Stock Idea Note - Wipro Ltd.

Company Overview

Wipro Ltd. is a leading global provider of IT services, consulting, and business process outsourcing solutions, headquartered in Bengaluru, India. The company derives 100% of its revenue from IT services segment, offering a wide portfolio that includes digital strategy advisory, technology consulting, application development and maintenance, systems integration, cloud and infrastructure services, analytics, and business process services. Wipro serves a diversified set of industries, with Banking and Financial Services (34.3%), Retail (19.1%), Technology & Communication (15.3%), Healthcare (14.1%), and Energy, Manufacturing & Resources (17.2%) contributing to its revenue mix. Geographically, the company generates majority of its revenue from the Americas (62.3%), followed by Europe (27.1%) and APMEA (10.6%). As of FY25, Wipro employed 233,346 people, with a utilization rate of 85.6% and an attrition rate of 15.0%. Client concentration is moderate, with the top customer contributing 4.3% of revenue, the top five 14.0%, and the top ten 23.3%. In FY25, Wipro reported a total contract value (TCV) of USD 14.3 billion, slightly down from USD 14.9 billion in FY24, though large deal TCV rose to USD 5.4 billion, a 17.5% YoY increase, reflecting growing traction in high-value transformation engagements.

Investment Rationale

Strength in large deal momentum enhance revenue visibility amidst weak near-term outlook

Wipro's growing momentum in large deals is enhancing revenue visibility and setting the stage for a medium-term recovery, despite current topline pressures. In FY25, the company closed 63 large deals worth USD 5.4 billion, registering a 17.5% YoY increase. These wins are not only sizable but also strategically aligned to client demand for AI-led transformation, platform consolidation, and cost optimization. This shift toward longer-tenure, value-driven engagements is gradually reducing Wipro's dependence on short-cycle discretionary projects and supporting annuity-style revenue. While IT services revenue declined 2.3% YoY in FY25, management expects ramp-up from deals like Phenix Steel in Europe and BFSI-led wins in the US and APMEA to drive sequential improvement in H2FY26. Early signs of this are visible in the steady growth from top clients, with the top 5 and top 10 accounts growing 100 bps and 190 bps YoY, respectively. As macroeconomic conditions stabilise, Wipro is well-positioned to reaccelerate growth, backed by its consulting-led, AI-powered approach and a healthier revenue mix.

Margin resilience and strong cash position provide downside protection

Despite a challenging macroeconomic environment and a 2.3% decline in revenue in FY25, Wipro expanded its operating margin by 90 bps YoY to 17.1%, reflecting disciplined execution, strong cost controls, and improved delivery productivity. The company tightly managed bench costs and G&A overheads, while protecting investments in sales, AI capabilities, and leadership development. Looking ahead to FY26, management has acknowledged revenue headwinds and pricing pressure from cost takeout and vendor consolidation deals, but remains focused on maintaining margins within a narrow band. Levers to support this include driving higher utilization, improving fixed-price program productivity, rationalizing non-client-facing roles in high-cost locations, and curbing non-essential discretionary spending. Importantly, Wipro remains committed to preserving operational muscle and S&M investments while navigating volatility. Supporting this discipline is a strong balance sheet, with USD 6.4 billion in gross cash and a 118% free cash flow conversion rate, providing resilience and optionality to reinvest or pursue M&A opportunities. In this backdrop, Wipro's ability to defend margins amid weak growth enhances its positioning as a defensive stock within the IT services sector.

Stock Rating

BUY	HOLD	SELL
■		
> 15%	-5% to	< -5%

Sector Outlook Neutral

Stock

CMP (INR)	261
Target Price (INR)	301
NSE Symbol	WIPRO
BSE Code	507685
Bloomberg	WIPRO IN
Reuters	WIPRO.BO

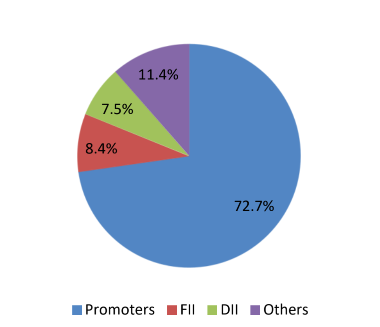
Key Data

Nifty	24,719
52WeekH/L(INR)	325/228
O/s Shares (Mn)	10480
Market Cap (INR bn)	2731
Face Value (INR)	2

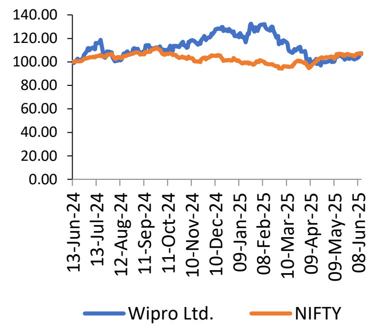
Average volume

3 months	13,231,220
6 months	12,957,920
1 year	11,174,430

Share Holding Pattern (%)



Relative Price Chart



Valuation and Outlook

The current IT demand environment remains subdued, marked by cautious enterprise spending, delayed decision-making on large transformation programs, and macroeconomic headwinds, particularly in Europe and the manufacturing-led sectors. Despite this backdrop, Wipro has taken steps to reposition itself for the next phase of growth through large deal wins, an improved focus on AI-led solutions, and improved delivery agility. Under Srini Pallia, the company overhauled its organization from April 1, 2025, realigning into four client-centric global business lines - Technology Services, Consulting, Engineering, and a newly created Business Process Services, to sharpen its AI-led, outcome-driven GTM, boost cross-functional agility, and improve accountability. Leadership continuity is being reinforced, with internal veterans stepping in to lead most of the units, lending stability after prior churn. While near-term growth visibility remains constrained, the company's healthy order book, margin resilience, and healthy balance sheet offer it both stability and strategic flexibility. As client confidence recovers and discretionary spending revives, Wipro's investments in scalable, automation-centric solutions and consultative engagement models are expected to yield returns, enabling the company to reaccelerate growth. **On the valuation front, we value the company based on 22 times FY26E earnings and arrive at a target price of Rs. 301 (16% upside from the current market price) with a 12-month investment horizon.**

Key Financials						
YE March (INR. Mn)	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**
Revenue	**7,93,120**	**9,04,876**	**8,97,603**	**8,90,884**	**8,99,793**	**9,26,787**
Revenue Growth (Y-oY)	-	*14.1%*	*(0.8%)*	*(0.7%)*	*1.0%*	*3.0%*
EBIT	**1,36,064**	**1,35,134**	**1,33,687**	**1,50,633**	**1,55,664**	**1,63,114**
EBIT Growth (Y-o-Y)	-	*(0.7%)*	*(1.1%)*	*12.7%*	*3.3%*	*4.8%*
Net Profit	**1,22,434**	**1,13,665**	**1,11,121**	**1,32,180**	**1,43,067**	**1,52,920**
Net Profit Growth (Y-o-Y)	-	*(7.2%)*	*(2.2%)*	*19.0%*	*8.2%*	*6.9%*
Diluted EPS	**11.2**	**10.4**	**10.4**	**12.5**	**13.7**	**14.6**
Diluted EPS Growth (Y-o-Y)	-	*(7.2%)*	*0.6%*	*20.3%*	*9.0%*	*6.9%*
Key Ratios						
EBIT margin (%)	**17.2%**	**14.9%**	**14.9%**	**16.9%**	**17.3%**	**17.6%**
NPM (%)	15.4%	12.6%	12.4%	14.8%	15.9%	16.5%
RoE (%)	**25.1%**	**21.6%**	**11.9%**	**13.2%**	**13.4%**	**13.7%**
RoCE (%)	20.5%	19.3%	12.2%	12.6%	12.9%	13.4%
Valuation Ratios						
P/E (x)	**23.4x**	**23.4x**	**25.0x**	**20.8x**	**19.1x**	**17.9x**
EV/EBITDA	20.6x	20.6x	20.9x	18.6x	17.5x	16.5x
P/BV (x)	**5.6x**	**5.6x**	**2.9x**	**2.7x**	**2.6x**	**2.4x**
Market Cap. / Sales (x)	3.4x	3.4x	3.0x	3.1x	3.0x	2.9x

Source: Bloomberg, BP Equities Research

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Disclaimer Appendix

Analyst (s) holding in the Stock : Nil

Analyst (s) Certification:

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