



# A STUDY ON FINANCIAL PERFORMANCE OF WIPRO LIMITED

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## ABSTRACT

*Financial analysis refers to the process of determining the financial strengths, weakness and financial characteristics of a firm. The analysis of the company is done for the period of six years, ranging from financial year 2014-2015 to 2019-2020. The main objective of this study is to determine the financial performance of Wipro Limited. Various tools like ratio analysis such as current ratio, liquid ratio, net profit ratio, return on assets, expense ratio and other performance ratios were used for the study, that can be helpful in finding the growth aspects of the firm. The suggestions reveal that the company should take necessary steps to increase the profit to improve their profitability performance. Finally, the study reveals that the liquidity position of the company was excellent although there was gradual rise and fall in the growth of the company during the study period.*

**KEYWORDS:** *Financial performance, Ratio analysis, Growth aspects.*

## 1. INTRODUCTION

Every business organization, whether manufacturing oriented or service oriented, needs finance. It plays a vital role. Finance is the lifeblood of any business activity. No business activity can be undertaken without finance. Financial performance analysis helps to measure the overall performance of the company. It includes analysis and interpretation of financial statements i.e., profit and loss account and balance sheet. Financial statements are prepared to satisfy external reporting obligations. It also helps in short-term and long-term forecasting and growth can be identified with the help of this analysis. The goal in analyzing financial statements is to assess past performance and current financial position and to form predictions about the future performance of a company.

## 2. STATEMENT OF THE PROBLEM

This study is conducted to evaluate the financial performance of Wipro limited to obtain a better understanding of the company's position and performance. The efficient performance of the firm depends on the well planning of the investment and distribution. A financial analysis reveals strength and weakness of the company by properly establishing the relationship between the items of balance sheet and profit and loss account.

## 3. OBJECTIVES OF THE STUDY

- To study the financial position of Wipro limited over a period of six financial years by using liquidity, profitability, solvency and activity ratios.
- To analyse the profile of Wipro Limited.
- To estimate and determine the growth of the business.

## 4. RESEARCH METHODOLOGY

Source of Data	Secondary data
Period of Study	2014-2015 to 2019-2020
Framework of analysis	Financial statements
Tools and Techniques	Ratio analysis



## 5. STATISTICAL TOOLS

The following statistical tools were applied to analyse the statistical data collected for calculation of financial performance analysis.

- Current ratio
- Liquid ratio
- Net Profit ratio
- Return on Capital Employed
- Return on assets
- Expense ratio
- Proprietary ratio
- Total asset turnover ratio

## 6. REVIEW OF LITERATURE

**Mr. S. Ajith Adithyaa and Ms. D. Caroline Rebecca (2020)**, this paper concentrated on the financial performance of Mahindra finance. The objectives of the paper were to check financial flow of the firm. They conclude that the company's net profit and sales are not in a good position and have if the company concentrates on these things then it led to a growth of healthy organisation in future.

**Dr. Mrs. Vijayalakshmi, J. Nandhini, P. V. Nivashini and G. Pavithra (2019)**, this study is done to analyze the financial performance of Ashok Leyland Limited. This study is made to analyze the solvency and liquidity position of the firm through ratio analysis. It is based on the secondary data. The researchers conclude that the performance of Ashok Leyland in the study period has been excellent.

**Seema Thakur (2019)**, The researcher studied the financial performance, profitability and soundness of Dabur India Limited. Analytical research design has been chosen for the study. The study found that the financial performance was very well covered and the company was maintaining good financial performance.

## 7. FINDINGS

- The firm has highest current ratio of 3.52 in the year 2016-17 and lowest current ratio of 2.30 in the year 2014-15. The standard form of current ratio is 2:1. From the analysis, during the study period, current ratio is higher than the standard ratio so it is found that the company has good liquidity position. The company utilize their liquidity for their development.
- The firm has highest liquid ratio of 3.50 in the year 2016-17 and lowest liquid ratio of 2.27 in the year 2014-15. The liquid ratio is higher than the standard ratio of 1:1. Which shows that the company's liquid position is good and it is clear that liquid ratio is satisfied.

- The firm's Net profit ratio during the year 2015 was 19.88%. It was highest in the year 2015 as 19.88% and lowest in the year 2020 as 17.22%, there is a fluctuation in net profit during the study period. So, the company has to take necessary steps to increase profit.
- The firm's Return on capital employed was highest in the year 2014-15 with 32.45% and lowest in the year 2018-19 with 22.27%. The highest ratio was found in the year 2015.
- The firm has highest Return on assets ratio of 15.34% in the year 2014-15 and lowest ratio of 11.36% in the year 2018-19. The highest return on assets was found in 2015.
- The expense ratio was highest in the year 2018-19 with 81.90% and lowest in the year 2014-15 with the ratio of 78.29%. The highest ratio was found in the year 2019.
- The proprietary ratio was highest in the year 2016-17 with 0.739% and lowest during the year 2017-18 with 0.72%. The highest ratio was found in the year 2017.
- Total asset turnover ratio was highest in the year 2019-20 with 77.18 and lowest in the year 2018-19 with 71.82. The highest ratio was found in the year 2020.

## 8. SUGGESTIONS

The performance of Wipro limited during the study period was found good expect some minor weakness.

- Though the company's sale is continuously rising but the net profit of the company is not good while compared to previous years. So, the management should take necessary steps increasing productivity and decreasing expenses, etc., to increase the profit.
- By making efficient employment of their available resources to retain their profitability position.
- The company has to control over the expenditure, because the expenses is kept on increasing, and it results in decreasing profit.
- Maintaining the efficient use of fixed assets will enable the company to observe an increased profit in the coming years.

## 9. CONCLUSION

This study was conducted to evaluate the financial performance of Wipro Limited, for the period of 6 years ranging from FY 2014-15 to 2019-20. In this study, the analysis of the company was taken with the help of ratios such as Liquidity, Profitability, Solvency and Activity ratios, which are important tools of financial analysis. The findings of the study reveal that the liquidity position of the company was good and its satisfactory. As in the case



of profitability position, there is a gradual rise and fall in the growth of the company so the company has to take necessary steps to increase the profit and to maintain consistent profitability performance. This study will be helpful for the researchers to analyse the financial performance of Wipro Limited in the future.

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