A Study on Financial Performance Analysis on Wipro

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Abstract
The financial performance of Wipro Limited, a significant Indian multinational information technology and consulting firm, is examined in this abstract. To evaluate the company's overall financial health, the analysis focuses on important financial metrics like revenue growth, profitability, liquidity, efficiency, and solvency. With a strong presence in cloud computing, digital transformation, IT services, and consulting solutions across international markets, Wipro has demonstrated steady revenue generation. Despite fluctuations brought on by shifts in global demand, currency fluctuations, and growing operating expenses, profitability analysis shows steady operating and net profit margins. Wipro's strong short-term financial position is reflected in liquidity ratios, which are bolstered by sufficient current assets and efficient working capital management. A low debt-to-equity ratio is highlighted by solvency analysis, suggesting a cautious capital structure and long-term financial position. Backed by sufficient current assets and efficient working capital management. A low debt-to-equity ratio, which indicates a cautious capital structure and long-term financial stability, is highlighted by solvency analysis. Although there is room for improvement in asset turnover, efficiency ratios indicate efficient use of resources. Wipro maintains a strong financial foundation, robust cash flows, and prudent financial management, according to the financial analysis. Wipro is still in a strong position for long-term value creation and sustainable growth in spite of obstacles like fierce competition and unpredictability in the world economy.

Keywords: Wipro, Financial Ratio, Capital, Solvency, Financial Management

INTRODUCTION
For an organization's performance and financial stability, financial analysis is essential. One of the top international IT and consulting firms in India, Wipro Limited, is the subject of this study's financial analysis. Since its founding in 1945, Wipro has grown into a major player in the global IT consulting, cloud computing, digital transformation, and business process services industries. By looking at Wipro's financial statements and important financial ratios, this analysis aims to evaluate the company's financial health. To comprehend the operational effectiveness and long-term viability of the business, key factors like profitability, liquidity, efficiency, and solvency are examined. Finding patterns in revenue growth, cost control, and capital structure over time is another benefit of the analysis. Stakeholders, including creditors, investors, and management, can learn about Wipro's strengths, weaknesses, and potential for future growth in the fiercely competitive global IT sector by assessing the company's financial performance.

OBJECTIVES
- To know the liquidity position by using the Quick Ratio and Current Ratio
- To Assessing the profitability of revenue and profit growth for the last five years
- To Know the Solvency Ratio, use of Debt Equity Ratio and Proprietary Ratio

STATEMENT OF THE PROBLEM
Financial stability and effective resource management are essential for long-term growth and shareholder value in Wipro Limited's fiercely competitive and quickly evolving information technology and consulting sector. The business has had to deal with issues like shifting client demands, margin pressure, fluctuating revenues, unpredictability in the world economy, and fierce competition from both domestic and foreign IT companies in recent years. Because of these reasons, it is crucial to regularly assess the stability and financial performance of the business. The problem addressed in this study is the need to assess whether Wipro's financial position,

profitability, liquidity, and operational efficiency are adequate to support its long-term strategic objectives. Despite the availability of published financial statements, stakeholders such as investors, management, creditors, and analysts require a systematic financial analysis to interpret the data meaningfully and identify strengths, weaknesses, and potential risks. Therefore, this study seeks to analyses Wipro's financial statements using appropriate financial tools and ratios to understand its financial health, evaluate performance trends, and provide insights that can support informed decision-making and future strategic planning.

REVIEW OF LITERATURE

Farida Begum , Shruthi (2024)[1] This Article titled "A STUDY ON FINANCIAL ANALYSIS OF WIPRO AND TCS" This study conducts a comparative financial analysis of two prominent information technology (IT) giants, Wipro and Tata Consultancy Services (TCS), aiming to provide insights into their financial performance and position. The analysis encompasses key financial metries and ratios spanning over a specified period, enabling a comprehensive evaluation of both companies financial health. Through rigorous examination of financial statements, including income statements, balance sheets, and cash flow statements, this research scrutinizes various aspects such as liquidity, profitability, efficiency, and solvency. Ratios such as return on assets (ROA), return on equity (ROE), current ratio, debt-to-equity ratio, and others are utilized to gauge the companies operational efficiency, leverage, and overall financial stability.Moreover, the study delves into qualitative factors that might influence financial performance, including industry dynamics, competitive positioning, management strategies, and macroeconomic trends. By integrating both quantitative and qualitative analyses, this research offers a holistic understanding of Wipro and TCS's financial standing and potential future prospects.

Jasmine Mehta,Reet Raj and Sheetal Sharma. (2021)[2] This study titled "FINANCIAL PERFORMANCE ANALYSIS OF SELECTED INDIAN L.T COMPANIES:A COMPARATIVE STUDY" Since last two-decades the Indian IT sector plays a tremendous tole for the development of India. Financial Performance Analysis provide means of determining capability, stability and profitability of companies on the basis of financial statements The present paper analyses and examines the financial performance of selected Indian 1.T for a time period of 13 years (2007-08-2020-21) companies and establish a linear relationship between liquidity, leverage, efficiency and profitability. In this, an attempt is made to do Financial Analysis with the help of various accounting ratios and statistical tools like Anova & CAGR which shows differences in profitability of selected IT companies. From the analysis, it was found that the performance of Infosys and Wipro is satisfactory among all selected companies for the time period of 2008 to 2020. Infosys is the best performer in terms of Gross profit, Net profit and Current ratio and Wipro is the best performer in terms of Return on invested capital, Return on equity and financial leverage ratio Whereas, HCL and TCS gain the third and fourth position in terms of performance. As HCL. gets the second position in terms of performance in return on invested capital and current ratio. TCS gets the second position in terms of performance in return on equity and Gross profit

Pradip Kumar Das, (2022)[3] This article titled "Financial Analysis of Select Information Technology Company in IndiThe paper is an attempt to analyze the financial statements of Indian selected Information Technology company mainly based on specific ratios. With intense global competition in the market, booming performance has been a major challenge to management. Because of its strategic importance in the national interest, it is crucial to evaluate the financial performance of Information Technology company by knowing their triviality. Moreover, efficiency of Information Technology industry has assumed primeval essence in a developing country like India due to its major offering towards the growth of economy. In the global ambience, entrants of Information Technology industry have been the vanguard role in India's financial system with its latest technology and new service-level. Information Technology companies, therefore, perpetually explore means to refashion the

business to ameliorate performance. These possible developments can be examined with strength of financial statement analysis. This paper epitomizes an empirical study of financial statement of the selected leading Information Technology company in India fran diverse perspectives through statistical tools, graphs and tables, and offers suggestions for melioration of potency in the industry. The study embosoms that Wipro Ltd. remains a transcending performer over the last six years in the Information Technology sector with premier in its financial performance. Overall, the paper provides important spring of dexterity and is efficacious for managers, stakeholders and groundwork.

RESEARCH METHODOLOGY

RESEARCH DESIGN

The study follows a descriptive and analytical research design to examine the financial performance of Wipro Limited.It relies on secondary data collected from audited annual reports and published financial statements.Financial performance is evaluated using ratio analysis,and comparative analysis.The design helps in identifying patterns, strengths, and weaknesses in Wipro's financial position.

TYPE OF DATA

The study is based on secondary data. Secondary data refers to data that has already been collected and published by reliable sources,Annual Reports of Wipro Ltd,Audited Financial Statements (Balance Sheet, Income Statement, Cash Flow Statement),Official Website of Wipro,Stock Exchange websites (BSE, NSE,Moneycontrol,,Published research articles, journals, and financial magazines.

PERIOD OF STUDY

The study covers a period of five financial years from 2020–21 to 2024–25.This period is selected to analyze both short-term and long-term financial performance.It includes recent financial data reflecting Wipro's current operational efficiency.The selected duration ensures meaningful comparison and reliable analysis.

TOOLS OF Analysis

- Ratio Analysis (Liquidity, profitability and solvency ratios)
- Comparative balance sheet

DATA ANALYSIS AND INTERPRETATION

RATIO ANALYSIS

Table No: 1.1
Liquidity Ratios

S. No	Financial Year	Current Ratio	Quick Ratio
1	2020-21	2.27	2.27
2	2021-22	2.01	2.01
3	2022-23	2.47	2.46
4	2023-24	2.58	2.57
5	2024-25	2.72	2.71

INTERPRETATION

For the past five fiscal years (FY2021–FY2025), Wipro Ltd.'s liquidity data shows a steadily solid and improving short-term financial position. Wipro demonstrated a comfortable ability to fulfill short-term obligations in FY2021 with a current and quick ratio of 2.27. In FY2022, this ratio slightly decreased to 2.01, indicating a brief tightening of liquidity, but it was still significantly higher than the typical benchmark of 1:1. Liquidity improved gradually starting in FY2023; the current ratio increased to 2.47 in FY2023, 2.58 in FY2024, and 2.72 in FY2025.Wipro has very little inventory and mostly depends on highly liquid assets like cash and receivables, as evidenced by the close similarity between the current ratio and quick ratio over the course of the five years. Overall, Wipro's strong short-term solvency and low liquidity risk during the period are reflected in the upward trend following FY2022, which emphasizes effective working capital management.

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Chart No:1.1

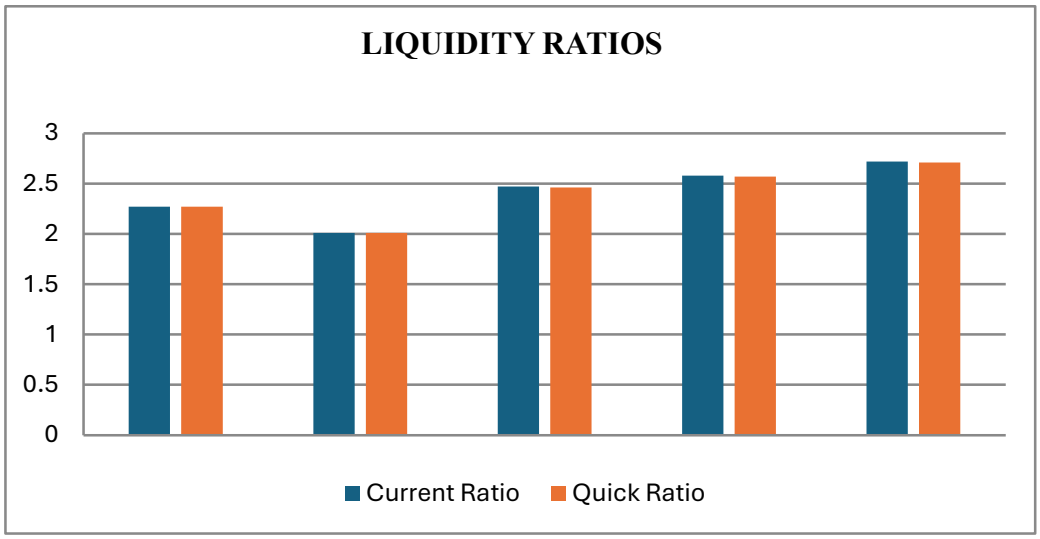

Table No: 1.2
Solvency Ratios

S.No	Financial Year	Debt Equity Ratio	Proprietary Ratio
1	2020-21	5.14	32.51
2	2021-22	6.16	42.55
3	2022-23	4.13	20.51
4	2023-24	9.10	16.15
5	2024-25	4.10	15.71

INTERPRETATION

Over the last five fiscal years (FY2021–FY2025), Wipro Ltd.'s solvency ratios show a very solid long-term financial position with minimal leverage risk. From roughly 0.14 in FY2021 to roughly 0.10 in FY2024 and FY2025, the debt-to-equity ratio remained steadily low, suggesting that Wipro primarily relies on shareholder funds rather than debt to finance its operations. The ratio improved after a minor increase in leverage in FY2022, demonstrating careful capital structure management. Over the course of the period, the interest coverage ratio was remarkably high, reaching a peak of approximately 42.55 times in FY2022 and progressively decreasing to approximately 15.71 times in FY2025. Wipro easily satisfies its interest obligations from operating earnings, as evidenced by the ratio's continued high levels despite this decline.Overall, the data shows that Wipro is financially stable and resistant to long-term financial risks due to its prudent debt policy, robust earnings potential, and outstanding long-term solvency**.**

Chart No:1.2

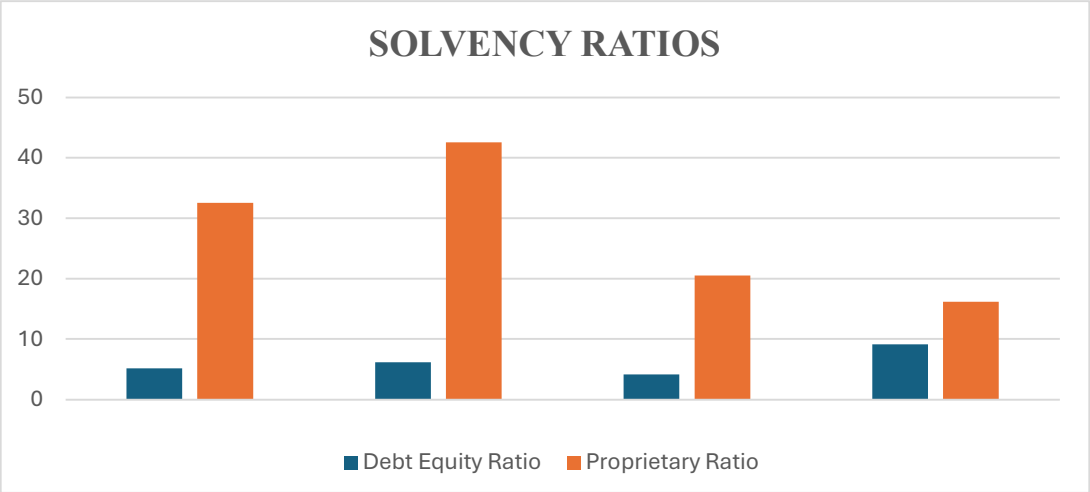

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Table No: 1.3
Profitability Ratios

S. No	Financial Year	Gross Profit Ratio	Operating Profit ratio	Net profit ratio
1	2020-21	17.5	19.4	22.8
2	2021-22	15.4	20.2	21.8
3	2022-23	12.6	15.8	18.2
4	2023-24	12.4	15.8	17.6
5	2024-25	14.8	17.2	20.3

INTERPRETATION

The company's profitability performance over the five-year period from 2020–21 to 2024–25 exhibits discernible fluctuations, according to the data shown in Table No. 03 – Profitability Ratios of Wipro. From 17.5% in 2020–2021 to 12.4% in 2023–2024, the Gross Profit Ratio decreased steadily, suggesting increased costs or pricing pressure. However, it recovered to 14.8% in 2024–2025, indicating better cost control. The Operating Profit Ratio fell to 15.8% in both 2022–2023 and 2023–2024, indicating either increased operating costs or decreased operational efficiency. It had slightly increased from 19.4% in 2020–2021 to 20.2% in 2021–2022.The Net Profit Ratio also showed pressure on overall profitability, declining from 22.8% in 2020–2021 to 17.6% in 2023–2024 before rising to 20.3% in 2024–2025. Overall, the analysis shows that Wipro's profitability decreased

Chart No:1.3

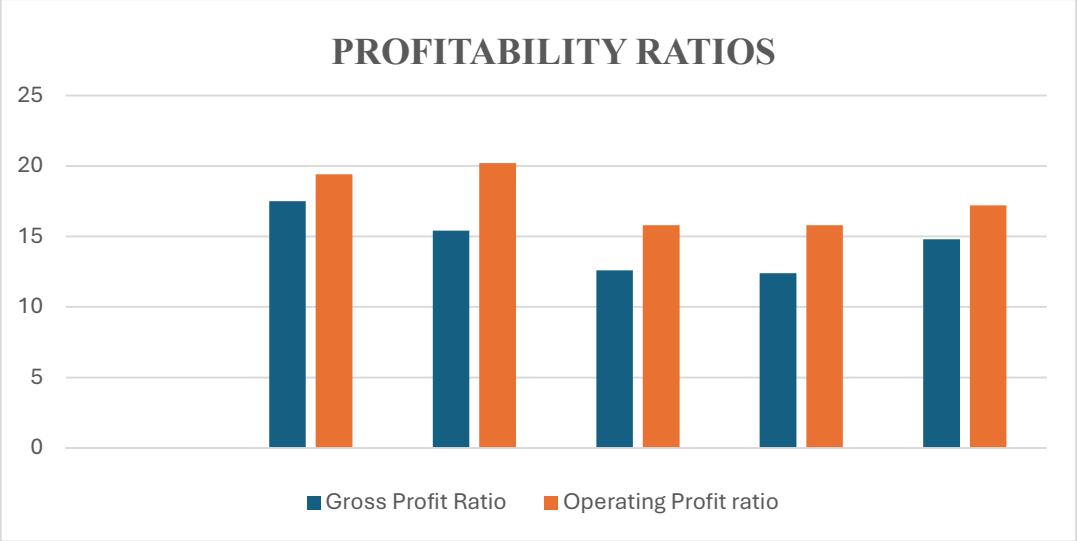

TABLE No: 1.4
Comparative Balance Sheet

S.No	Particulars	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
1	Total assets	100%	109.5%	117.8%	115.6%	128.6%
2	Current assets	100%	97.5%	86.7%	72.1%	71.0%
3	Non-current assets	100%	123.4%	142.6%	148.2%	165.3%
4	Total liabilities	100%	109.4%	117.6%	115.6%	128.6%
5	Current liabilities	100%	106.8%	110.9%	114.2%	118.7%
6	Non-Current liabilities	100%	92.65%	84.1%	75.8%	68.9%

INTERPRETATION

Comparative Balance Sheet, FY 2021–FY 2025) The comparative balance sheet of Wipro Limited shows notable structural changes in assets and liabilities over the five-year period with FY 2021 as the base year (100%). Total assets increased steadily from 109.5 in FY 2022 to 128.6 in FY 2025, indicating overall growth in the company's size and operations. However, this growth is largely driven by non-current assets, which rose sharply from 123.4 in FY 2022 to 165.3 in FY 2025, reflecting higher long-term investments, acquisitions, or capital expenditure. In contrast, current assets declined consistently from 97.5 in FY 2022 to 71.0 in FY 2025, suggesting reduced short-term liquidity or tighter working capital management. On the liabilities side, total liabilities increased gradually from 109.4 in FY 2022 to 128.6 in FY 2025, broadly in line with asset growth. Current liabilities rose moderately from 106.8 to 118.7, indicating a controlled increase in short-term obligations. However, non-current liabilities declined significantly from 92.6 in FY 2022 to 68.9 in FY 2025, showing repayment of long-term debt or lower reliance on long-term borrowings. Overall, Wipro's balance sheet reflects a shift towards long-term asset expansion financed with prudent liability management, though the decline in current assets may impact short-term liquidity if not monitored carefully.

FINDINGS

- Wipro's total assets have shown a consistent upward trend over the study period, indicating steady growth in the overall size and operations of the company.
- Non-current assets increased significantly, reflecting higher long-term investments, acquisitions, and expansion in digital and technology-related infrastructure.
- Current assets declined continuously, suggesting reduced short-term liquidity and a greater focus on long-term asset deployment.
- Total liabilities increased gradually, largely in line with the growth in total assets, indicating a balanced capital structure.
- Current liabilities showed a moderate rise, pointing to an increase in short-term obligations associated with operational expansion.

SUGGESTIONS

1.Improve Short-Term Liquidity Wipro should focus on strengthening its current assets position by improving receivables management, optimizing inventory levels, and maintaining adequate cash reserves to ensure smooth day-to-day operations.

2.Balanced Asset Structure While the growth in non-current assets reflects long-term expansion, the company should balance investments between long-term and short-term assets to avoid liquidity pressure.

3.Cost and Margin Optimization Wipro can enhance profitability by controlling operating costs, improving employee utilization rates, and focusing on high-margin digital and consulting services.

4.Efficient Capital Management With a decline in non-current liabilities, Wipro should continue its prudent debt management strategy and consider an optimal mix of equity and low-cost debt to finance future growth.

5.Focus on Innovation and Digital Services Increased investment in emerging technologies such as AI, cloud computing, cybersecurity, and data analytics will help Wipro stay competitive in the global IT services market.

CONCLUSION

Based on the financial analysis of Wipro Limited, it can be concluded that the company has shown steady growth in its overall asset base during the study period. The increase in total assets, mainly driven by a significant rise in non-current assets, indicates Wipro's focus on long-term expansion, strategic investments, and capability building in digital and technology-driven services. At the same time, the controlled increase in total liabilities and the decline in non-current liabilities reflect prudent financial and debt management practices However, the continuous decline in current assets highlights a potential concern regarding short-term liquidity, which may affect the company's ability to meet immediate obligations if not managed carefully. Despite this, Wipro maintains a stable financial structure with balanced liability growth and a strong long-term outlook Overall, Wipro is financially sound and

well-positioned for future growth, but greater emphasis on liquidity management, operational efficiency, and profitability enhancement will further strengthen its financial performance and competitive position in the global IT services industry.

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