A Study on Financial Report of Wipro

Mukesh B, Dr. M. Mahesh Kumar

Sri Krishna Adithya College of Arts & Science

1.1 INTRODUCTION

Accounting serves the purpose of providing financial information relating a business. Finance means management of large amount of money. The lifeblood of business is finance. It is generally termed as the science of money. Finance is very essential instrument for smooth running of the business. Finance is to usually control the policies, activities and decision of every business. Financial management is that managerial activity which is concerned with the planning and controlling of a firm’s financial resources. Financial analysis is the process of identifying the financial strengths and weaknesses of the firm. The objective of financial analysis is the process of the critical examination of the financial information contained in the financial statements in order to understand and make decisions regarding the operations of the firm.

Financial report is as the final step of accounting that result in the presentation of final and the exact data that helps business managers, investors and creditors to take proper and accurate decisions. The objective of the financial analysis is to assess the present profitability and operating efficiency of the firm as a whole as well as for its different departments.

A company’s financial performance is normally judged by series of ratios which are used to evaluate financial performance, such as, current ratio, debt equity ratio, Long term solvency ratio, Short term solvency ratio, Profitability ratio etc.

A leading provider of Information Technology, Business Process Outsourcing and product Engineering Services to customers globally. We provide integrated business, technology and process solutions on a global delivery platform. We employ 100,000 people across 56 nationalities.

1.2 STATEMENT OF PROBLEM:

Report financial performance is the process of evaluating the common parts of financial statements to obtain a better understanding of firm’s position and performance. Financial performance analysis enables the investors and creditors evaluate past and current performance and financial position, and to predict future performance. Financial statement is used to judge the profitability and financial soundness of a firm. Financial performance is the selection, evaluation, and interpretation of financial data, along with other pertinent information, to assist in investment and interpretation of financial decision-making. Financial report may be used internally to evaluate issues such as employee performance, the efficiency of operations and credit policies and externally to evaluate potentials investments and the credit worthiness of borrowers among other things.

1.3 OBJECTIVES OF STUDY:

➢ To analyze the profitability position of the company.
➢ To assess the return on investment.
➢ To analyze the asset turnover ratio.
➢ To determine the solvency position of company.
➢ To read the financial changes over the period of 5 years.

1.4 RESEARCH METHODOLOGY:

Methodology refers to the study of methods from which we can obtain knowledge. It is one of the scientific ways of solving problems. Research is designed as a systematic, gathering recording and analysis of data about problem relating to any particular field.

➢ To know the financial status of the company.
➢ To know the credit worthiness of the company.
➢ To offer suggestions based on research finding.
1.4.1 PERIOD OF THE STUDY

The period of the study covered five years from 2017 to 2021

1.4.2 SOURCE OF THE STUDY

The study is based on secondary data. The required data were collected from journals, periodicals, research publications and dailies.

1.5 SCOPE OF THE STUDY

The project is meant to cover the financial position of the firm by using ratio analysis, trend analysis and comparative statement. Financial statements help the management to analyze profit, solvency, liquidity and efficiency etc. This analysis will give the exact picture of the company. These studies will also help the management to take managerial decisions. These studies help the management to understand the new possibilities. The study helps us to conduct researches in financial areas and it also helps us for taking financial Decisions in Personal Life.

1.6 LIMITATION OF STUDY

➢ Time constraints. The study was limited to only FIVE years financial data.
➢ Data is based on secondary data, so if there is any numerical error the balance sheet or profit and loss would be affected.
➢ The study is purely based on secondary data which were taken primarily from published annual reports of WIPRO.
➢ The ratio is calculated from past financial statements and these are not indicators of future.
➢ The study is based on only on the past records.
➢ Non-availability of required data to analysis the performance.

2.1 REVIEW OF LITERATURE

➢ Mahendra Maisuria (2019) the main objective of this study is to analyze the profitability of Indian major information technology (IT) companies. For analyzing profitability researchers used ratio analysis as a tool. Also, one statistical tool is used for analyzing hypothesis.
➢ Elijah Adeyinka Adedeji (2014) this study was done to analyze how ratio analysis can be used to measure performance of an organization. This study confirmed that there is a relationship between ratio analysis and the organizational performance. It says that financial ratios highlight the importance of effective management of the organization.
➢ Swapna & Sujatha (2011) examined the role of IT industry in Indian economy by studying the GDP, IT exports.
➢ Thomson R (2008) said that financial analysis is the process of identifying the strengths and weaknesses of the firm with the help of accounting information provided in the Profit and Loss Account and Balance Sheet.
➢ Altman, E (2002) In this study author talks about relationship among various financial factors in a business as disclosed by a single set of statements and a study of trend of those factors as shown in a series of statements.

3.1 PROFILE OF THE COMPANY:

Wipro Limited is a global information technology, consulting and outsourcing company. It offers financial, retail, transportation, manufacturing, healthcare, energy and utilities, technology, telecom and media services. The company also offers business process outsourcing, business technology and enterprise application, infrastructure management, testing, product engineering, engineering design and product support services. It operates through the following segments: Information Technology Services and Information Technology Products. The Information Technology Services segment provides information technology and information technology-enabled services, which include information technology consulting, custom application design and development, re-engineering and maintenance, systems integration, package implementation, technology infrastructure and business process outsourcing and research and development services in the areas of hardware and software design. The Information Technology Products segment provides information technology products, which include computing, storage, networking, security and software products. Wipro was founded on December 29, 1945, and is headquartered in Bangalore, India.

It is headquartered in Bangalore, Karnataka, India. In 2013, Wipro separated its non-IT businesses and formed the privately owned Wipro Enterprises. All employees of Wipro work from their own home and are not allowed to enter Wipro office premises. Wipro has shifted to Work from Anywhere model since March 2020. Wipro has over 1,60,000 dedicated employees serving together and building a bold and new future. The amount of revenue generated by Wipro in the financial year 2017 is 848 crores USD.
Wipro is headquartered in Bangalore and has 28 development centers across India, Europe and USA, and also has 21 offices in USA, Canada, Finland, Taiwan, France, and the United Kingdom. Wipro has set a vision for itself to become a US$ 5 billion company in the next couple of years. It aims to be top 10 IT companies in the world, the top IT company in India, among the top 10 most favored employers in the world and to be among the top 5 brands in India.

The IT business makes up 84% of the revenues of Wipro Limited and around 93% of its PBIT. It has emerged as the second largest player and is growing strongly, and its toiletries has carved out a niche in the premium segment. Wipro also had an interest in the financial services industry through its subsidiary Wipro Finance.

4.1 CURRENT RATIO

\[
\text{CURRENT RATIO} = \frac{\text{CURRENT ASSETS}}{\text{CURRENT LIABILITIES}}
\]

TABLE NO: 4.1

<table>
<thead>
<tr>
<th>YEAR</th>
<th>CURRENT ASSETS</th>
<th>CURRENT LIABILITIES</th>
<th>RATIO</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>50,282.50</td>
<td>21,851.10</td>
<td>2.3:1</td>
</tr>
<tr>
<td>2018</td>
<td>53,889.80</td>
<td>22,948.50</td>
<td>2.3:1</td>
</tr>
<tr>
<td>2019</td>
<td>50,615.60</td>
<td>21,350.70</td>
<td>2.3:1</td>
</tr>
<tr>
<td>2020</td>
<td>57,190.60</td>
<td>21,435.00</td>
<td>2.6:1</td>
</tr>
<tr>
<td>2021</td>
<td>51,985.10</td>
<td>21,639.30</td>
<td>2.4:1</td>
</tr>
</tbody>
</table>

INTERPRETATION

The current ratio of WIPRO Private Limited was 2.3:1 in the year 2017; and it remains constant 2.3:1 for next two years 2018 & 2019, and get increased to 2.6:1 in the year 2019; and again, get decreased to 2.4:1 in the year 2021. The highest current ratio was in the year 2020 (2.6:1).

CHART NO: 4.1

4.2 LIQUID RATIO

\[
\text{LIQUID RATIO} = \frac{\text{LIQUID ASSETS}}{\text{CURRENT LIABILITIES}}
\]

TABLE NO: 4.2

<table>
<thead>
<tr>
<th>YEAR</th>
<th>LIQUID RATIO</th>
<th>CURRENT LIABILITIES</th>
<th>RATIO</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>50,282.50</td>
<td>21,851.10</td>
<td>2.3:1</td>
</tr>
<tr>
<td>2018</td>
<td>53,889.80</td>
<td>22,948.50</td>
<td>2.3:1</td>
</tr>
<tr>
<td>2019</td>
<td>50,615.60</td>
<td>21,350.70</td>
<td>2.37:1</td>
</tr>
<tr>
<td>2020</td>
<td>57,190.60</td>
<td>21,435.00</td>
<td>2.6:1</td>
</tr>
<tr>
<td>2021</td>
<td>51,985.10</td>
<td>21,639.30</td>
<td>2.4:1</td>
</tr>
</tbody>
</table>
**INTERPRETATION**

The liquid ratio of WIPRO Private Limited was 2.3:1 in the year 2017; it remains constant for next two year 2018 & 2019, and get increased to 2.6:1 in the year 2020, and again get decreased to 2.4:1 in the year 2021. The highest current ratio was in the year 2020(2.6:1)

Chart No: 4.2

**4.3 ABSOLUTE LIQUIDITY RATIO:**

**ABSOLUTE LIQUIDITY RATIO = ABSOLUTE LIQUIDITY ASSET(CASH + BANK + SHORTERM) ÷ INVESTMENT**

**TABLE NO: 4.3**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>ABSOLUTE LIQUID ASSET</th>
<th>CURRENT LIABILITIES</th>
<th>RATIO</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>20,880.8</td>
<td>21,851.10</td>
<td>0.95:1</td>
</tr>
<tr>
<td>2018</td>
<td>17,699.4</td>
<td>22,948.50</td>
<td>0.77:1</td>
</tr>
<tr>
<td>2019</td>
<td>13,422.6</td>
<td>21,350.70</td>
<td>0.62:1</td>
</tr>
<tr>
<td>2020</td>
<td>23,767.1</td>
<td>21,435.50</td>
<td>1.1:1</td>
</tr>
<tr>
<td>2021</td>
<td>21,188.2</td>
<td>21,639.30</td>
<td>0.9:1</td>
</tr>
</tbody>
</table>

**INTERPRETATION**

The absolute liquid ratio of WIPRO Private Limited was 0.95:1 in the year 2017; it decrease to 0.77:1 in the year 2018; and again, it get decreased to 0.62:1 in the year 2019; in the next year it get increase to 1.1:1 in 2020; it get decreased again in 0.9:1 in the year 2020(1.1:1)

Chart No: 4.3
5.1 FINDINGS:

RATIO ANALYSIS

A. LIQUIDITY RATIO

❖ The Current ratio of Wipro Privated Limited was 2.3:1 year 2017; and it remains constant 2.3:1 for next two years 2018 & 2019; and get increased to 2.6:1 in the year 2020. The highest current ratio was in the year 2020(2.6:1)

❖ The liquid ratio of Wipro Privated Limited was 2.3:1 in the year 2017; it remains constant for next two years 2018 & 2019; and get increased to 2.6:1 in the year 2020; and again, get decreased to 2.4:1 in the year 2021. The highest current ratio was in the year 2021(2.6:1)

❖ The absolute liquid ratio of Wipro Private Limited was 0.95:1 in the year 2017; it decreases to 0.77:1 in the year 2018; in the next year it gets decreased to 1.1:1 in 2020; it gets decreased again in 0.9:1 in the year 2021. The highest absolute liquid ratio was in the year 2020(1.1:1)

B. SOLVENCY RATIO

❖ The Debt – Equity ratio of Wipro Private Limited was 0.07:1 in the year 2017; it remains same 0.07:1 in the year 2018; and it get increased in 0.12:1 in the year 2019; and again, it gets decreased to 0.07:1 in the year 2020; and it get increased again 0.66:1 in the year 2021. The highest Debt-Equity ratio in the year 2021(0.66:1)

❖ The Proprietory ratio of Wipro Private Limited was 0.64:1 in the year 2017; and it get increased 0.65:1 in the year 2018; and it get decreased again as 0.63:1 in the year 2019; then it gets increased again to 0.68:1 in the year 2021. The highest Proprietory ratio was in the year 2021(0.68:1)

5.2 SUGGESTIONS

➢ The company’s future plans for expansion seem clear due to increased investment in fixes assets. Efficient use to these Assets has enables the company to observe an increased profit.

➢ The Company has to improve its performance towards Solvency ratio.

➢ The company should also identify the various financial sources to develop their financial position.

➢ The company should invest their funds in securities like mutual fund, share market etc...

➢ The company has improved their profit while comparing the last Five years (2017-2021) it has gained their profit.

➢ The Current Ratio is very good it is 2.6:1 in 2020 so company has fully utilized cash liquidity for business development.

5.3 CONCLUSION

The study on financial position using ratio analysis, it clear that the company has strong financial position. All the financial companies need to be very efficient in their operations and have a fortress balance sheet to give consistent returns for their shareholder’s hence Wipro Private Limited have efficient operations and fortress balance sheet. As the company gain more profit it results as the leading automobile dealer in the industry.
BIBLIOGRAPHY

BOOK:
- Management Accounting text, problems and cases by M.Y. Khan & P.K Jain
- Management Accounting by R.S.N. Pillai Bagavathi & S. Chand

JOURNAL:

WEBSITE:
- www.slideshare.com
- www.wipro.com
- en.wikipedia.org