has improved in recent quarters, moving from negative constant-currency (CC) outlook to stable/flat CC guidance. However, the current 0-2% CC growth guidance, when adjusted to exclude Harman DTS contribution, implies negative-to-flat organic growth, reflecting subdued demand. Growth hinges on new deal wins, faster ramp-ups, and momentum in key segments. We maintain our Rs 285 PT; after the recent sharp rally, the CMP has fully priced in near-term catalysts, with a further upside dependent on sustained revenue acceleration to support a higher multiple. We therefore downgrade our rating to Hold from Buy.

Key Risks

Slowdown in AI adoption, rupee appreciation and global macroeconomic uncertainties.

Valuation Rs cr

Particulars	FY2025	FY2026E	FY2027E	FY2028E
Net sales (Rs cr)	89,088.4	92,535.3	97,611.4	1,01,904.3
EBITDA Margins (%)	20.3	19.5	19.6	19.8
Net profit (Rs cr)	13,135.4	13,293.7	13,617.5	14,404.8
% YoY growth	18.9	1.2	2.4	5.8
EPS (Rs)	12.5	12.7	13.0	13.8
PER (x)	20.9	21.1	20.6	19.4
P/B (x)	3.8	3.5	3.2	2.9
EV/EBIDTA(x)	8.2	8.0	7.2	6.4
RoE (%)	15.9	14.6	13.8	13.4
RoCE (%)	14.4	13.6	13.7	13.6

Source: Company; Mirae Asset Sharekhan estimates

Note: CMP as on Jan 16, 2026

Concall Highlights:

- **Deal Wins:** TCV stood at $3,335 million, down -28.9% q-o-q (-5.1% y-o-y), while large deals stood at $871 million (-69.5% q-o-q/-9.4% y-o-y). While the current quarter's deal wins were relatively subdued, management highlighted a healthy and active pipeline of large opportunities currently in advanced stages of the sales cycle. The company remains confident in converting several of these deals in the forthcoming quarters, which should drive a meaningful improvement in booking momentum and overall TCV performance going forward.
- **Regional updates:** Three out of four markets, Americas 1 grew by 1.8% q-o-q CC, driven by strong performance in healthcare, consumer and LATAM. Americas 2 region saw by 0.8% decline q-o-q in CC terms. Europe grew by 3.3% q-o-q CC, led by ramp-up of earlier announced mega deal, with companies seeing good traction in the UK and Western Europe. APMEA grew by 1.7% q-o-q CC, led by India, Middle East and Southeast Asia.
- **BFSI** vertical continues to show strong traction with ramp-up. Capco revenue was impacted by furloughs and remained flat y-o-y.
- **EMR vertical:** It experienced sequential softness due to global macroeconomic uncertainty, tariff-related headwinds, and supply chain disruptions. The deal pipeline remains robust, predominantly driven by cost-takeout and vendor consolidation opportunities, with solid momentum across Europe and the Americas. Capco continues to gain traction in energy consulting.
- **Healthcare vertical** continues to exhibit consistent performance further bolstered in Q3 by the seasonal tailwind from the open enrolment period. The tech vertical also remains a clear area of strength, supported by sustained momentum with several large technology clients, incremental contributions from the Harman acquisition, and notably stronger performance in Communications, particularly across Europe and APMEA regions.
- **Consumer vertical** was hit due to tariff headwinds. Major SAP transformation program at a key client remains on hold since last year, with no restart yet, contributing to a y-o-y decline. While the overall demand environment is mixed, certain deals won earlier in the year are now ramping gradually and should provide some sequential support. However, management has indicated that no additional upside is expected in Q4 beyond what is already incorporated into the current guidance.
- **Margin:** Wipro expects margin dilution from Harman DTS acquisition, but the goal is to maintain margins within a similar band as the previous quarters.
- **Other Details:** The company has declared an interim dividend of Rs. 6 per share. There were two one-offs the company booked, one was for labor code amounting to Rs. 302 crore and the other was with respect to restructuring costs amounting to Rs. 263 crores. The company has booked restructuring costs primarily driven by the phase-outs of obsolete skill sets. The costs are concentrated in two primary areas in Europe and Capco.

Q3FY26 Result Snapshot: Rs cr

Particulars	Q3FY26	Q3FY25	Q2FY26	YoY (%)	QoQ (%)
IT Services revenues In USD (Mn)	2,635	2,629	2,604	0.2	1.2
IT Services revenues In INR	23,378	22,285	22,641	4.9	3.3
IT Products	257	75	113	243.4	127.8
Forex	79	41	56	92.2	41.2
Total Revenues (Excl. Forex)	23,556	22,319	22,697	5.5	3.8
Cost of Revenue	16,417	15,392	15,983	6.7	2.7
Gross Profit	7,139	6,927	6,714	3.1	6.3
SG&A Expenses	2,536	2,395	2,295	5.9	10.5
EBITDA	4,603	4,532	4,419	1.6	4.2
Depreciation	805	677	692	19.0	16.4
EBIT	3,798	3,856	3,727	-1.5	1.9
Net Other Income/(Expense)	636	597	540	6.6	17.8
PAT before share associates	4,434	4,453	4,267	-0.4	3.9
Provision for tax	1,048	1,087	1,020	-3.6	2.7
Income from affiliates	3	1	15	460.0	-81.6
Minority Interest	26	13	16	101.6	60.5
Adj. PAT after MI	3,363	3,354	3,246	0.3	3.6
Exceptional Items	244	0	0	NA	NA
Reported PAT after MI	3,119.00	3,353.80	3,246.20	-7.0	-3.9
EPS					
Margin (%)					
EBITDA Margin	19.5	20.3	19.5	-77	7
EBIT Margin	16.1	17.3	16.4	-115	-30
PBT Margin	18.8	20.0	18.8	-113	2
PAT Margin	14.3	15.0	14.3	-75	-3

Source: Company; Mirae Asset Sharekhan Research

Regional Mix (%) Rs cr

Particulars	Q3FY26	Q3FY25	Q2FY26	YoY (%)	QoQ (%)
Americas 1	33.2	32.3	33	90	20
America 2	29	30.6	29.6	-160	-60
Europe	26.7	26.7	26.3	0	40
APMEA	11.1	10.4	11.1	70	0
Regional Mix (in USD Mn)					
Americas 1	875	849	859	3.0	1.8
America 2	764	805	771	-5.0	-0.9
Europe	704	702	685	0.2	2.7
APMEA	293	273	289	7.0	1.2

Source: Company; Mirae Asset Sharekhan Research

Vertical Mix (%) — Rs cr

Particulars	Q3FY26	Q3FY25	Y-o-Y %	Q2FY26	Q-o-Q %
BFSI	34.6	34.1	34.3	50	30
Technology & Communications	16	15.3	15.6	70	40
Consumer	18.2	19	18.2	-80	0
Energy & utilities	16.3	16.9	17.4	-60	-110
Healthcare	14.9	14.7	14.5	20	40
Vertical Mix (in USD Mn)					
BFSI	912	897	893	1.7	2.1
Technology & Communications	422	402	406	4.8	3.8
Consumer	480	500	474	-4.0	1.2
Energy & utilities	430	444	453	-3.3	-5.2
Healthcare	393	386	378	1.6	4.0

Source: Company; Mirae Asset Sharekhan Research

Additional Data

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Zash Traders Ltd	21.00
2	Prazim Traders	20.60
3	Hasham Investment & Trading Co	18.02
4	Azim Premji Trust	6.49
5	Premji Azim Hasham	4.11
6	LIC	2.67
7	Prazim Trading & Inv Co Pvt Ltd	1.85
8	Blackrock Inc	1.22
9	ICICI Prudential AMC	1.01
10	SBI Funds Management Ltd	0.99

Source: Bloomberg

Key management personnel

Name	Designation
Aparna Iyer	CFO
Srinivas Pallia	CEO & MD
Abhishek Jain	Head - IR

Source: Company Website

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