

Wipro

Tepid quarter but better commentary; sustainability could help

Reiterate Rating: UNDERPERFORM | PO: 395.00 INR | Price: 465.45 INR

Revenue decline continues in Q3; lower dip in Q4

Q3 saw revenue decline continue for Wipro (1.7%qoq & 6.9%yoy dip, cc basis) but was better vs. recent trend given it came in towards the top end of the sequential guidance band. Outlook for Q4 also suggests a lower decline (-1.5% to +0.5%qoq on sequential basis) vs. recent quarters, with company expecting uptick in its consulting business. Like for peers, it was a steady quarter on deal wins with contract value of all deals dipping 13%yoy cc and that for large deals down about 8%yoy cc. EBIT margin for the IT services business was largely flat sequentially as impact of wage hikes was offset by reduction in employee headcount and discretionary costs.

Demand commentary more optimistic vs. earlier & peers

Management commentary on the demand outlook was more optimistic vs. earlier and vs. the peer group as well. Key comments included that (1) the consulting business saw a 10%+ uptick in bookings during the quarter, (2) there is no change in customer spend trend, but some green shoots are visible and (3) expectations of return to growth in the coming months. The budget trend for CY24 is likely to be clearer after February, as per the company. Like for peers, we do expect growth for Wipro to have hit a low this quarter and the base effect starting to help here on. However, our checks on budgets and discretionary spends are yet to suggest a meaningful uptick.

AI becoming an integral part of large deals

As per the Wipro CEO, AI is now being included in the discussion around all large deals. It is also seeing good demand in engineering services offerings as well as in transformation of contact centers towards cutting down on response times. Dissolution of the growth office was largely with a view of integrating the function into respective business units. We are encouraged by the better tone on demand outlook but await stronger signs of uptick in consulting and discretionary It spends, which in our view appears unlikely for H1CY24 & we thus retain U/P. Adjust estimates post Q3 & retain PO

Estimates (Mar) (Rs)	2022A	2023A	2024E	2025E	2026E
Net Income (Adjusted - mn)	120,005	113,500	109,033	113,717	121,044
EPS	21.89	20.68	20.47	21.74	23.14
EPS Change (YoY)	14.8%	-5.5%	-1.0%	6.2%	6.4%
Dividend / Share	6.00	1.00	11.00	12.00	13.00
Free Cash Flow / Share	16.58	21.14	26.38	24.96	22.37
ADR EPS (US\$)	0.294	0.257	0.247	0.262	0.279
ADR Dividend / Share (US\$)	0.081	0.012	0.132	0.145	0.157
Valuation (Mar)					
P/E	21.26x	22.51x	22.74x	21.41x	20.11x
Dividend Yield	1.29%	0.215%	2.36%	2.58%	2.79%
EV / EBITDA*	13.51x	13.19x	13.38x	12.53x	11.94x
Free Cash Flow Yield*	3.73%	4.76%	5.74%	5.36%	4.80%

* For full definitions of *IQmethod*SM measures, see page 10.

12 January 2024

Equity

Key Changes

(Rs)	Previous	Current
2024E EPS	20.25	20.47
2026E EPS	23.18	23.14
2024E EBITDA (m)	166,788.4	170,537.1
2025E EBITDA (m)	175,096.4	182,191.9
2026E EBITDA (m)	184,672.0	191,117.3

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Stock Data

Price (Common / ADR)	465.45 INR / 636 USD
Price Objective	395.00 INR / 480 USD
Date Established	2-Jan-2024 / 2-Jan-2024
Investment Opinion	B-3-7 / B-3-7
52-Week Range	351.85 INR-485.50 INR
Market Value (mn)	29,286 USD
Market Value (mn)	2,431,673 INR
Shares Outstanding (mn)	5,224.3 / 5,224.3
Average Daily Value (mn)	55.50 USD
Free Float	21.0%
BofA Ticker / Exchange	WIPRF / NSI
BofA Ticker / Exchange	WIT / NYS
Bloomberg / Reuters	WPRO IN / WIPR.BO
ROE (2024E)	14.8%
Net Dbt to Eqty (Mar-2023A)	-29.7%

cc: constant currency

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Refer to important disclosures on page 11 to 14. Analyst Certification on page 9. Price Objective Basis/Risk on page 9.

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Timestamp: 12 January 2024 12:37PM EST

iQprofileSM Wipro

Key Income Statement Data (Mar)	2022A	2023A	2024E	2025E	2026E
(Rs Millions)					
Sales	790,934	904,876	897,921	924,747	981,565
Gross Profit	235,062	259,430	271,102	285,898	298,029
Sell General & Admin Expense	(101,317)	(124,296)	(135,516)	(137,822)	(141,147)
Operating Profit	138,100	139,606	136,316	148,076	156,881
Net Interest & Other Income	10,932	8,108	7,809	4,025	5,022
Associates	NA	NA	NA	NA	NA
Pretax Income	149,032	147,714	144,125	152,101	161,903
Tax (expense) / Benefit	(28,946)	(33,992)	(34,559)	(38,025)	(40,476)
Net Income (Adjusted)	120,005	113,500	109,033	113,717	121,044
Average Fully Diluted Shares Outstanding	5,482	5,489	5,327	5,231	5,231

Key Cash Flow Statement Data

Net Income	120,005	113,500	109,033	113,717	121,044
Depreciation & Amortization	30,778	33,402	34,221	34,116	34,236
Change in Working Capital	(62,475)	(46,445)	(16,798)	(23,917)	(42,375)
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	22,489	30,144	27,283	34,360	35,837
Cash Flow from Operations	110,797	130,601	153,739	158,275	148,742
Capital Expenditure	(20,153)	(14,834)	(14,262)	(28,000)	(32,000)
(Acquisition) / Disposal of Investments	(191,597)	(111,313)	0	(29,873)	(30,131)
Other Cash Inflow / (Outflow)	(12,745)	42,082	19,933	14,140	15,136
Cash Flow from Investing	(224,495)	(84,065)	5,671	(43,733)	(46,995)
Shares Issue / (Repurchase)	6	12	0	0	0
Cost of Dividends Paid	(6,602)	(32,814)	(198,169)	(62,622)	(67,840)
Cash Flow from Financing	46,586	(60,881)	(210,328)	(72,754)	(77,973)
Free Cash Flow	90,644	115,767	139,477	130,275	116,742
Net Debt	(175,609)	(232,238)	(181,319)	(252,980)	(306,885)
Change in Net Debt	130,333	(2,239)	38,760	(51,920)	(33,907)

Key Balance Sheet Data

Property, Plant & Equipment	90,898	88,659	68,700	62,584	60,348
Other Non-Current Assets	367,532	426,067	425,650	427,260	430,669
Trade Receivables	176,028	186,865	174,784	169,731	180,160
Cash & Equivalents	345,491	401,112	350,193	421,854	475,759
Other Current Assets	99,233	73,119	72,818	73,979	76,439
Total Assets	1,079,182	1,175,822	1,092,144	1,155,408	1,223,375
Long-Term Debt	74,649	80,053	80,053	80,053	80,053
Other Non-Current Liabilities	37,531	46,263	45,907	47,279	50,184
Short-Term Debt	95,233	88,821	88,821	88,821	88,821
Other Current Liabilities	213,096	178,932	184,249	194,704	206,198
Total Liabilities	420,509	394,069	399,031	410,857	425,256
Total Equity	658,673	781,753	693,114	744,551	798,119
Total Equity & Liabilities	1,079,182	1,175,822	1,092,144	1,155,408	1,223,375

iQmethodSM - Bus Performance*

Return On Capital Employed	15.9%	12.9%	12.3%	12.9%	13.0%
Return On Equity	19.8%	15.8%	14.8%	15.8%	15.7%
Operating Margin	17.5%	15.4%	15.2%	16.0%	16.0%
EBITDA Margin	21.4%	19.1%	19.0%	19.7%	19.5%

iQmethodSM - Quality of Earnings*

Cash Realization Ratio	0.9x	1.2x	1.4x	1.4x	1.2x
Asset Replacement Ratio	0.7x	0.4x	0.4x	0.8x	0.9x
Tax Rate (Reported)	19.4%	23.0%	24.0%	25.0%	25.0%
Net Debt-to-Equity Ratio	-26.7%	-29.7%	-26.2%	-34.0%	-38.5%
Interest Cover	25.9x	13.9x	11.2x	14.6x	15.5x

Key Metrics

* For full definitions of iQmethodSM measures, see page 10.

Company Sector

Computer Services

Company Description

Wipro is India's fourth-largest IT services exporter. Its IT services business (USD11.2bn, FY23) accounts for over 95% of the company's revenue and is known for its wide range of offerings, from R&D services to BPO. The company is considered a market leader in R&D services and infrastructure management services.

Investment Rationale

The restructuring at Wipro under the new CEO is showing some promising signs, especially with regards fortification of sales team and simplification of structure. However, we have an U/P as we think that the recovery can get slow in a tough climate & expect that the underperformance to peers on revenue growth could continue in the near term as enterprises look to consolidate their spends a tough macro.

Stock Data

Shares / ADR	1.00
Price to Book Value	3.5x

Key Changes

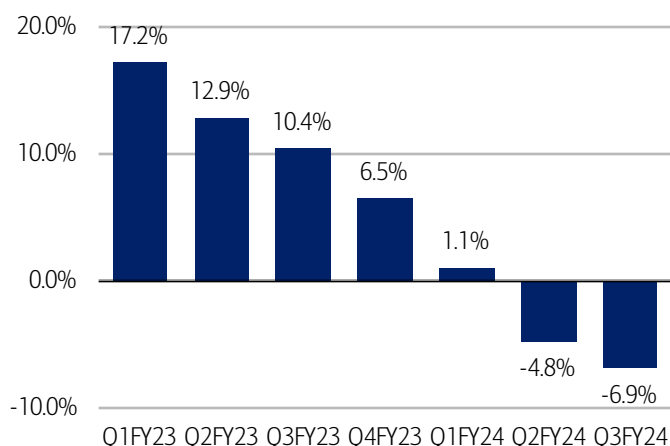
(US\$)	Previous	Current
2024E EPS	0.24	0.25

Q3 summary

- Region wise, decline was led by APMEA and Europe that declined 5.4% qoq cc and 4.3% qoq cc respectively whereas Americas was largely flat qoq.
- Vertical wise, sequential decline was led by communications that declined 8.6% qoq cc followed by manufacturing & BFSI which were down 6.1% & 4.3% qoq cc respectively. Decline was partially offset by strong 7.5% qoq cc growth in Health Business Unit.
- YoY cc basis, BFSI (down 13.2%), Communications (down 19.2%) & Manufacturing (down 10.5%) were the slowest verticals whereas yoy growth in Health Business Unit accelerated to 9.9% yoy cc from 7.1% yoy cc. Consumer also remained in a yoy declining trajectory and de-grew 8.1% yoy cc.
- The company won large deal TCV of \$909 mn vs. last 4 qtr average of \$1,160mn. It recorded total bookings of \$3.8bn in TCV terms in Q3, vs. last 4 qtr average of \$4bn & was down 13.5% yoy cc.
- LTM attrition was down 130bps to 14.2%. Employee headcount dropped by 1.8% on a sequential basis & is now down 7% yoy.

Exhibit 1: Wipro IT Services - YoY constant currency growth

YoY revenue growth decelerated to -6.9% yoy cc in Q3 from -4.8% yoy cc in Q2

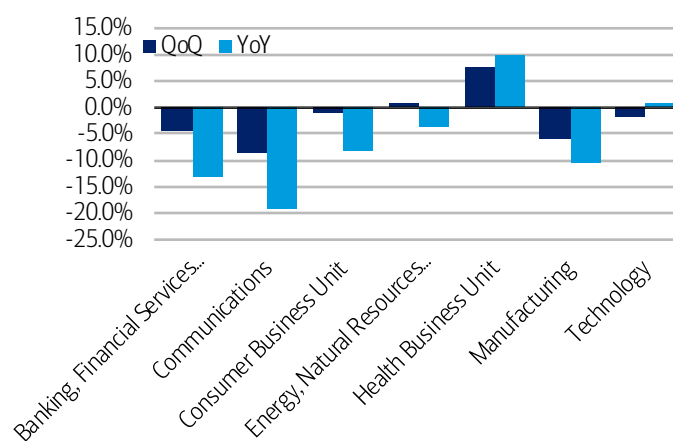


Source: Company, BofA Global Research

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Exhibit 2: Vertical wise QoQ and YoY cc growth in Q3FY24

Health Business Unit stood out whereas BFSI, Communications remained weak



Source: Company, BofA Global Research

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Exhibit 3: Q3 review table

Revenue came in at the upper end of company's guidance

INR Million	3Q24	2Q24	QoQ	3Q23	YoY	BofAe	Variation
Gross Sales	222,051	225,159	-1.4%	232,290	-4.4%	220,668	0.6%
Expenditure							
Cost of Goods sold	153,826	159,191	-3.4%	163,273	-5.8%	156,103	-1.5%
S&M	19,178	18,767	2.2%	17,752	8.0%	17,513	9.5%
G&A	16,444	14,124	16.4%	15,020	9.5%	13,284	23.8%
Forex	262	268	-2.2%	1,391	-81.2%	268	nm
Total expenses	179,870	182,844	-1.6%	185,425	-3.0%	179,654	0.1%
EBITDA	42,181	42,315	-0.3%	46,865	-10.0%	41,014	2.8%
Depreciation	9,316	8,970	3.9%	9,229	0.9%	6,978	33.5%
EBIT	32,865	33,345	-1.4%	37,636	-12.7%	34,036	-3.4%
Other Income	5,785	4,810	20.3%	4,992	15.9%	3,785	52.9%
Interest & Finance charges	3,125	3,033	3.0%	2,902	7.7%	3,033	3.0%
PBT	35,525	35,122	1.1%	39,726	-10.6%	34,788	2.1%
Tax	8,515	8,419	1.1%	9,102	-6.4%	8,339	2.1%
PAT before extraords	27,010	26,703	1.1%	30,624	-11.8%	26,449	2.1%
Minority interest	-64	-210	nm	-121	nm	-208	nm
Equity in earnings/ (losses) of affiliates	-4	-30	-86.7%	26	nm	-31	nm
Recurring PAT	26,942	26,463	1.8%	30,529	-11.7%	26,210	2.8%
Non-recurring items	0	0	n/a	0	n/a	0	n/a
Reported PAT	26,942	26,463	1.8%	30,529	-11.7%	26,210	2.8%

Source: BofA Global Research estimates

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Exhibit 4: Q3 ratios

IT Services EBIT margins were a small beat to our estimates

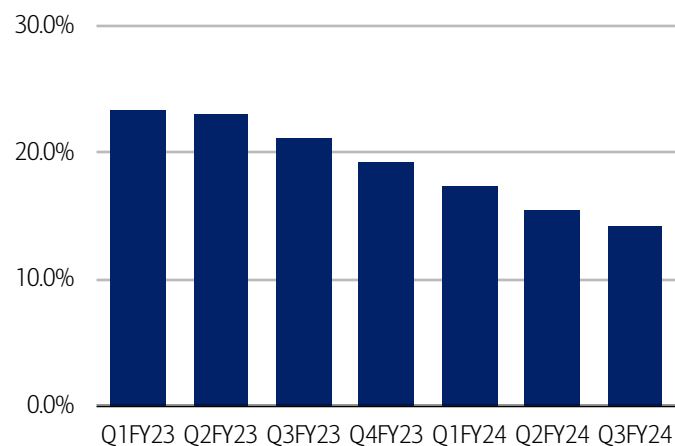
Margins	3Q24	2Q24	QoQ (bps)	3Q23	YoY (bps)	BofAe	Variation (bps)
EBITDA	19.0%	18.8%	20	20.2%	-118	18.6%	41
EBIT	14.8%	14.8%	-1	16.2%	-140	15.4%	-62
EBIT (IT Services)	16.0%	16.1%	-11	16.3%	-27	15.7%	31
PAT	12.1%	11.8%	38	13.1%	-101	11.9%	26
Tax Rate	24.0%	24.0%	0	22.9%	106	24.0%	0

Source: BofA Global Research estimates

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Exhibit 5: Wipro LTM attrition

LTM attrition was down 130bps qoq to 14.2%

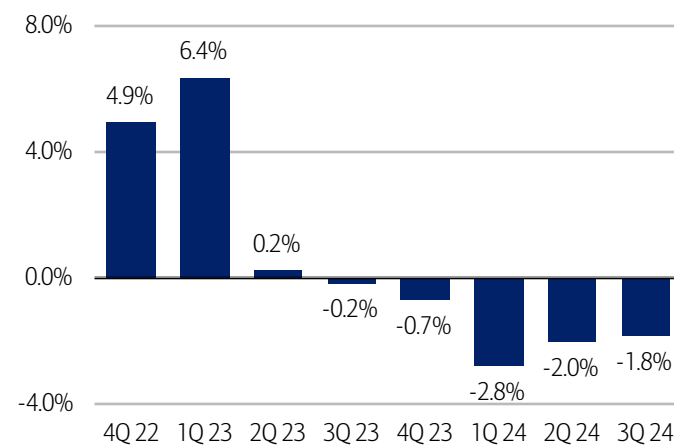


Source: Company, BofA Global Research

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Exhibit 6: Headcount growth

Employee headcount dipped 1.8%qoq

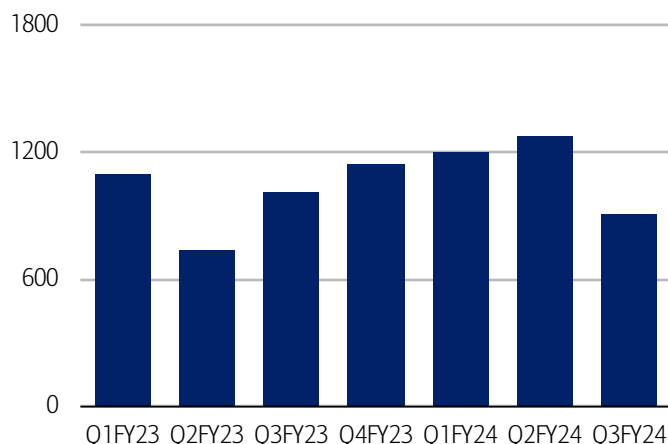


Source: Company, BofA Global Research

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Exhibit 7: Large deal wins (USD mn)

Large deal wins down 8.3% yoy in constant currency terms

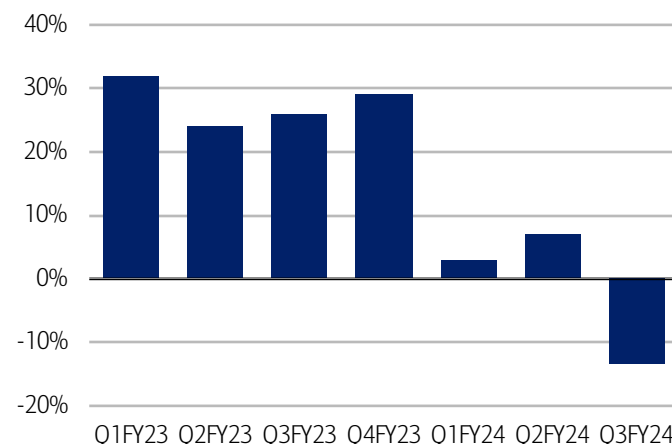


Source: Company, BofA Global Research

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Exhibit 8: All deal TCV yoy growth

All deal TCV de-grew 13.5% yoy in constant currency terms

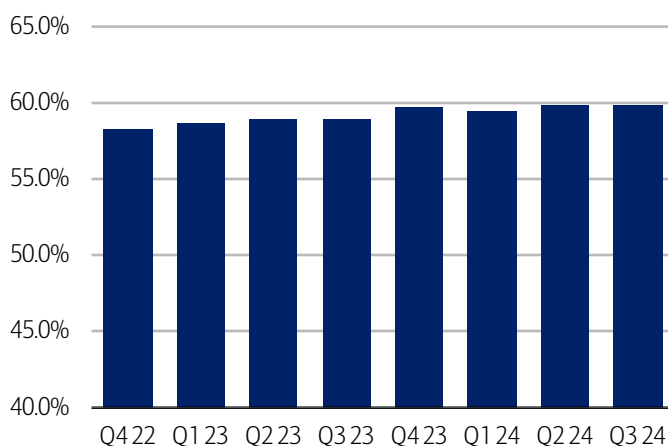


Source: Company, BofA Global Research

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Exhibit 9: Offshore revenue mix

Offshore revenue mix was stable in the quarter

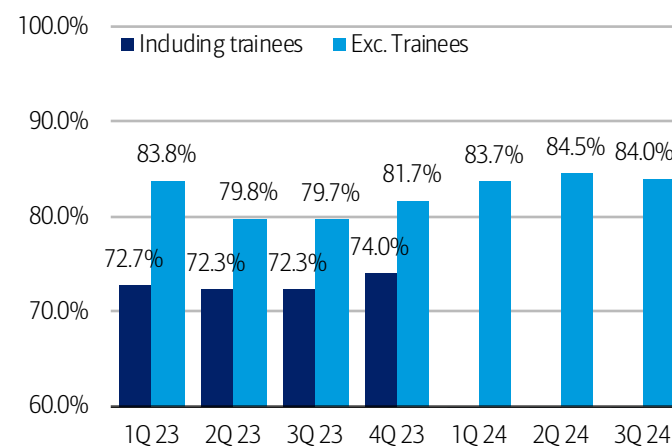


Source: Company, BofA Global Research

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Exhibit 10: Utilization – quarterly trend

Marginal dip in utilization on account of seasonality



Source: Company, BofA Global Research

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Exhibit 11: Vertical wise growth

YoY growth deceleration continued in most verticals barring Health Business Unit

	% of Revenue	YoY CC					
		Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24
Banking, Financial Services and Insurance	32.7%	14.4%	9.6%	3.6%	-3.4%	-9.5%	-13.2%
Communications	4.0%	12.4%	6.4%	3.1%	-4.8%	-14.6%	-19.2%
Consumer Business Unit	18.8%	22.2%	16.8%	11.1%	1.5%	-6.7%	-8.1%
Energy, Natural Resources and Utilities	11.8%	4.9%	10.1%	14.6%	9.9%	-1.6%	-3.8%
Health Business Unit	13.9%	8.1%	8.9%	10.8%	8.5%	7.1%	9.9%
Manufacturing	4.7%	16.7%	14.4%	7.0%	8.7%	-3.6%	-10.5%
Technology	12.1%	6.2%	4.0%	-3.0%	-3.2%	1.7%	1.0%
Total	98.0%	12.9%	10.4%	6.5%	1.1%	-4.8%	-6.9%

Source: Company, BofA Global Research

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Exhibit 12: Region wise growth

Europe decelerated faster for Wipro

	% Mix	% YoY cc					
		2Q23	3Q23	4Q23	1Q24	2Q24	3Q24
Americas 1	31.0%	15.3%	11.0%	5.9%	1.5%	-0.5%	0.1%
Americas 2	30.0%	12.3%	9.4%	3.8%	-2.7%	-7.7%	-8.0%
Europe	27.7%	11.9%	12.0%	9.2%	4.1%	-6.4%	-12.7%
APMEA	11.3%	11.3%	7.0%	7.9%	3.1%	-3.5%	-7.4%
Total	100.0%	12.9%	10.4%	6.5%	1.1%	-4.8%	-6.9%

Source: Company, BofA Global Research

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Valuations

Exhibit 13: Wipro 12m fwd PE – 10 year trend

Wipro is trading at 20.4x on 12m fwd PE, a 10% premium to its 5-yr average

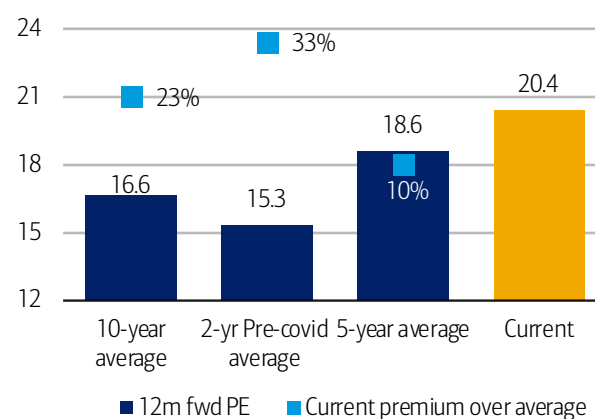


Source: Bloomberg, BofA Global Research. Notes: bands above and below 5yr average represent one and two standard deviation from average

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Exhibit 14: Wipro 12m fwd PE – current & historic average

Wipro is trading at a 23% premium to its 10-yr average



Source: Bloomberg, BofA Global Research

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Financials

Exhibit 15: P&L statement

We forecast de-growth of 4.3% yoy in constant currency terms for FY24

Year ended March (Rs m)	2021	2022	2023	2024E	2025E	2026E
Gross Sales	619,430	790,934	904,876	897,921	924,747	981,565
Total expenses (ex Dep)	468,725	622,056	731,868	727,384	742,555	790,448
EBITDA	150,705	168,914	173,008	170,537	182,192	191,117
Depreciation	27,652	30,778	33,402	34,221	34,116	34,236
EBIT	123,053	138,136	139,606	136,316	148,076	156,881
Other income	20,912	16,257	18,185	19,968	14,157	15,154
Interest and Finance	5,088	5,325	10,077	12,159	10,132	10,132
PBT	138,877	149,068	147,714	144,125	152,101	161,903
Tax	30,345	28,946	33,992	34,559	38,025	40,476
PAT-Ordinary Oprns	108,532	120,122	113,722	109,565	114,076	121,427
Minority Interest	-716	-138	-165	-497	-342	-364
Equity in earnings / (losses) of affiliates	130	57	-57	-35	-17	-19
PAT - Continuing operations	108,043	122,191	113,500	109,033	113,717	121,044
Discontinued operations	-97	-2,150	0	0	0	0
PAT - Total	107,946	120,041	113,500	109,033	113,717	121,044

Source: Company, BofA Global Research

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Exhibit 16: Key ratios

We expect IT Services margins in FY24 to expand by 30bps to 16.0% in FY24

	2021	2022	2023	2024E	2025E	2026E
Rev growth (Wipro IT - USD terms)	-1.4%	27.3%	7.8%	-3.7%	3.9%	6.1%
Revenue growth	1.5%	27.7%	14.4%	-0.8%	3.0%	7.7%
Gross profit growth	12.7%	19.8%	10.4%	4.5%	5.5%	9.3%
EBITDA growth	20.1%	12.1%	2.4%	-1.4%	6.8%	8.4%
EBIT growth	17.6%	12.3%	1.1%	-2.4%	8.6%	10.8%
Net Profit growth (recurring)	12.3%	11.2%	-5.4%	-3.9%	4.3%	6.4%
Gross Margin	31.7%	29.7%	28.7%	30.2%	30.9%	30.4%
EBITDA Margin	24.3%	21.4%	19.1%	19.0%	19.7%	19.5%
EBIT Margin	19.9%	17.5%	15.4%	15.2%	16.0%	16.0%
Net Margin (recurring)	17.4%	15.2%	12.5%	12.1%	12.3%	12.3%
EPS (Rs)	19.1	21.9	20.7	20.5	21.7	23.1
DPS (Rs)	1.0	6.0	1.0	11.0	12.0	13.0
Payout ratio (%)	5%	27%	5%	54%	55%	56%

Source: Company, BofA Global Research. Note: Payout ratio in FY23 doesn't include the buyback amount.

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Exhibit 17: Balance sheet

Balance sheet remains strong

(INRm)	2021	2022	2023	2024E	2025E	2026E
Assets						
Goodwill	139,127	246,989	307,970	307,970	307,970	307,970
Intangible assets	13,085	43,555	43,045	43,045	43,045	43,045
Property, plant & equipment	85,192	90,898	88,659	68,700	62,584	60,348
Investment in equity accounted investees	10,592	19,115	20,749	20,749	20,749	20,749
Deferred tax assets	1,664	2,298	2,100	2,084	2,146	2,278
Other non-current assets	58,588	55,575	52,203	51,802	53,349	56,627
Total non-current assets	308,248	458,430	514,726	494,349	489,843	491,017
Inventories	1,064	1,334	1,188	1,179	1,214	1,289
Trade receivables	94,298	115,219	126,350	114,734	107,887	114,516
Other current assets	24,923	28,933	32,899	32,646	33,621	35,687
Unbilled revenues	27,124	60,809	60,515	60,050	61,844	65,644
Available for sale investments	175,707	241,655	309,232	309,232	339,232	369,232
Current tax assets	2,461	2,373	5,091	5,052	5,203	5,522
Cash and cash equivalents	169,793	103,836	91,880	40,961	82,622	106,527
Total current assets	523,186	620,752	661,096	597,795	665,564	732,358
Total Assets	831,434	1,079,182	1,175,822	1,092,144	1,155,408	1,223,375
Equity						
Share capital	10,958	10,964	10,976	10,976	10,976	10,976
Share premium	714	1,566	3,689	3,689	3,689	3,689
Retained earnings	507,846	598,313	707,767	618,631	669,726	722,930
Share based payment reserve	3,071	5,258	5,632	5,632	5,632	5,632
Other components of equity	30,506	42,057	53,100	53,100	53,100	53,100
Shares held by controlled trust	-	-	-	-	-	-
Equity attributable to equity holders of company	553,095	658,158	781,164	692,028	743,123	796,327
Minority interest	1,498	515	589	1,086	1,428	1,792
Total equity	554,593	658,673	781,753	693,114	744,551	798,119
Liabilities						
Long term loans and borrowings	23,262	74,649	80,053	80,053	80,053	80,053
Deferred tax liabilities	4,633	12,141	15,153	15,037	15,486	16,437
Employee benefit obligations	-	-	-	-	-	-
Derivative liabilities	-	-	-	-	-	-
Other non-current liabilities and provisions	18,906	25,390	31,110	30,871	31,793	33,747
Total non-current liabilities	46,801	112,180	126,316	125,960	127,332	130,237
Loans and borrowings	75,874	95,233	88,821	88,821	88,821	88,821
Trade payables and accrued expenses	78,870	99,034	89,054	94,964	103,133	109,784
Unearned revenues	22,535	27,915	22,682	22,508	23,180	24,604
Current tax liabilities	17,324	13,231	18,846	18,701	19,260	20,443
Derivative liabilities	1,070	585	2,825	2,803	2,887	3,064
Other current liabilities and provisions	24,552	27,394	32,764	32,512	33,484	35,541
Total current liabilities	230,040	308,329	267,753	273,070	283,525	295,019
Total liabilities	276,841	420,509	394,069	399,031	410,857	425,256
Total equity and liabilities	831,434	1,079,182	1,175,822	1,092,144	1,155,408	1,223,375

Source: Company, BofA Global Research

BofA GLOBAL RESEARCH

Price objective basis & risk

Wipro (WIPRF / WIT)

Our PO of INR395 (US\$4.8) is based on a target P/E of 17x for year-ending Mar-26. Our target multiple for Wipro is at a 38% discount to our target multiple for its closest peer. This is in-line with the 3yr average trading discount.

Versus its own history, our target is at a 8% discount to its 5-year average 12m forward PE multiple which we ascribe on account of the near-term macro challenges.

Upside risk: Faster-than-expected large deal closures, especially in infrastructure management services. Downside risk is (i) increasing competition in a macro fragile environment (ii) appreciation of INR against USD

Analyst Certification

I, Kunal Tayal, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

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India - Software & IT Services Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	ExlService Holdings, Inc.	EXLS	EXLS US	Kunal Tayal
	Genpact Ltd	G	G US	Kunal Tayal
	WNS Holdings Ltd	WNS	WNS US	Kunal Tayal
NEUTRAL				
	HCL	XHCLF	HCLT IN	Kunal Tayal
	Infosys	INFYF	INFO IN	Kunal Tayal
	Infosys Tech - A	INFY	INFY US	Kunal Tayal
	Tata Consultancy	TACSF	TCS IN	Kunal Tayal
	Tata Technologies	XZTLF	TATATECH IN	Kunal Tayal
UNDERPERFORM				
	L&T Technology Services	XLNSF	LTTS IN	Kunal Tayal
	Tech Mahindra	TECHM	TECHM IN	Kunal Tayal
	Wipro	WIPRF	WPRO IN	Kunal Tayal
	Wipro	WIT	WIT US	Kunal Tayal

IQmethodSM Measures Definitions

Business Performance

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

EV / EBITDA

Numerator

$\text{NOPAT} = (\text{EBIT} + \text{Interest Income}) \times (1 - \text{Tax Rate}) + \text{Goodwill Amortization}$

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash & Equivalents

EBIT

Numerator

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

$\text{EV} = \text{Current Share Price} \times \text{Current Shares} + \text{Minority Equity} + \text{Net Debt} +$

Other LT Liabilities

Enterprise Value

Denominator

$\text{Total Assets} - \text{Current Liabilities} + \text{ST Debt} + \text{Accumulated Goodwill}$

Amortization

Shareholders' Equity

Sales

N/A

N/A

Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

Denominator

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

$\text{Market Cap} = \text{Current Share Price} \times \text{Current Basic Shares}$

Sales

Basic EBIT + Depreciation + Amortization

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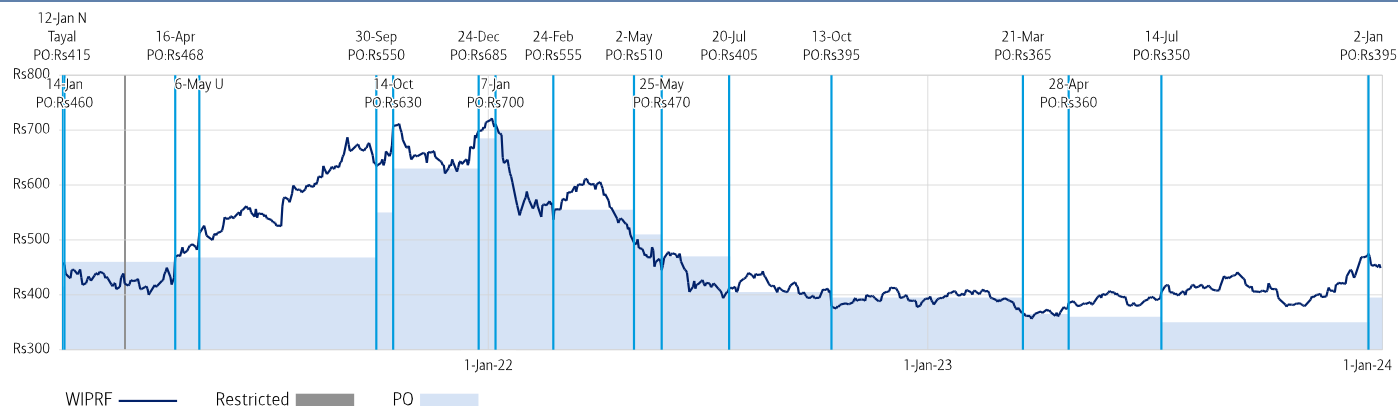
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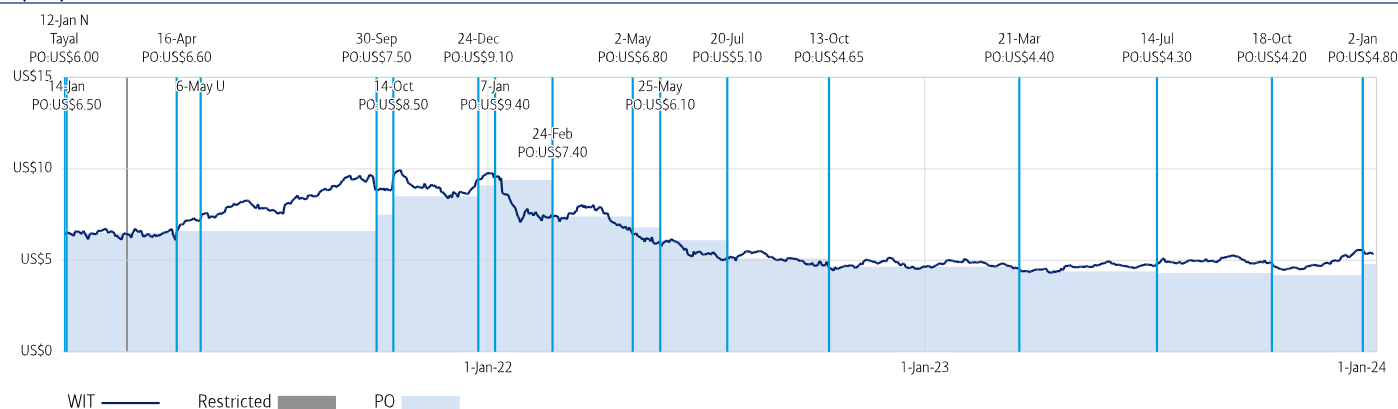
Important Disclosures

Wipro (WIPRF) Price Chart



The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

Wipro (WIT) Price Chart



The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

Equity Investment Rating Distribution: Industrials/Multi-Industry Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	45	50.56%	Buy	25	55.56%
Hold	26	29.21%	Hold	13	50.00%
Sell	18	20.22%	Sell	7	38.89%

Equity Investment Rating Distribution: Technology Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	215	53.09%	Buy	111	51.63%
Hold	97	23.95%	Hold	45	46.39%
Sell	93	22.96%	Sell	24	25.81%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.



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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R2} Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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