

Major Research Project
on
Financial statement analysis of two top Indian IT
companies TCS and WIPRO

Submitted by -:

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Under the guidance of

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CERTIFICATE

This was to certify that Mr Nitik Nijhawan, 2K21/DMBA/80 have completed the project titled “Financial statement analysis of two top Indian IT companies TCS and WIPRO” under the guidance of Dr. Deepali Malhotra as a part of Master of Business Administration (MBA) curriculum of Delhi School of Management Technological University, New Delhi. This was an original piece of work and has not been submitted elsewhere.

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DECLARATION

I, Nitik Nijhawan student of Delhi School of Management, Delhi Technological University hereby declare that have completed the project titled “Financial statement analysis of two top Indian IT companies TCS and WIPRO”: submitted as a part of Master of Business Administration (MBA) curriculum was the original work conducted by me. I also confirm that neither I nor any other person has submitted this project report to any other institution or university for any other degree or diploma. I further declare that the information collected from various sources has been duly acknowledged in this project.

Nitik Nijhawan

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ACKNOWLEDGMENT

I would like to express my profound gratitude to Dr. Archana Singh, HOD for her contribution to the completion of my project titled “Financial statement analysis of two top Indian IT companies TCS and WIPRO”.

I would like to express my special thanks to our faculty mentor assistant Dr. Deepali Malhotra for her time and efforts she provided throughout. Your useful advice and suggestions were really helpful to me during the project’s completion. In this aspect, I am eternally grateful to you.

I would like to acknowledge that this project was completed entirely by me and not by someone else.

Nitik Nijhawan

EXECUTIVE SUMMARY

TCS and WIPRO are two of the top Indian IT companies. The financial statement analysis of TCS and Wipro using various analytical methods such as Ratio analysis, Common size analysis, Comparative statement analysis, DuPont analysis, Statement of changes in working capital, and Sustainable growth rate analysis, revealed that both companies have shown overall positive growth in their financial performance over the years.

Key words- Financial statement analysis, TCS, WIPRO, Ratio analysis, Financial performance, Investors, Financial statement analysis, Management, Decision-makers

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1. INTRODUCTION

1.1 Background

This study involves the financial statement analysis of two top Indian IT firms TCS and WIPRO, with a global presence and wide client base.

About Indian IT sector

Foundation for India's IT service industries was laid down by the Bhabha committee. TCS was the pioneer of the Indian IT services industry. Moreover, TCS teamed with Burroughs in 1977 to launch India's export of IT services. SEEPZ, the original software export zone and forerunner of the modern-day IT park, was founded in Mumbai in 1973.

In FY 2022, the IT-BPM sector's contribution to India's GDP would be 7.4%. In FY 2022, the IT and BPM sectors generated around \$227 billion in revenue. 5 million individuals are employed across the entire IT-BPM business as of March 2022.

Revenue for the IT and BPM sector was US\$194 billion in FY 2021, up 2.3% YoY. In FY 2021, the IT sector generated local revenues of US\$45 billion and export revenues of US\$150 billion. In FY 2021, the IT sector employed close to 2.8 million people. In total, 4.5 million people were employed in the IT-BPM sector as of March 2021.

About TCS:

Fig: 1.1



Source: Web

Tata Consultancy Services (TCS) is a global Indian information technology (IT) services and consulting firm. It has its corporate headquarters in Mumbai, Maharashtra. It operates in 150 locations throughout 46 countries as a part of the Tata Group.

TCS is one of the most valuable IT service brands in the world and the second-largest Indian corporation in terms of market value. TCS, one of the top-ranked Indian corporations and an IT services provider, was ranked 64th overall in the Forbes list of the "World's Most Innovative Companies" in 2015. It was listed as number 11 on the Fortune India 500 list as of 2018. TCS was the first Indian IT tech company to record a market capitalization of \$200 billion in September 2021. The market capitalization of TCS was around Rs. 11,71,482 crores in December 2022. TCS generally has recorded the highest net profit in the Indian IT industry over the years. TCS is one of the largest private employers among publicly traded Indian firms in terms of employment. An employee of TCS generally enjoys job stability at TCS.

As of July 8, 2022, TCS had over 6 million employees. For the fiscal year 2012–2013, the company's labor costs came to US\$4.4 billion, or around 38% of its entire sales, which shows TCS spent a huge amount of money on employee costs.

TCS services include Cloud, Cognitive Business Operations, Consulting, Cyber security. TCS had a total of 50 subsidiary companies with operations in 46 countries as of March, 2021. TCS doesn't lag behind in innovation. TCS launched its co-innovation network in 2007, which is a network of venture capitalists, start-up alliances etc., in the year 2007. Major acquisitions by TCS in the past include that of CMC Limited, Phoenix Global Solutions, Pearl Group, Comicro, Tata Infotech, TCS Management, Postbank Systems, Alti SA, Citigroup Global Services Limited, etc.

About WIPRO:

Fig: 1.2



Source: Web

Wipro Limited is an Indian based MNC and is one of the major firm in the Indian IT industry. It offers business process, consultancy, and information technology services. It was earlier known as Western India Palm Refined Oils Limited. It offered skills including Cloud computing, cyber security, digital transformation, artificial intelligence, robotics, data analytics, etc to its clients. It has its clientele in 167 different countries

The founder of Wipro is Mohamed Premji, who founded the organization on December 29, 1945. It was founded in Amalner, India, as Western India Vegetable Products Limited. Later, the name changed to Wipro. It was originally established as a producer of refined and vegetable oils with the trade names Kwasan, Sunflower, and Camel.

The company changed its emphasis during the 1970s and 1980s to new potential in the computing and IT industries, which were still in early stages in India at the time.

Western India Vegetable Products Limited was replaced with Wipro Products Limited on June 7th, 1977. In 1982, Wipro Products Limited's name was once more changed to Wipro Limited. Wipro debuted on the New York Stock Exchange in 1999.

Financial statement analysis:

The process of examining a company's financial statements in order to make decisions was known as financial statement analysis. It can be utilized by external stakeholders to

assess an organization's overall financial condition as well as its financial performance during the period and market value. It serves as a monitoring tool for handling finances for internal stakeholders. Three financial statements are – cash flow statements, statement of Profit and Loss, Balance sheet.

Financial statement analysis involves the use of multiple analytical methods to gain a comprehensive understanding of the financial performance of companies. This project uses a range of analytical methods, including ratio analysis, and common size analysis, to provide a detailed analysis of the financial performance of TCS and Wipro.

Comparative analysis of companies helps investors and other stakeholders to compare the financial performance of companies in the same industry. With the help of financial statement analysis, management and/or decision makers can gain a very detailed understanding on the financial performance of the business and take corrective action if needed. Financial statement analysis can help management and/or decision makers in taking more informed decisions. Financial statement analysis can also help potential investors in making investment decisions in the company.

Ratio analysis:

It is most commonly used tool in financial statement analysis: Ratio analysis involves the use of financial ratios to analyze the financial performance of companies.

It provides a quick and easy way to assess the financial health of companies. The objective of ratio analysis is to identify relationships between different items of business for example net profit, net sales etc and determine what is good about the company and what is not.

Financial ratios provide insights into the financial performance of companies by comparing different financial variables such as revenue, profit, assets, and liabilities. By calculating and analyzing ratios, investors can gain insights into the profitability, liquidity, efficiency, solvency of companies.

Types of accounting ratios:

- Solvency ratios
- Profitability ratios
- Efficiency ratios
- Market Value ratios
- Liquidity ratios

Liquidity ratios

These ratios, such as the quick ratio and current ratio, gauge a company's capacity to fulfil its short-term obligations.

Types of Liquidity ratios:

- Current ratio
- Quick ratio

- Current ratio: It measures company's ability to meet its short-term liabilities.

Current ratio = current assets / current liabilities

- Quick ratio/Acid-test ratio: The quick ratio, commonly referred to as the acid-test ratio, is a type of liquidity ratio that demonstrates a company's capacity to use its quick assets to rapidly to meet current liabilities. It is very similar to current ratio but inventories are excluded in its calculation.

Quick ratio = (current assets - inventory)/current liabilities

Solvency ratios :

Solvency ratios gauge a company's capacity to fulfil its long-term commitments and determine the likelihood of bankruptcy or insolvency.

Some common solvency ratios:

- **Debt-to-Equity ratio:** This ratio assesses how a company's equity and debt are related to one another. It is obtained by dividing total liabilities by total equity.
- **Debt-to-Asset Ratio:** This ratio assesses how a company's total debt compares to its total assets. It is determined by dividing total liabilities by total assets.
- **Interest Coverage ratio:** The interest coverage ratio gauges a company's capacity to make its debt-related interest payments. It is determined by dividing interest expense by a company's profits before interest and taxes (EBIT).

Profitability ratios

They gauge a business's capacity for making profits as well as evaluate its general effectiveness and performance. These ratios shed light on the profitability and return-generating capacity of a corporation.

Some common profitability ratios are:-

Gross profit margin: This ratio measures the percentage of sales that exceeds the cost of goods sold (COGS). It was calculated by dividing gross profit by overall revenue.

Operating profit margin: This ratio measures the percentage of revenue that exceeds the company's operating expenses. The formula for calculating it was to divide operating profit by total revenue.

Net profit margin: It was the proportion of revenue left over after all costs, including taxes and other expenses, have been taken into consideration. It was obtained by dividing Net profit by total revenue.

Return on assets (ROA) : It was a ratio that assesses how effectively a business uses its assets to generate profits. It was calculated by dividing net profit by total assets.

Turnover/Activity ratios

Efficiency ratios measure a company's ability to manage its resources and operation effectively. This ratio demonstrates how much a company was efficient in replacing in terms of assets or liabilities in relation to sales.

The financial ratios can also be classified into asset turnover ratio, inventory turnover ratio, accounts receivable turnover ratio, and accounts payable turnover ratio.

Asset turnover ratio: It indicates how effectively a company was utilizing its assets to generate revenue, while the inventory turnover ratio measures a company's efficiency in managing inventory.

Accounts receivable turnover ratio: It indicates how efficiently a company was collecting its accounts receivable

Accounts payable turnover ratio: It measures a company's efficiency in paying its accounts payable.

Market value ratios or Financial ratios: These are also used to evaluate a company's financial health and performance. These ratios are calculated using financial statements such as income statements and balance sheets.

Few common market value ratios are:

Price-to-book ratio: It compares a company's stock price to its book value.

Debt-to-equity ratio: It compares a company's total debt to its total equity, indicating its financial leverage.

Earnings per share ratio: It measures the amount of earnings attributed to each share of the company's stock, and a rising EPS was generally a positive indication of a company's financial health and performance.

Dupont analysis: It is a framework for carrying out the fundamental analysis of company. It involves breaking down ROE into three components i.e. net profit margin, total asset turnover and financial leverage in order to understand their effect/ contribution towards ROE. Investors can use this to analyse which component of ROE

contribute how much towards ROE and based on their preferred criteria out of three components, they can take informed decision.

Comparative statement – It is a statement used to compare items of financial statements with that of their respective amounts in the financial statements of previous year. Changes are recorded in both absolute and percentage term. This is done because the impact of each item is different. For eg: from previous year to current year, if current assets increase, it is a good sign for business in terms of liquidity aspect but if current liabilities increase, it is a bad sign for business in terms of liquidity aspect.

Common-size statement – In this statement, each item of financial statement is expressed in terms of a particular common item of financial statements. This is done to facilitate comparison of firm's financial performance with its peers in the same industry and also facilitate comparison of firm's current year financial performance with previous years. For example: In common size balance sheet, each item is expressed as a % of total assets and total assets is taken as 100%.

Sustainable growth rate analysis – It is the maximum growth rate a company can achieved with its internal revenue.

1.2 Problem Statement

TCS and WIPRO are undoubtedly two of the major IT firms of India and thus their financial performance has a major impact on the performance of the Indian IT industry as a whole. Analysis of the financial statements of TCS and WIPRO was essential to understand their financial health and future growth prospects because of their considerable financial impact on the Indian IT industry. However, it was very challenging to generate useful insights from the financial statements due to the complexity and diversity of financial data. Therefore, the problem statement of this research project was to conduct a thorough analysis of TCS and Wipro's financial

statements using a variety of analytical tools, including ratio analysis, common size analysis, comparative statement analysis, Dupont analysis, statement of changes in working capital, and sustainable growth rate analysis, to learn more about their financial performance, profitability, liquidity, solvency, and sustainable growth rate. The project aimed to compare the financial performance of TCS and WIPRO on the basis of key metrics such as profitability and liquidity. The project aimed to provide a holistic view of the financial performance of TCS and Wipro and make recommendations to management and/or decision-making authority for improving their financial performance and competitiveness in the industry and to provide recommendations to external stakeholders of a company such as creditors, potential investors, etc based on the analysis of past financial statements of the company.

1.3 Objectives

- To conduct a thorough analysis of TCS and Wipro's past financial statements using various analytical tools to gain insights into their financial performance
- To evaluate the past financial performance of TCS and Wipro based on key metrics such as profitability, liquidity, solvency, and growth potential, and compare their performance to identify strengths and weaknesses
- To identify the key factors driving the financial performance of TCS and Wipro
- To provide recommendations to management/key decision-making authority for improving their financial performance and competitiveness in the industry
- To contribute to the existing body of knowledge on financial statement analysis and provide a comprehensive guide for conducting such analysis in the future
- To make recommendations to stakeholders of the companies including creditors, investors, potential investors etc. on the basis of analysis of past financial statements of the two companies
- To compare the financial performance of the businesses on the basis of key metrics such as profitability and liquidity

1.4 Scope of Study

1. It included financial data of TCS, WIPRO and their peers in Indian IT industry from FY 18 to FY 22.
2. This research project aimed to analyze the financial statements of TCS and Wipro using various tools such as ratio analysis, common size analysis, comparative statement analysis, Dupont analysis, statement of changes in working capital, and sustainable growth rate analysis. This research project evaluated the financial performance of TCS and Wipro based on key metrics such as profitability, liquidity, solvency, and sustainability growth rate, and compare their performance to identify strengths and weaknesses.
3. This research project developed recommendations to management/ decision-making authority for improving the financial performance and competitiveness of TCS and Wipro on the basis of analysis of past financial statements of the two companies
4. This research project provided recommendations to stakeholders of the companies including creditors, investors, potential investors etc. on the basis of analysis of past financial statements of the two companies.
5. This research project didn't include data for latest financial year FY 23, and the analysis was restricted only to publicly available financial statements or other publicly available data.
6. This research project compared the financial performance of the business on the basis of key metrics such as profitability and liquidity

2 LITERATURE REVIEW

The literature review of this project comprised of various studies, books, websites, research papers and case studies related to financial statement analysis. The aim of this literature review was to provide an overview of the previous work done in this field and to identify the research gaps.

The literature review comprised of:

- a. The research work titled "Comparative Analysis of Financial Performance: A Study with reference to TCS & INFOSYS" by Samrat Banerjee and Nikhil Modi, published in the IOSR Journal of Business and Management, May-June 2021, provided insights into the financial performance of TCS and Infosys.

To analyze the financial performance of TCS and Infosys, authors used a variety of financial methods and techniques. They have laid stress on the use of financial statement analysis in assessing the financial performance of a firm. Another important focus of the research was the significance of ratio analysis and common size analysis of financial statements in determining a company's financial performance. The authors examined the financial performance of TCS and Infosys based on a number of financial metrics, such as liquidity ratios, profitability ratios, and solvency ratios.

The conclusion of the study was that TCS has outperformed Infosys in terms of financial performance. The authors also accepted the limitations of financial ratios, and recommended that investors and analysts also take other elements including market conditions, industry trends, and management quality into account when making investment decisions. As a whole, the research offered insights into the financial performance of TCS and Infosys and made useful contribution in this research project.

- b. The case study "Financial Statement Analysis of Tata Consultancy Services Limited" by ICMR India presented an in-depth analysis of the financial performance of Tata Consultancy Services Limited. The study was based out of years 2017-2019, focusing on key financial ratios and indicators such as liquidity ratios, profitability ratios, and debt ratios. The case study involved analyzing the company's financial performance and critically examination of the factors that had contributed to the growth and success of TCS. The case study also emphasized on the significance of financial statement analysis in determining whether to invest in the company or not. It also laid stress on the importance of financial statement analysis in assessing the company's financial well-being.

The case study critically examined the financial performance of TCS using various financial analysis tools and methods and was very useful for completing this research project.

- c. The research work "A Case Study on Critical Analysis of Tcs" by Dr. Pratibha Jain and Prof. Megha Mehta from Sai Sinhgad Business School in Pune, India, published in, IOSR Journal of Business and Management, provided a detailed analysis of the financial statements of Tata Consultancy Services Limited. The authors have used various financial ratios, including liquidity, solvency, profitability, and efficiency ratios, to evaluate the company's financial performance over a five-year period from 2009 to 2013. The study has also focused on the company's financial strengths and weaknesses and highlighted the areas that require improvement. Moreover, the authors have made several recommendations to enhance the company's financial performance, such as improving inventory management, reducing operating expenses, etc. This case study provides valuable insights into the financial analysis of Tata Consultancy Services and provided great insights for this research project.

- d. Research paper authored by Deron Liang, Chia-Chi Lu, Chih-Fong Tsai, and Guan-An Shih titled "Financial ratios and corporate governance indicators in bankruptcy prediction: A comprehensive study", aimed to analyze the impact of financial ratios and corporate governance indicators on bankruptcy prediction.

The study conducted a thorough analysis of several corporate governance indicators and financial ratios in order to assess their effectiveness in anticipating bankruptcy risk.

Authors carried out their research on a sample of Taiwanese listed companies from 1999 to 2009. Logistic regression analysis was applied to assess the predictive ability of financial ratios and corporate governance indicators in bankruptcy prediction.

The research observed that financial ratios and corporate governance indicators are indeed the reliable predictors of bankruptcy. In particular, the study discovered that markers of corporate governance, such as board size, independence, and CEO duality, as well as variables like liquidity ratios, profitability ratios, leverage ratios, and had a substantial impact on bankruptcy prediction.

Overall, the study highlighted the importance of financial ratios and corporate governance indicators in predicting bankruptcy risk. The detailed analysis carried out by authors in this research and findings of this research helped a lot in this research project.

- e. The book, "Financial Statement Analysis: A Practitioner's Guide," by Martin S. Fridson and Fernando Alvarez, provided a detailed overview of financial statement analysis and its practical applications.

The authors emphasized the importance of financial ratios in assessing a company's financial health, with a particular focus on liquidity, profitability, and solvency ratios. They also emphasized on the importance of comparing a company's ratios with those of its competitors and industry averages to have a better understanding about the industry and thus have a better understanding about the performance of each company.

The book is divided into two parts: the first part focused on the foundations of financial analysis, including financial statement analysis techniques, ratio analysis, and forecasting while the second part covered specific industries, including banking, insurance, and retail.

The book laid emphasis on real-world examples, case studies, and exercises which made learning easy and interesting. The authors provided numerous case studies to illustrate how financial statement analysis can be used to evaluate companies across various industries. The case studies gave a real life example of how things actually work in the industry.

Overall, the book provided a comprehensive guide to financial statement analysis, with practical examples. The book's real-world examples and case studies help to bring the concepts to life. This book was a very valuable resource for this research project.

3 RESEARCH METHODOLOGY

The objective of this research project was to use a variety of financial analysis tools to undertake a thorough review of TCS and Wipro's financial statements. Major financial analysis tools used were Ratio analysis, Common size analysis, Dupont analysis, Comparative statement analysis, Statement of changes in working capital, and analysis of sustainable growth rate. The analysis was carried out to gain insights into the financial performance, profitability, liquidity, solvency, and growth potential of both companies. The project was also aimed to offer management and decision-making bodies recommendations for enhancing TCS and Wipro's financial performance based on the thorough analysis of past financial statements. Moreover, the project aimed to offer recommendations to external stakeholders, such as potential investors and creditors of the company. The research methodology of this project was designed in such a way so as to eliminate any potential research biases and ensure that results are valid and credible.

The research methodology adopted in this study was a descriptive, historical and analytical approach. The research used secondary data obtained from the annual reports and financial statements of Tata Consultancy Services Limited (TCS) and WIPRO and their peers in IT industry for the financial years 2018 to 2022.

The research project employed ratio analysis to evaluate the financial performance of TCS and WIPRO during the period under review. The ratios considered in the analysis include liquidity ratios, profitability ratios, activity ratios, and solvency ratios.

Furthermore, the study also employed a comparative analysis approach to evaluate the financial performance of TCS with its competitor, WIPRO. This comparison was made by analyzing the financial ratios of TCS and WIPRO for the same period.

Moreover, financial ratios of TCS and WIPRO were also compared with their peers in Indian IT sector.

The study was constrained by multiple factors, including dependence on secondary data and a narrow emphasis on TCS and WIPRO for analyzing financial performance of Indian IT sector. In addition, the latest financial year data (FY 23) was not included in the report's preparation due to unavailability. The study also acknowledged that ratio analysis is insufficient to capture the intricate nature of financial performance.

In order to analyze the financial performance of Tata Consultancy Services Limited (TCS) and WIPRO, a research methodology had been used that involved analyzing financial statements for the past five years, utilizing comparative statements. Throughout this process financial ratios have been examined critically in order to obtain a comprehensive understanding about financial performance of two companies.

The research design for this project was descriptive and historical in nature, as it aimed to describe and analyze the financial performance of TCS and WIPRO over a period of five years. The data collection process will involve the use of secondary data sources, such as annual reports, financial statements, and other relevant financial information from the company's website and other financial databases such as moneycontrol.com, etc.

Financial ratios were also compared with other major players in Indian IT industry. Companies included were TCS, WIPRO, LTIMindtree, HCL Technologies and Infosys. Various analysis methods were used. These were Du Pont analysis, Cash Flow statement analysis, balance sheet analysis, Income Statement analysis, Sustainable growth rate analysis, common size analysis, comparative financial

statement analysis and statement of changes in working capital were also prepared in order to perform deep analysis of financial statements of TCS and WIPRO.

Tables, charts, and graphs were used for analysis and better visual representation of the financial data. The analysis was used to make recommendations for improvement in TCS's financial performance, based on the findings of the research. The analysis was also used to make key recommendations and support decision -making to external stakeholders, mainly creditors, investors and potential investors.

To ensure the validity and credibility of the research findings, several measures were taken. The data was collected from credible sources. These sources were audited financial statements of company available on company's website and moneycontrol.com to ensure that the information gathered was accurate and reliable. The research findings was reviewed by experts in the field of financial analysis which further confirmed the validity and credibility of this research.

In order to reduce research biases in research methodology, several steps have been undertaken. Research objectives and questions have been clearly defined to avoid any ambiguity that could lead to any bias. A comprehensive literature review was conducted to identify potential biases that have been previously identified in similar research, and the information obtained from literature review have guided this research. It has been ensured that research methods are appropriate and relevant for the research question. There was transparency about any potential biases or limitations of research in all the sections of this research report.

In conclusion, this research project aimed to provide a comprehensive analysis of the financial performance of TCS and WIPRO using a variety of financial analysis tools. The research methodology involved the use of secondary data and was conducted using a descriptive and historical research design. The results of the analysis have been presented in a clear and concise manner. The outcome of the analysis was used to make recommendations for improvement in financial performance of TCS and WIPRO.

4. ANALYSIS AND DISCUSSIONS

Data collection:

The research methodology for this project was designed to collect and analyze data on the financial performance of Tata Consultancy Services Limited (TCS) and WIPRO using a comparative analysis approach. This involved a detailed examination of the financial statements of TCS and WIPRO for the five year period from FY 18 to FY 22. The data for FY 23 was not taken because it was unavailable at the time of preparation of this research report.

The research design for this project was descriptive and historical in nature, as it aimed to describe and analyze the financial performance of TCS and WIPRO from the historical financial data. The data collection process involved the use of secondary data sources, such as annual reports, financial statements, and other relevant financial information from the company's website and other financial databases such as moneycontrol.com, etc.

Data analysis:

Financial statements

Standalone Balancesheet of TCS

| <u>STANDALONE BALANCE</u> | <u>MAR 22</u> | <u>MAR 21</u> | <u>MAR 20</u> | <u>MAR 19</u> | <u>MAR 18</u> |
|------------------------------|---------------|---------------|---------------|---------------|---------------|
| <u>SHEET OF TATA</u> | | | | | |
| <u>CONSULTANCY</u> | | | | | |
| <u>SERVICES (in Rs. Cr.)</u> | | | | | |

| | 12 mths | 12 mths | 12 mths | 12 mths | 12 mths |
|--------------------------------------|------------------|------------------|------------------|------------------|------------------|
| EQUITIES AND LIABILITIES | | | | | |
| SHAREHOLDER'S FUNDS | | | | | |
| Equity Share Capital | 366.00 | 370.00 | 375.00 | 375.00 | 191.00 |
| TOTAL SHARE CAPITAL | 366.00 | 370.00 | 375.00 | 375.00 | 191.00 |
| Reserves and Surplus | 76,807.00 | 74,424.00 | 73,993.00 | 78,523.00 | 75,675.00 |
| TOTAL RESERVES AND SURPLUS | 76,807.00 | 74,424.00 | 73,993.00 | 78,523.00 | 75,675.00 |
| TOTAL SHAREHOLDERS FUNDS | 77,173.00 | 74,794.00 | 74,368.00 | 78,898.00 | 75,866.00 |
| NON-CURRENT LIABILITIES | | | | | |
| Long Term Borrowings | 0.00 | 0.00 | 0.00 | 0.00 | 39.00 |
| Deferred Tax Liabilities [Net] | 129.00 | 365.00 | 347.00 | 339.00 | 424.00 |
| Other Long Term Liabilities | 6,060.00 | 5,697.00 | 6,234.00 | 1,367.00 | 643.00 |
| Long Term Provisions | 0.00 | 0.00 | 0.00 | 0.00 | 26.00 |
| TOTAL NON-CURRENT LIABILITIES | 6,189.00 | 6,062.00 | 6,581.00 | 1,706.00 | 1,132.00 |
| CURRENT LIABILITIES | | | | | |
| Short Term Borrowings | 0.00 | 0.00 | 0.00 | 0.00 | 181.00 |
| Trade Payables | 10,082.00 | 7,962.00 | 8,734.00 | 7,692.00 | 4,775.00 |

| | | | | | |
|--------------------------------------|-------------------|-------------------|-------------------|------------------|------------------|
| Other Current Liabilities | 26,442.00 | 19,213.00 | 15,057.00 | 11,030.00 | 8,931.00 |
| Short Term Provisions | 1,377.00 | 1,350.00 | 235.00 | 174.00 | 171.00 |
| TOTAL CURRENT LIABILITIES | 37,901.00 | 28,525.00 | 24,026.00 | 18,896.00 | 14,058.00 |
| TOTAL CAPITAL AND LIABILITIES | 121,263.00 | 109,381.00 | 104,975.00 | 99,500.00 | 91,056.00 |
| ASSETS | | | | | |
| NON-CURRENT ASSETS | | | | | |
| Tangible Assets | 15,506.00 | 15,697.00 | 15,883.00 | 9,522.00 | 9,430.00 |
| Intangible Assets | 1,018.00 | 362.00 | 239.00 | 139.00 | 10.00 |
| Capital Work-In-Progress | 1,146.00 | 861.00 | 781.00 | 834.00 | 1,238.00 |
| Other Assets | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| FIXED ASSETS | 17,670.00 | 16,920.00 | 16,903.00 | 10,495.00 | 10,678.00 |
| Non-Current Investments | 2,405.00 | 2,405.00 | 2,189.00 | 2,189.00 | 2,186.00 |
| Deferred Tax Assets [Net] | 2,779.00 | 3,160.00 | 2,219.00 | 2,097.00 | 3,051.00 |
| Long Term Loans And Advances | 8.00 | 2.00 | 2.00 | 2.00 | 1,503.00 |
| Other Non-Current Assets | 4,209.00 | 3,734.00 | 4,468.00 | 5,685.00 | 5,416.00 |
| TOTAL NON-CURRENT ASSETS | 27,071.00 | 26,221.00 | 25,781.00 | 20,468.00 | 22,834.00 |
| CURRENT ASSETS | | | | | |

| | | | | | |
|--|-------------------|-------------------|-------------------|------------------|------------------|
| Current Investments | 29,262.00 | 28,324.00 | 25,686.00 | 28,280.00 | 35,073.00 |
| Inventories | 19.00 | 7.00 | 5.00 | 10.00 | 25.00 |
| Trade Receivables | 29,852.00 | 25,222.00 | 28,660.00 | 24,029.00 | 18,882.00 |
| Cash And Cash Equivalents | 13,692.00 | 3,142.00 | 4,824.00 | 8,900.00 | 3,487.00 |
| Short Term Loans And Advances | 5,653.00 | 10,486.00 | 7,270.00 | 7,018.00 | 2,793.00 |
| OtherCurrentAssets | 15,714.00 | 15,979.00 | 12,749.00 | 10,795.00 | 7,962.00 |
| TOTAL CURRENT ASSETS | 94,192.00 | 83,160.00 | 79,194.00 | 79,032.00 | 68,222.00 |
| TOTAL ASSETS | 121,263.00 | 109,381.00 | 104,975.00 | 99,500.00 | 91,056.00 |
| OTHER ADDITIONAL INFORMATION | | | | | |
| CONTINGENT LIABILITIES, COMMITMENTS | | | | | |
| Contingent Liabilities | 2,050.00 | 1,609.00 | 1,869.00 | 4,721.00 | 8,355.00 |
| CIF VALUE OF IMPORTS | | | | | |
| Raw Materials | 0.00 | 0.00 | 0.00 | 447.00 | 0.00 |
| Stores, Spares And Loose Tools | 216.00 | 241.00 | 569.00 | 0.00 | 768.00 |
| Trade/Other Goods | 216.00 | 241.00 | 569.00 | 0.00 | 768.00 |
| Capital Goods | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

| | | | | | |
|--|------------|------------|------------|------------|-----------|
| EXPENDITURE IN FOREIGN EXCHANGE | | | | | |
| Expenditure In Foreign Currency | 63,689.00 | 54,800.00 | 51,748.00 | 49,336.00 | 33,014.00 |
| REMITTANCES IN FOREIGN CURRENCIES FOR DIVIDENDS | | | | | |
| Dividend Remittance In Foreign Currency | -- | -- | -- | -- | -- |
| EARNINGS IN FOREIGN EXCHANGE | | | | | |
| FOB Value Of Goods | -- | -- | -- | -- | -- |
| Other Earnings | 155,240.00 | 130,720.00 | 128,501.00 | 119,499.00 | 92,258.00 |
| BONUS DETAILS | | | | | |
| Bonus Equity Share Capital | 334.35 | 338.01 | 342.58 | 342.58 | 151.15 |
| NON-CURRENT INVESTMENTS | | | | | |
| Non-Current Investments Quoted Market Value | -- | -- | -- | -- | -- |
| Non-Current Investments Unquoted Book Value | 2,405.00 | 2,405.00 | 2,189.00 | 2,189.00 | 2,186.00 |
| CURRENT INVESTMENTS | | | | | |
| Current Investments Quoted | 29,263.00 | 28,324.00 | 25,686.00 | 28,218.00 | 25,972.00 |

| | | | | | |
|---------------------|----|----|----|----------|----------|
| Market Value | | | | | |
| Current Investments | -- | -- | -- | 2,252.00 | 9,101.00 |
| Unquoted Book Value | | | | | |

Source : [Dion Global Solutions Limited](#)

Standalone Profit&Loss account of TCS

Tata Consultancy Services

| Standalone Profit & Loss account | ----- in Rs. Cr. ----- | | | | |
|----------------------------------|------------------------|-------------------|-------------------|-------------------|----------------|
| | Mar '22 | Mar '21 | Mar '20 | Mar '19 | Mar '18 |
| | 12 mths | 12 mths | 12 mths | 12 mths | 12 mths |
| Income | | | | | |
| Sales Turnover | 160,341 | 135,963.00 | 131,306.00 | 123,170.00 | 97,356 |
| Net Sales | 160,341 | 135,963.00 | 131,306.00 | 123,170.00 | 97,356 |
| Other Income | 7,627.00 | 4,169.00 | 7,759.00 | 7,613.00 | 5,889 |
| Total Income | 167,968. | 140,132.00 | 139,065.00 | 130,783.00 | 103,245 |
| Expenditure | | | | | |
| Employee Cost | 81,097.0 | 69,046.00 | 64,906.00 | 59,377.00 | 51,499 |
| Other Manufacturing Expenses | 1,010.00 | 1,230.00 | 1,596.00 | 2,003.00 | 2,006 |
| Miscellaneous Expenses | 31,989.0 | 25,377.00 | 27,451.00 | 26,826.00 | 16,046 |
| Total Expenses | 114,096 | 95,653.00 | 93,953.00 | 88,206.00 | 69,551 |

| | Mar '22 | Mar '21 | Mar '20 | Mar '19 | Mar'18 |
|-------------------------------------|-----------------|------------------|------------------|------------------|---------------|
| | 12 mths | 12 mths | 12 mths | 12 mths | 12 mths |
| Operating Profit | 46,245.0 | 40,310.00 | 37,353.00 | 34,964.00 | 27,805 |
| PBDIT | 53,872.0 | 44,479.00 | 45,112.00 | 42,577.00 | 33,694 |
| Interest | 486.00 | 537.00 | 743.00 | 170.00 | 30.00 |
| PBDT | 53,386.0 | 43,942.00 | 44,369.00 | 42,407.00 | 33,664 |
| Depreciation | 3,522.00 | 3,053.00 | 2,701.00 | 1,716.00 | 1,647 |
| Profit Before Tax | 49,864.0 | 40,889.00 | 41,668.00 | 40,691.00 | 32,017 |
| PBT (Post Extra-ord Items) | 49,864.0 | 40,889.00 | 41,668.00 | 40,691.00 | 32,017 |
| Tax | 11,536 | 9,942.00 | 8,731.00 | 10,640.00 | 6,690 |
| Reported Net Profit | 38,187 | 30,960.00 | 33,260.00 | 30,065.00 | 25,241 |
| Total Value Addition | 114,096 | 95,653.00 | 93,953.00 | 88,206.00 | 69,551. |
| Equity Dividend | 13,317 | 10,850.00 | 31,896.00 | 10,085.00 | 9,284 |
| Corporate Dividend Tax | 0.00 | 0.00 | 5,738.00 | 1,339.00 | 1,442 |
| Per share data (annualiased) | | | | | |
| Shares in issue (lakhs) | 36,590.5 | 36,990.51 | 37,523.85 | 37,523.85 | 19,142 |
| Earning Per Share (Rs) | 104.36 | 83.70 | 88.64 | 80.12 | 131.86 |
| Equity Dividend (%) | 4,300.00 | 3,800.00 | 7,300.00 | 3,000.00 | 5,000.0 0 |
| Book Value (Rs) | 210.91 | 202.20 | 198.19 | 210.26 | 396.31 |

Source : **Dion Global Solutions Limited**

Cash Flow statement of Tata Consultancy Services

| CASH FLOW OF TATA CONSULTANCY SERVICES (in Rs. Cr.) | MAR 22 | MAR 21 | MAR 20 | MAR 19 | MAR 18 |
|--|-------------------|-------------------|---------------|-----------------|---------------|
| | 12 mths | 12 mths | 12 mths | 12 mths | 12 mths |
| NET PROFIT /LOSS BEFORE EXTRAORDINARY ITEMS AND TAX | 38,187 | 30,960 | 33,260 | 30,065 | 25,241 |
| Net CashFlow From Operating Activities | 36,127 | 33,822 | 26,603 | 23,998 | 21,587 |
| Net Cash Used In Investing Activities | 3,642.00 | 4,576.00 | 12,829 | 5,883.00 | 5,634.00 |
| Net Cash Used From Financing Activities | -32,797 | 32,023 | 39,045.00 | 27,825.00 | 26,827.00 |
| Foreign Exchange Gains / Losses | 113.00 | 37.00 | 138.00 | -7.00 | 94.00 |
| Adjustments On Amalgamation Merger Demerger Others | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| NET INC/DEC IN | 7,085.00 | - | 525.00 | 2,049.00 | 488.00 |

| | | | | | |
|---|-----------------|----------|----------|----------|----------|
| CASH AND CASH EQUIVALENTS | 2,740.00 | | | | |
| Cash And Cash Equivalents Begin of Year | 1,112.00 | 3,852.00 | 3,327.00 | 1,278.00 | 790.00 |
| Cash And Cash Equivalents End Of Year | 8,197.00 | 1,112.00 | 3,852.00 | 3,327.00 | 1,278.00 |

Source : [Dion Global Solutions Limited](#)

Standalone Balancesheet of WIPRO

| Standalone Balance Sheet | ----- in Rs. Cr. ----- | | | | |
|-----------------------------------|-------------------------------|------------------|------------------|------------------|------------------|
| | Mar 22 | Mar 21 | Mar 20 | Mar 19 | Mar 18 |
| | 12 mths | 12 mths | 12 mths | 12 mths | 12 mths |
| EQUITIES AND LIABILITIES | | | | | |
| SHAREHOLDER'S FUNDS | | | | | |
| Equity Share Capital | 1,096.40 | 1,095.80 | 1,142.70 | 1,206.80 | 904.80 |
| Total Share Capital | 1,096.40 | 1,095.80 | 1,142.70 | 1,206.80 | 904.80 |
| Reserves and Surplus | 53,254.30 | 44,145.80 | 45,311.00 | 48,185.20 | 41,357.80 |
| Total Reserves and Surplus | 53,254.30 | 44,145.80 | 45,311.00 | 48,185.20 | 41,357.80 |
| Total Shareholders Funds | 54,350.70 | 45,241.60 | 46,453.70 | 49,392.00 | 42,262.60 |

| | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|
| NON-CURRENT LIABILITIES | | | | | |
| Long Term Borrowings | 5.70 | 14.10 | 25.10 | 22.00 | 72.40 |
| Deferred Tax Liabilities [Net] | 0.00 | 130.50 | 0.00 | 10.40 | 46.30 |
| Other Long Term Liabilities | 2,788.60 | 2,129.20 | 2,170.50 | 1,309.50 | 1,085.30 |
| Long Term Provisions | 64.10 | 88.50 | 213.30 | 119.60 | 168.80 |
| Total Non-Current Liabilities | 2,858.40 | 2,362.30 | 2,408.90 | 1,461.50 | 1,372.80 |
| CURRENT LIABILITIES | | | | | |
| Short Term Borrowings | 7,673.40 | 5,791.20 | 5,001.90 | 5,052.20 | 4,647.70 |
| Trade Payables | 4,685.10 | 4,348.50 | 4,542.60 | 4,765.50 | 4,176.20 |
| Other Current Liabilities | 9,446.90 | 6,705.30 | 5,769.10 | 5,397.90 | 5,418.60 |
| Short Term Provisions | 1,368.30 | 1,287.40 | 1,130.20 | 929.00 | 793.40 |
| Total Current Liabilities | 23,173.70 | 18,132.40 | 16,443.80 | 16,144.60 | 15,035.90 |
| Total Capital And Liabilities | 80,382.80 | 65,736.30 | 65,306.40 | 66,998.10 | 58,671.30 |
| ASSETS | | | | | |
| NON-CURRENT ASSETS | | | | | |
| Tangible Assets | 7,386.60 | 6,578.70 | 5,863.30 | 3,874.20 | 3,802.60 |
| Intangible Assets | 651.10 | 709.40 | 776.10 | 526.80 | 564.40 |
| Capital Work-In-Progress | 1,584.50 | 1,848.00 | 1,873.50 | 2,112.70 | 1,290.60 |

| | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|
| Fixed Assets | 9,622.20 | 9,136.10 | 8,512.90 | 6,513.70 | 5,657.60 |
| Non-Current Investments | 16,557.20 | 8,206.70 | 7,735.00 | 8,250.30 | 5,841.60 |
| Deferred Tax Assets [Net] | 53.30 | 47.40 | 433.30 | 391.00 | 452.00 |
| Other Non-Current Assets | 2,377.90 | 2,966.60 | 2,911.90 | 4,112.70 | 3,752.80 |
| Total Non-Current Assets | 28,610.60 | 20,356.80 | 19,593.10 | 19,267.70 | 15,704.00 |
| CURRENT ASSETS | | | | | |
| Current Investments | 24,073.70 | 17,495.20 | 18,963.50 | 21,998.80 | 24,841.20 |
| Inventories | 87.50 | 91.00 | 174.10 | 340.30 | 294.30 |
| Trade Receivables | 9,295.40 | 8,046.20 | 9,257.00 | 10,648.60 | 9,502.00 |
| Cash And Cash Equivalents | 4,898.10 | 9,783.20 | 10,444.00 | 10,390.20 | 2,322.00 |
| Short Term Loans And Advances | 1,913.00 | 4,201.50 | 947.20 | 0.00 | 0.00 |
| Other Current Assets | 11,504.50 | 5,762.40 | 5,927.50 | 4,352.50 | 6,007.80 |
| Total Current Assets | 51,772.20 | 45,379.50 | 45,713.30 | 47,730.40 | 42,922.20 |
| Total Assets | 80,382.80 | 65,736.30 | 65,306.40 | 66,998.10 | 58,671.30 |
| OTHER ADDITIONAL INFORMATION | | | | | |
| CONTINGENT LIABILITIES, COMMITMENTS | | | | | |
| Contingent Liabilities | 8,271.50 | 1,999.00 | 2,693.50 | 2,618.90 | 16,696.10 |

| | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|
| CIF VALUE OF IMPORTS | | | | | |
| EXPENDITURE IN FOREIGN EXCHANGE | | | | | |
| Expenditure In Foreign Currency | 25,960.20 | 21,329.50 | 22,949.10 | 23,036.20 | 20,783.10 |
| REMITTANCES IN FOREIGN CURRENCIES FOR DIVIDENDS | | | | | |
| Dividend Remittance In Foreign Currency | - | - | - | - | - |
| EARNINGS IN FOREIGN EXCHANGE | | | | | |
| FOB Value Of Goods | - | - | - | - | 39,180.70 |
| Other Earnings | 54,849.00 | 46,344.70 | 46,079.40 | 44,458.40 | - |
| BONUS DETAILS | | | | | |
| Bonus Equity Share Capital | 1,094.34 | 1,094.34 | 1,141.18 | 1,205.19 | 885.67 |
| NON-CURRENT INVESTMENTS | | | | | |
| Non-Current Investments Quoted Market Value | 4.10 | 2.60 | - | - | - |
| Non-Current Investments Unquoted Book Value | 16,553.10 | 8,204.10 | 7,735.00 | 8,250.30 | 5,841.60 |
| CURRENT INVESTMENTS | | | | | |
| Current Investments Quoted Market Value | 19,090.20 | 13,138.20 | 13,546.10 | 14,201.80 | 15,289.10 |

| | | | | | |
|---------------------|----------|----------|----------|----------|----------|
| Current Investments | 4,983.50 | 4,357.00 | 5,417.40 | 7,797.00 | 9,552.10 |
| Unquoted Book Value | | | | | |

Source : **Dion Global Solutions Limited**

Standalone Profit & Loss account of WIPRO

| Standalone Profit & Loss account | ----- in Rs. Cr. ----- | | | | |
|-------------------------------------|------------------------|-----------------|-----------------|-----------------|-----------------|
| | Mar '22 | Mar '21 | Mar '20 | Mar '19 | Mar '18 |
| | 12 mths | 12 mths | 12 mths | 12 mths | 12 mths |
| Income | | | | | |
| Sales Turnover | 59,574.4 | 50,299.4 | 50,407.0 | 48,123.8 | 44,710.0 |
| Net Sales | 59,574.4 | 50,299.4 | 50,407 | 48,123.8 | 44,710.0 |
| Other Income | 4,706.10 | 2,382.90 | 2,476.60 | 2,568.60 | 2,479.60 |
| Stock Adjustments | 6.40 | -34.50 | -159.90 | 55.30 | -57.70 |
| Total Income | 64,286.9 | 52,647.8 | 52,723.7 | 50,747.7 | 47,131.9 |
| Expenditure | | | | | |
| Raw Materials | 488.80 | 587.90 | 798.30 | 1,142.00 | 1,469.60 |
| Employee Cost | 31,542.4 | 26,467.3 | 26,171.8 | 23,808.5 | 21,756.2 |
| Other Manufacturing Expenses | 14,109.6 | 10,675.4 | 12,378.4 | 12,505.1 | 11,076.3 |
| Selling and Admin | 162.40 | 83.90 | 222.70 | 230.40 | 0.00 |

| | | | | | |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Expenses | | | | | |
| Miscellaneous Expenses | 866.40 | 396.60 | 468.50 | 1,732.00 | 1,396.40 |
| Total Expenses | 47,169.6 | 38,211.1 | 40,039.7 | 39,418.0 | 35,698 |
| | Mar '22 | Mar '21 | Mar '20 | Mar '19 | Mar '18 |
| | 12 mths | 12 mths | 12 mths | 12 mths | 12 mths |
| Operating Profit | 12,411.2 | 12,053.8 | 10,207.4 | 8,761.10 | 8,953.80 |
| PBDIT | 17,117.3 | 14,436.7 | 12,684.0 | 11,329.7 | 11,433.4 |
| Interest | 367.40 | 402.60 | 535.20 | 524.90 | 384.30 |
| PBDT | 16,749.9 | 14,034.1 | 12,148.8 | 10,804.8 | 11,049.1 |
| Depreciation | 1,485.70 | 1,349.30 | 1,141.10 | 934.30 | 1,014.80 |
| Profit Before Tax | 15,264.2 | 12,684 | 11,007.7 | 9,870.50 | 10,034.3 |
| PBT (Post Extra-ord Items) | 15,264.2 | 12,684.8 | 11,007.7 | 9,870.50 | 10,034.3 |
| Tax | 3,128.90 | 2,623.90 | 2,327.00 | 2,256.50 | 2,311.50 |
| Reported Net Profit | 12,135.3 | 10,060.9 | 8,680.70 | 7,614.00 | 7,722.80 |
| Total Value Addition | 46,680.8 | 37,623.2 | 39,241.4 | 38,276.0 | 34,228.9 |
| | 0 | 0 | 0 | 0 | 0 |
| Equity Dividend | 3,289.10 | 547.80 | 688.70 | 545.40 | 544.60 |
| Per share data (annualised) | | | | | |
| Shares in issue (lakhs) | 54,820.7 | 54,791.3 | 57,133.5 | 60,339.3 | 45,237.8 |
| Earning Per Share (Rs) | 22.14 | 18.36 | 15.19 | 12.62 | 17.07 |

| | | | | | |
|---------------------|--------|-------|-------|-------|-------|
| Equity Dividend (%) | 300.00 | 50.00 | 50.00 | 50.00 | 50.00 |
| Book Value (Rs) | 99.14 | 82.57 | 81.31 | 81.86 | 93.42 |

Source : **Dion Global Solutions Limited**

Standalone cashflow statement of WIPRO

| Cash Flow | ----- in Rs. Cr. ----- | | | | |
|---|------------------------|-----------------|----------------|----------------|-----------------|
| | Mar '22 | Mar '21 | Mar '20 | Mar '19 | Mar '18 |
| | 12 mths | 12 mths | 12 mths | 12 mths | 12 mths |
| Net Profit Before Tax | 12135.30 | 10060.90 | 8680.70 | 7614.00 | 7722.80 |
| Net Cash From Operating Activities | 7240.50 | 12727.70 | 9068.10 | 10210.10 | 6470.90 |
| Net Cash (used in)/from Investing Activities | 12611.10 | -1275.00 | 3202.70 | -370.60 | 5002.30 |
| Net Cash (used in)/from Financing Activities | 494.70 | 12105.70 | 12233.00 | -1395.10 | 12918.40 |
| Net (decrease)/increase In Cash and Cash Equivalents | -4885.10 | -660.80 | 54.10 | 8447.40 | -1440.00 |
| Opening Cash & Cash Equivalents | 9783.20 | 10444.00 | 10389.90 | 1942.50 | 3362.20 |
| Closing Cash & Cash | 4898.10 | 9783.20 | 10444.00 | 10389.90 | 1922.20 |

Equivalents

Source : **Dion Global Solutions Limited**

Ratio analysis

Ratios of TCS for financial year ending 31st march 2022(everything in Rs Cr unless mentioned)

Table 4.1

| Ratio | Type of ratio | Formula | Value |
|---------------------------------------|----------------------|--|---------------------------------|
| Current (X) | Liquidity | = current assets/current liabilities | = 94192/37901 = 2.49 |
| Debt-to-equity(X) | Profitability | =total debt/total shareholder's equity | = 0 |
| Debt-to-assets(X) | Leverage/solvency | = total debt/total assets | = 0 |
| Interest coverage | Solvency | = Ebit/interest expense | = 50209 /486 = 110 |
| Gross profit margin | Profitability | =(grossprofit/net sales)*100 | =(53872/160341)*100 =33.5% |
| Net profit margin | Profitability | =(net profit/net sales)*100 | = (38187 /160341)*100 = 23.8% |
| Return on assets | Return | = (net income/total assets) *100 | = (38187/121263)*100 = 31.49% |
| Asset turnover(X) | Profitability | = sales/average total assets | 160341/(121263+109381)/2 = 1.39 |
| Inventory turnover(X) | Liquidity | = cost of goods sold/average inventory | = 0 |
| Account receivable turnover(X) | Turnover ratios | = debtors/average account receivable | = 29852/27537 = 1.04 |
| Account payable turnover(X) | Turnover ratios | =creditors/average account payable | = 10082/9022 = 1.11 |
| P/B(X) | Valuation | = market price per share/ Book value per share | = 17.73 |
| ROE (%) | Return | =netincome/shareholder's | = (38187/77173)*100 |

| | | | |
|------------------------------|---------------|--|--|
| | | equity | = 49 |
| ROCE (%) | Return | = (EBIT/Capital employed)*100 | = [50209 / (121263-37901) * 100] = 60.23% |
| EV/EBITDA | Valuation | = enterprise value/ebitda | = 1358113 /53872 = 25.21 |
| Operating margin(%) | Profitability | =(operating profit/net sales)*100 | =(46,245/160341)*100 = 28.84 |
| Days receivable ratio | - | = 365/ Account receivable turnover ratio | = 365/1.04 = 351 days |
| Quick (X) | Liquidity | = (current assets-inventory)/current liabilities | = (94192-19)/37901 = 2.48 |

Own analysis

Ratios of WIPRO for financial year ending 31st march 2022(everything in Rs cr. unless mentioned)

Table 4.2

| Ratio | Type of ratio | Formula | Value |
|------------------------------|-------------------|--|-------------------------------------|
| Current (X) | Liquidity | = current assets/current liabilities | = 30129/18353 = 1.64 |
| Quick (X) | Liquidity | = (current assets-inventory)/current liabilities | =(30129-88)/18353= 1.63 |
| Debt-to-equity(X) | profitability | = total debt/total shareholder's equity | = 7679/54850 = .14 |
| Debt-to-assets(X) | Leverage/solvency | = total debt/total assets | = 7679/62029.8 = .12 |
| Interest coverage | solvency | = Ebit/interest expense | = (12135+367.4+3129)/367.4 = 42.54 |
| Gross profit margin | profitability | =(gross profit/net sales)*100 | =(17,117.30/59,574.40)*100 =28.73% |
| Net profit margin | profitability | =(net profit/net sales)* 100 | =(12135.30 /59,574.40)*100 = 20.36% |
| Asset turnover(X) | profitability | = sales/average total assets | =59,574.40 /73059(*2) = .81 |
| Inventory turnover(X) | Liquidity | = cost of goods sold/average inventory | = 42457/89.25(*1) = 475.7 |
| P/B(X) | Valuation | = market value per share/BV Per share | = 5.97 |
| P/E(X) | Valuation | = share price/earning per share | 26.66 |

| | | | |
|---------------------------------------|-----------------|---|--|
| ROE (%) | Return | = net income/ shareholder's equity | = (12135.30 /54350.7)*100 = 22 |
| ROCE (%) | Return | = (EBIT/Capital employed)*100 | = [15629 / (80382.8-23173.7) * 100] = 27.31 |
| EV/EBITDA(X) | Valuation | = enterprise value/ebitda | =327283/17117.3 =19.12 |
| Operating profit margin(%) | Profitability | =(operating profit/net sales)*100 | =(12411.2/59,574.40)*100 = 20.83 |
| Account receivable turnover(X) | Turnover ratios | = debtors/average account receivable | = 9295/8670.5 = 1.07 |
| Account payable turnover(X) | Turnover ratios | = creditors/average account payable | = 4685.1/4517 = 1.03 |
| Days receivable | - | = 365/Account receivable turnover ratio | = 365/1.07 = 341 days |

Own analysis

Notes to accounts:

*1. average inventory = $(87.5+91)/2 = 89.25$

*2. average asset = $(80382+65736)/2 = 73059$

EBIT = net income +interest +tax

Capital employed = total assets – current liabilities

It was assumed that trade receivable and debtors are same in both TCS and WIPRO and the same goes for trade payable and creditors.

Cross-sectional analysis of key financials of TCS and WIPRO with their peers (financial year ending 31st march, 2022)

Table 4.3

| Company | P/B(X) | ROE(%) | Net Profit(Rs. cr) | Net Sales(Rs. cr) | Debt to Equity | P/E(X) | Net profit margin(%) | Current ratio (X) |
|---------|--------|--------|--------------------|-------------------|----------------|--------|----------------------|-------------------|
|---------|--------|--------|--------------------|-------------------|----------------|--------|----------------------|-------------------|

| | | | | | | | | |
|--------------------|-------|-------|--------|--------|------|-------|-------|------|
| TCS | 17.23 | 49.48 | 38,187 | 160341 | 0.00 | 36.23 | 23.8 | 2.49 |
| Infosys | 11.57 | 29.34 | 22,146 | 121641 | 0.00 | 37.93 | 18.2 | 2 |
| HCL Tech | 4.87 | 21.80 | 13,524 | 85,651 | 0.06 | 29.02 | 15.78 | 2.56 |
| Wipro | 5.97 | 22.32 | 12,237 | 59574 | 0.14 | 26.66 | 26.23 | 1.64 |
| LTIMindtree | 9.19 | 26.05 | 2,298 | 15,668 | 0.09 | 47.66 | 15.69 | 3.04 |

Source: moneycontrol.com

Key information obtained from the ratio analysis of TCS:

1. The current ratio gauges the company's capacity to meet short-term and long-term obligations. It was 2.49x, only behind LTIMindtree and HCL Tech for FY 22 among its major competitors. The higher this ratio the better it is for the company.

2. Interest Coverage Ratio of TCS was 110x in FY22. The ease with which a corporation can pay its interest expense on outstanding debt was shown by its interest coverage ratio. The higher this ratio the better it is for the company. It was better than Wipro which has the Interest Coverage Ratio of 42.54 x in FY22.

3. Return on Equity (ROE) for the company stood at 49.48% during FY22. The ROE measures the ability of a firm to generate profits from its shareholders capital in the company. The higher this ratio the better it is for the company. It was best for TCS as compared to its major competitors in Indian IT sector.

4. Return on Capital Employed (ROCE) stood at 60.23% during FY22. The ROCE gauges capacity of a firm to generate profits from its total capital (shareholder capital plus debt capital) employed in the company. The higher this ratio the better it was for the company. It was better than Wipro which have ROCE of 27.31% for financial year 2022.

5. P/E ratio of TCS stood at 36.23 x for FY22. A high P/E ratio could indicate that a stock was overvalued and its price was overvalued in relation to its earnings. On the other hand, a low P/E ratio can suggest that the present stock price was undervalued in comparison to earnings. The lower this ratio the better it is for the investors. TCS stock was overvalued wrt to Wipro whose P/E ratio was 26 x for FY22. Potential investors should be cautious.

6. Net Profit Margin (%) ratio of TCS stood at 23.8% for FY22. The ratio of net income to revenues received is known as the net profit margin. Investors can

determine whether a company's management and/or decision-makers was making enough profit from sales and whether operational expenditures and overhead expenses are in check using the net profit margin. The higher this ratio the better it is for the company. Net Profit Margin (%) ratio of TCS was second only to that of WIPRO, for which Net Profit Margin (%) ratio stood at approximately 26% for FY 22.

7. Days receivable indicates the time taken for company to turn its credit sales into cash. Thus, in general, lower the days receivable, the more it was better. TCS has been poor in terms of days receivable with days receivable of 351 days as compared to that of 341 days in case of WIPRO.

8. TCS's quick ratio was 2.48 for FY 22. A current ratio of greater than 1 indicates that company has enough capacity in terms of its quick assets in order to cover its current liabilities. So TCS has main fairly decent quick ratio and was better than WIPRO's quick ratio of 1.63 for the same period.

9. Account receivable turnover ratio of TCS was 1.04, slightly lower than that of WIPRO which has Account receivable turnover ratio of 1.07, for FY 22. Higher account receivable turnover ratio shows that company was receiving cash from its debtors more frequently. Thus, in general, higher Account receivable turnover ratio was considered better.

Key information obtained from the ratio analysis of WIPRO:

1. Interest Coverage Ratio of WIPRO was 42.54 x in FY22 but it was approx 110x in case of TCS. The ease with which a corporation can pay its interest expense on outstanding debt was shown by its interest coverage ratio. The higher this ratio the better it is for the company. It means WIPRO was less competent than TCS to pay its interest expense on outstanding debt.
2. The current ratio gauges the company's capacity to meet its short-term and long-term obligations. It was 1.64 x, the least among its major competitors. The higher

this ratio the better it is for the company. It means company was least competent among its competitors to be able to meet its short-term and long-term obligations.

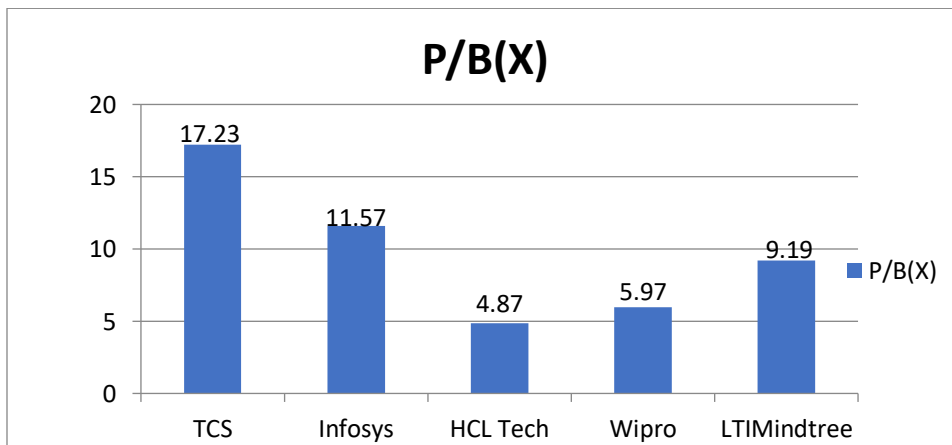
3. Return on Equity (ROE): The ROE for the company stood at 22.32% during FY22. The ROE measures the ability of a firm to generate profits from its shareholders capital in the company. The higher this ratio the better it is for the company and investors. It was less than half of what TCS has generated. TCS with a whopping 49.48% ROE for FY 22 has left WIPRO way behind in this aspect.
4. Return on Capital Employed (ROCE): The ROCE was 27.31% for WIPRO during FY22. The ROCE gauges capacity of a firm to generate profits from its total capital (shareholder capital plus debt capital) employed in the company. The higher this ratio the better it was for the company. It was way behind TCS in this aspect which have ROCE of around 60% for financial year 2022.
5. P/E ratio of WIPRO stood at 26 x for FY22. A high P/E ratio could indicate that a stock was overvalued and its price was overvalued in relation to its earnings. On the other hand, a low P/E ratio can suggest that the present stock price was undervalued in comparison to its earnings. The lower this ratio the better it is for the investors. WIPRO stock was undervalued wrt to Wipro whose P/E ratio was 36.23 x for FY22 which was a positive sign for the company and investors.
6. Net Profit Margin (%) ratio of WIPRO stood at 26% for FY22, which was highest among its major competitors, which was a positive sign for its company and investors. The ratio of net income to revenues received was known as the net profit margin. Investors can determine whether a company's management and/or decision-makers was making enough profit from sales and whether operational expenditures and overhead expenses are in check using the net profit margin. The higher this ratio the better it is for the company. Net Profit Margin (%) ratio of WIPRO was more than TCS, for which Net Profit Margin(%) ratio stood at approximately 24% for FY 22.

7. WIPRO's quick ratio was 1.63 for FY 22. A current ratio of greater than 1 indicates that company has enough capacity in terms of its quick assets in order to cover its current liabilities. So WIPRO has main fairly decent quick ratio but it was important to note that it was poor than TCS's quick ratio of 2.48 for FY 22.
8. Account receivable turnover ratio of WIPRO was 1.07, slightly higher than that of WIPRO which has Account receivable turnover ratio of 1.04, for FY 22. Higher account receivable turnover ratio shows that company has good quality debtors who pay their debts timely Thus, in general, higher Account receivable turnover ratio was better.
9. WIPRO has days receivable of 341 days. Having an idea of collection period can help in determining a great portion of cash flow of the company. Having an idea about the days receivable can also help company to decide how to obtain back .money from market

Key information obtained from cross-sectional analysis of key financials of tcs and wipro with their peers

Fig: 4.1

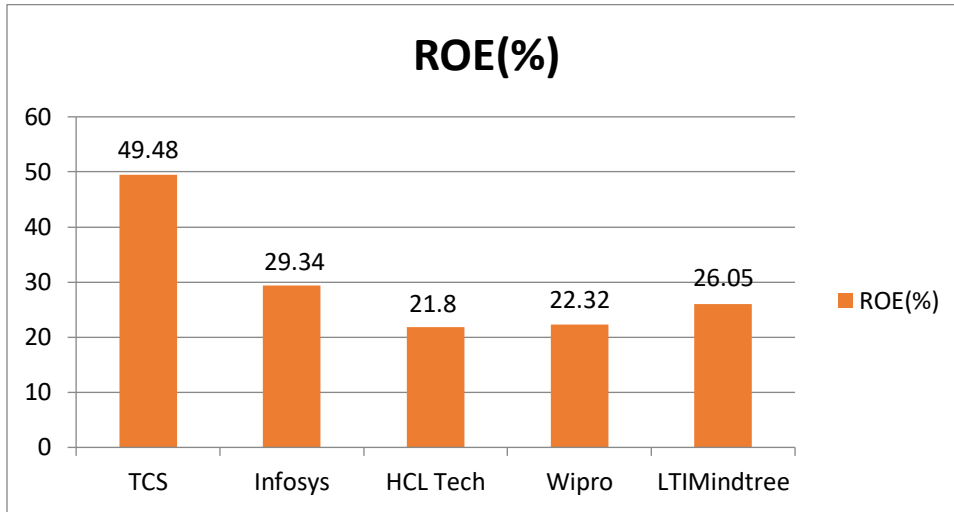
For FY 22



Source of data: moneycontrol.com

Fig: 4.2

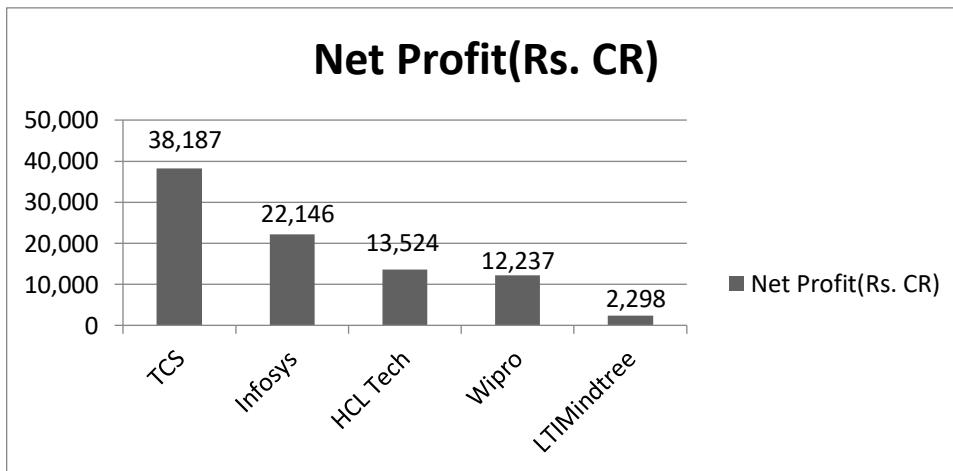
For FY 22



Source of data: moneycontrol.com

Fig 4.3

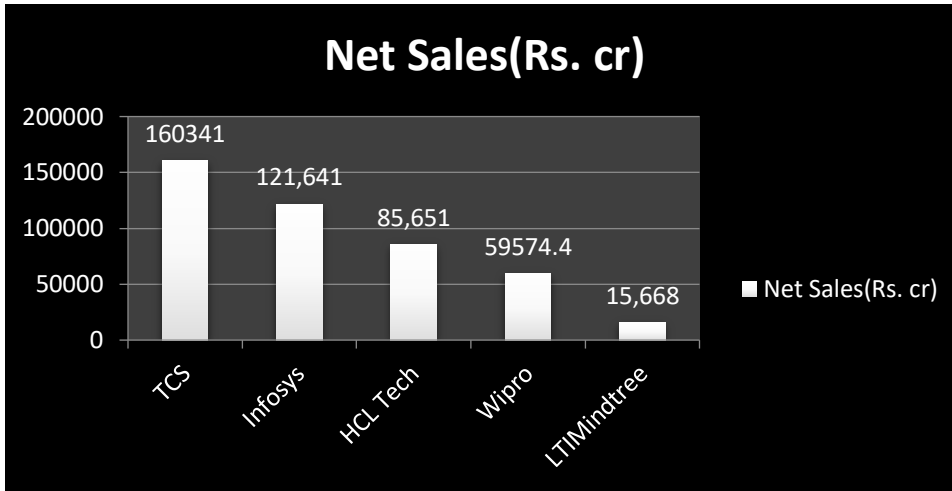
For FY 22



Source of data: moneycontrol.com

Fig 4.4

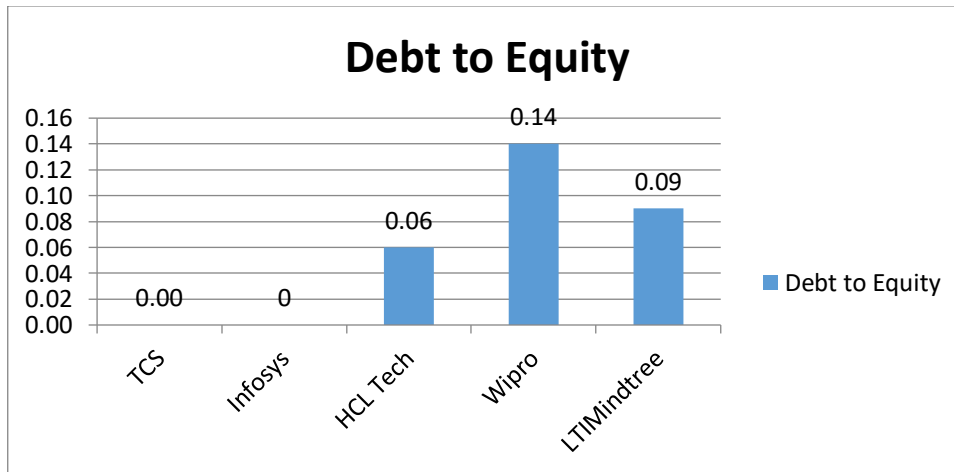
For FY 22



Source of data: moneycontrol.com

Fig 4.5

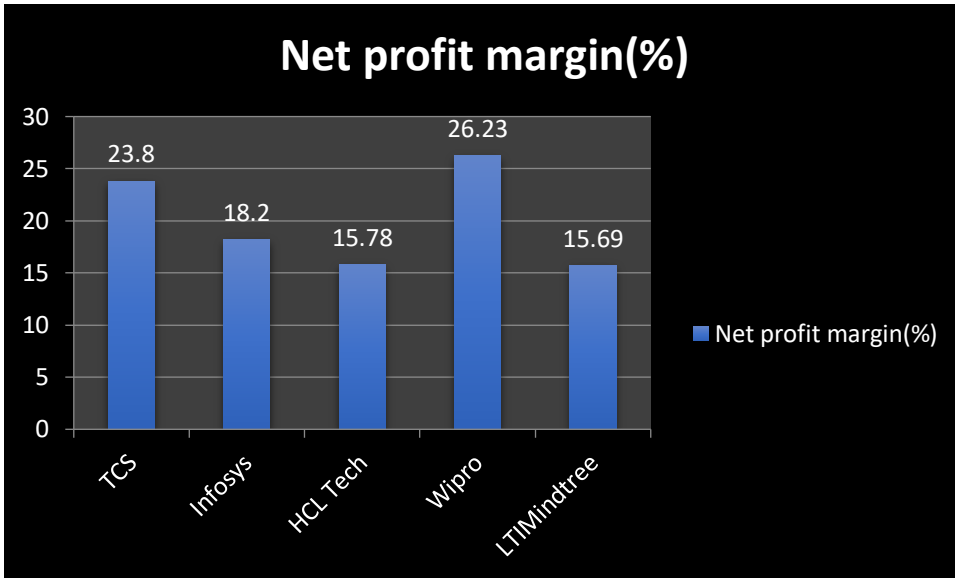
For FY 22



Source of data: moneycontrol.com

Fig 4.6

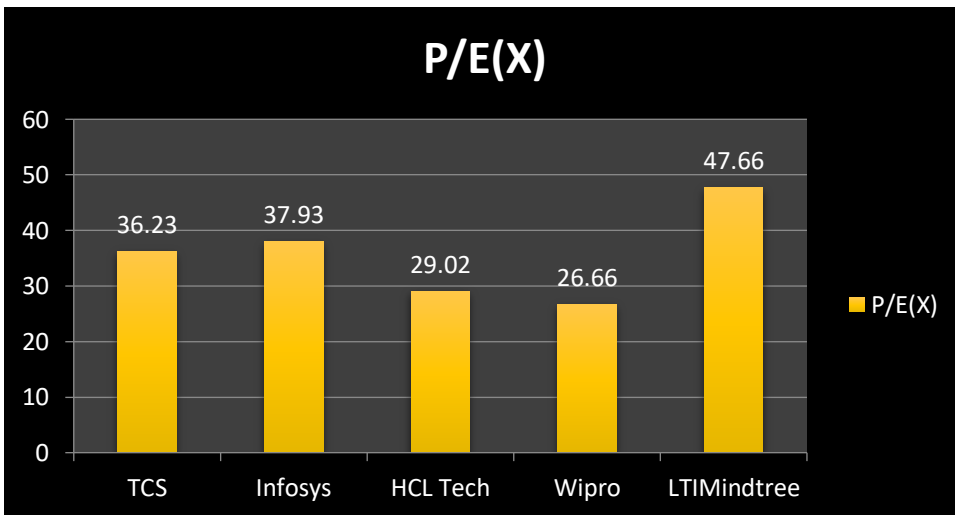
For FY 22



Source of data: moneycontrol.com

Fig 4.7

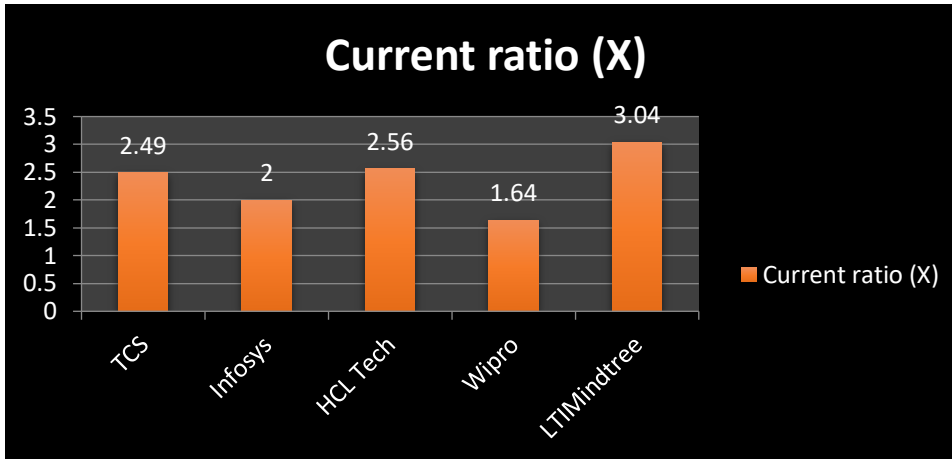
For FY 22



Source of data: moneycontrol.com

Fig 4.8

For FY 22



Source of data: moneycontrol.com

Time series analysis of financial ratios of TCS (FY18 – FY 22)

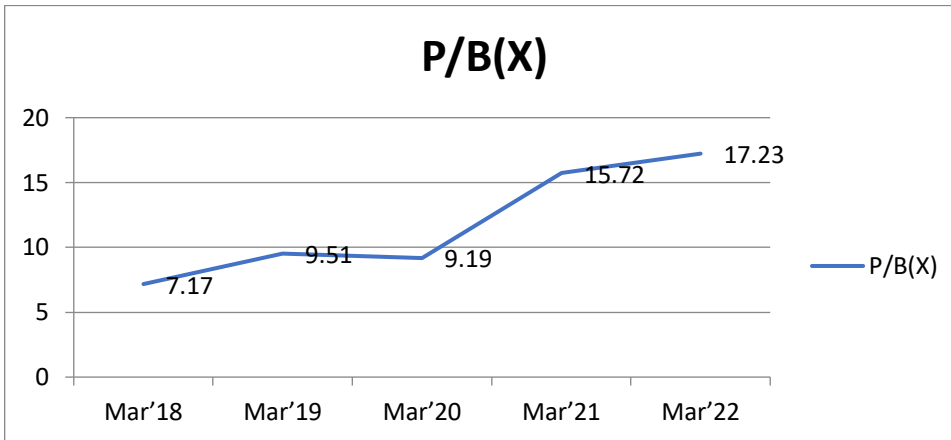
Table 4.4

| Ratio | Mar'18 | Mar'19 | Mar'20 | Mar'21 | Mar'22 |
|-----------------------------|--------|----------|----------|----------|----------|
| P/B(X) | 7.17 | 9.51 | 9.19 | 15.72 | 17.23 |
| ROE(%) | 33.27 | 38.1 | 44.72 | 41.39 | 49.48 |
| Net Profit(Rs.) | 25,241 | 30,065 | 33,260 | 30,960 | 38,187 |
| Net Sales(Rs. cr) | 97,356 | 1,23,170 | 1,31,306 | 1,35,963 | 1,60,341 |
| Debt to Equity | 0 | 0 | 0 | 0 | 0 |
| P/E(X) | 10.86 | 25.23 | 20.6 | 38.39 | 36.23 |
| Net profit margin(%) | 25.92 | 24.4 | 25.33 | 22.77 | 23.8 |
| Current ratio (X) | 4.85 | 4.18 | 3.3 | 2.92 | 2.49 |

Source: moneycontrol.com

Fig 4.9

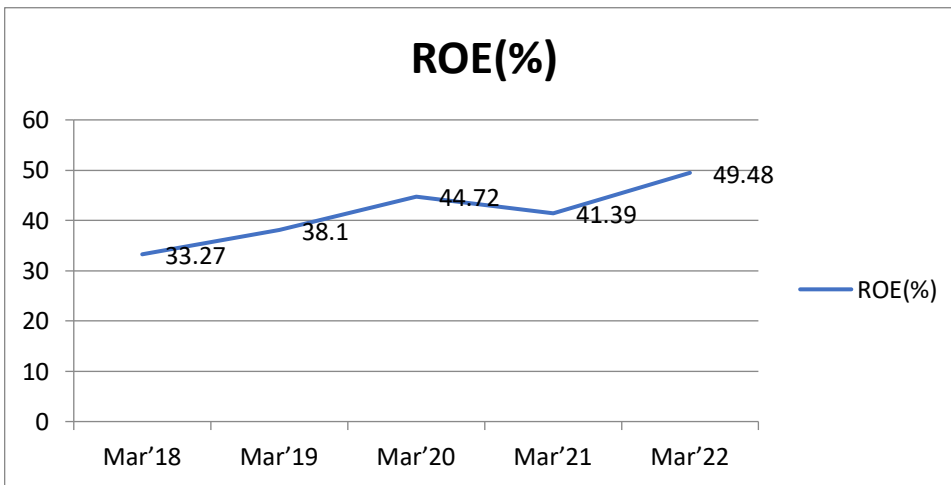
For FY 22



Source of data: moneycontrol.com

Fig 4.10

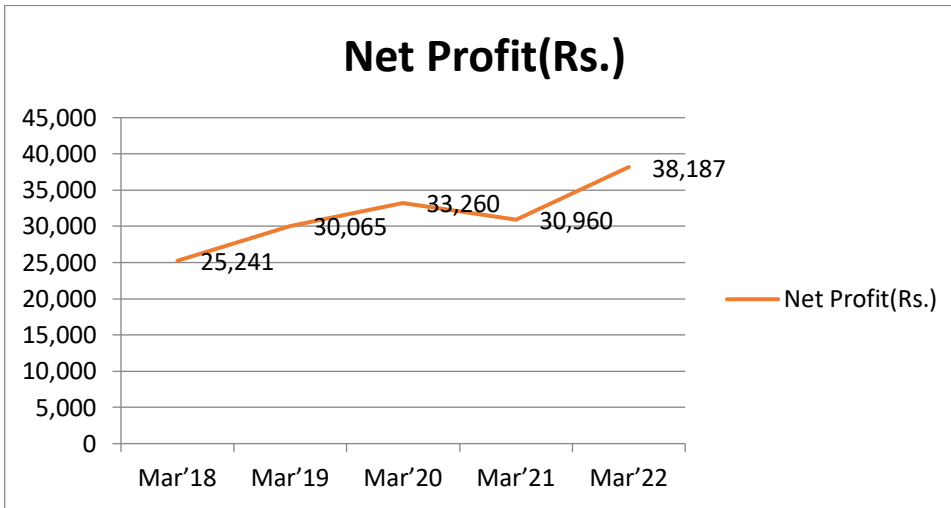
For FY 22



Source of data: moneycontrol.com

Fig 4.11

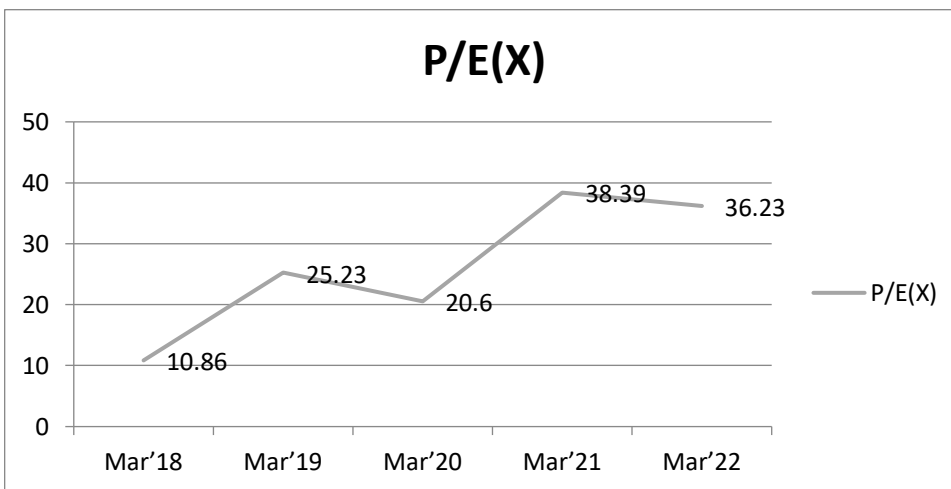
For FY 22



Source of data: moneycontrol.com

Fig 4.12

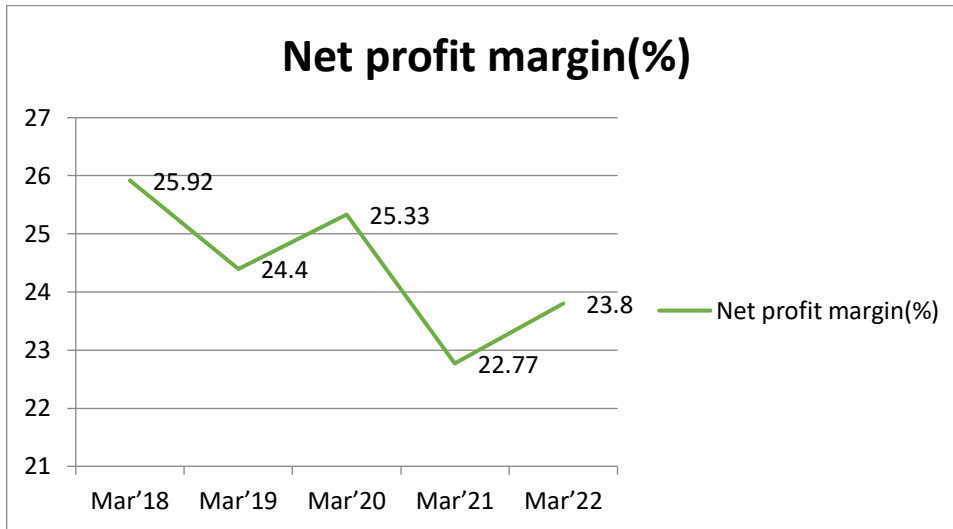
For FY 22



Source of data: moneycontrol.com

Fig 4.13

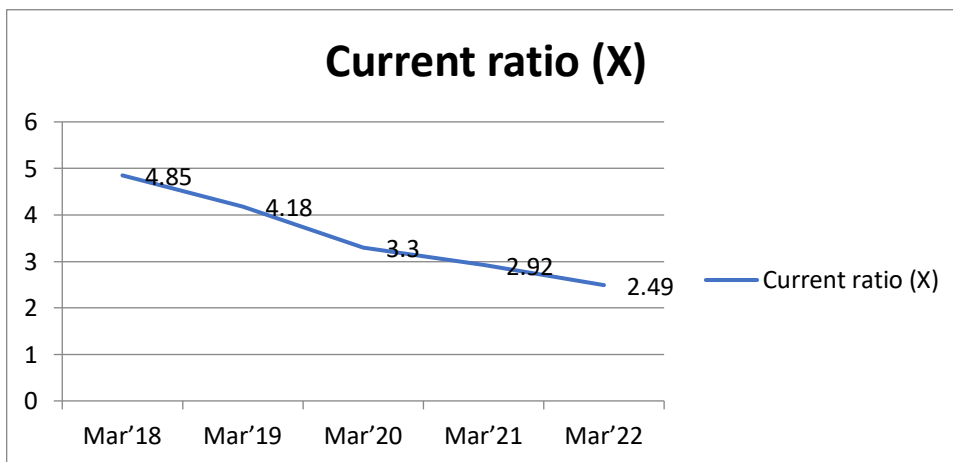
For FY 22



Source of data: moneycontrol.com

Fig 4.14

For FY 22



Source of data: moneycontrol.com

Key information obtained from the time-series analysis of TCS

1. Price-to-Book value (P/B ratio) illustrates the relationship between the book value of a company's stock and its market value. As a result, it was a significant agent for value investment. A profit-to-book value ratio below 1 is typically regarded by value investors as a sign of an undervalued stock. However, the general consensus was that undervalued stock have a P/B ratio of three. P/B ratio of TCS was 17.23 x for FY 22 which means TCS stock was quite overvalued. It was important to note that P/B ratio of TCS was 15.72 x for FY 22 and 7.17x for FY 18 which means that the stock has become more overvalued over the period FY 18 to FY 22 and over the previous year.
2. Return on equity (ROE) - The higher this ratio the better it is for the company. The ROE for the company improved and stood at 49.48% for FY22. ROE has improved significantly from approx 33 % for FY 2018 to approx 49% for FY 2022. Also, there has been a significant increase ROE from approx 41 % for FY 2021 to 49.48% for FY 22. It was favorable for company and investors.
3. Debt-to-Equity was almost nil for all years from FY 18 to FY 22 which implies that company has not taken debt which was considered favorable from investors and company's point of view.
4. P/E ratio of TCS stood at 36.23 x for FY22. A high P/E ratio could indicate that a stock was overvalued and its price was overvalued in relation to its earnings. On the other hand, a low P/E ratio can suggest that the present stock price was undervalued in comparison to earnings. It was approx 38 x for TCS for FY 21 so investors should be confident/ more interesting in this stock since there has been a decrease and firm has become less overvalued. It was important to note that P/E ratio of TCS stood at approx 11 x for FY 2018 which was not a good sign for company.
5. Net Profit Margin (%) ratio of TCS stood at 23.8% for FY22. The higher this ratio the better it is for the company which was 22.77% for FY 21 which implies there has been a improvement but only marginal one. Also, it was important to note that Net Profit Margin (%) ratio was approx 26% for FY 2018 which was a concern for

management and/or decision-makers and stakeholders and management and/or decision-makers should look into it and take necessary steps as it the decrease in this ratio from FY 2018 to FY 2022, although a slight one, was not favorable for all stakeholders of the company.

6. Current ratio of TCS was 2.49 x for FY22. The higher this ratio the better it is for the company. It was important to note that there has been a constant decline in current ratio of TCS from FY18 to FY 22 with the ratio being around 4.8 x for FY18. It was a matter of concern and the management and/or decision-makers should look into it.

Time series analysis of financial ratios of wipro (FY18 – FY 22)

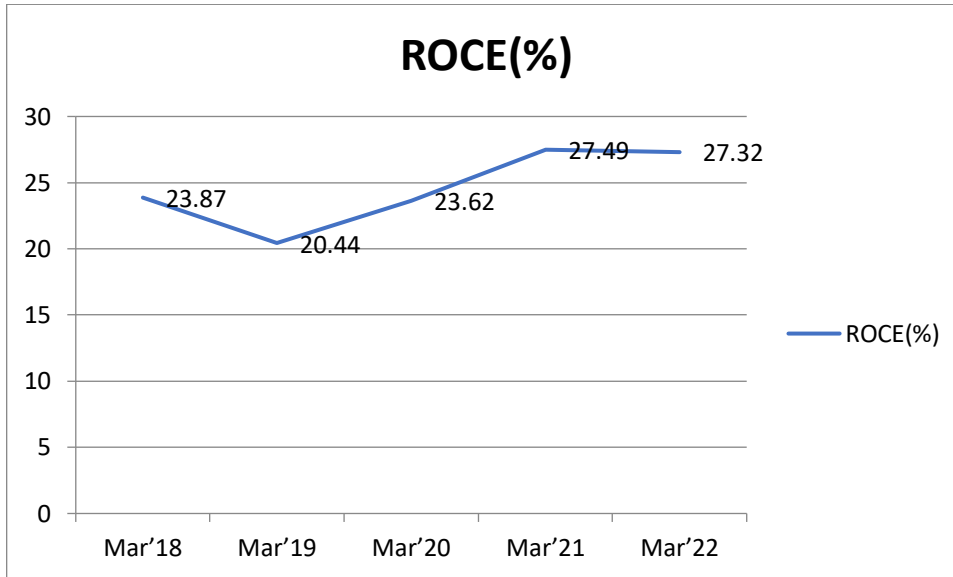
Table 4.5

| Company Name | Mar'18 | Mar'19 | Mar'20 | Mar'21 | Mar'22 |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|
| ROCE(%) | 23.87 | 20.44 | 23.62 | 27.49 | 27.32 |
| P/B(X) | 3.01 | 3.11 | 2.42 | 5.02 | 5.97 |
| ROE(%) | 18.27 | 15.41 | 18.68 | 22.23 | 22.32 |
| Net Profit(Rs.) | 7722 | 7614 | 8680 | 10060 | 12,237 |
| Net Sales(Rs. cr) | 44,710 | 48,123 | 50,407 | 50,299 | 59574.4 |
| Debt to Equity | .11 | .10 | .11 | .13 | .14 |
| P/E(X) | 12.97 | 20.11 | 13.22 | 23.25 | 26.66 |
| Net profit margin(%) | 17.27 | 15.83 | 17.22 | 20 | 20.36 |
| Current ratio (X) | 2.86 | 2.96 | 2.78 | 2.5 | 1.64 |

Own analysis

Fig 4.15

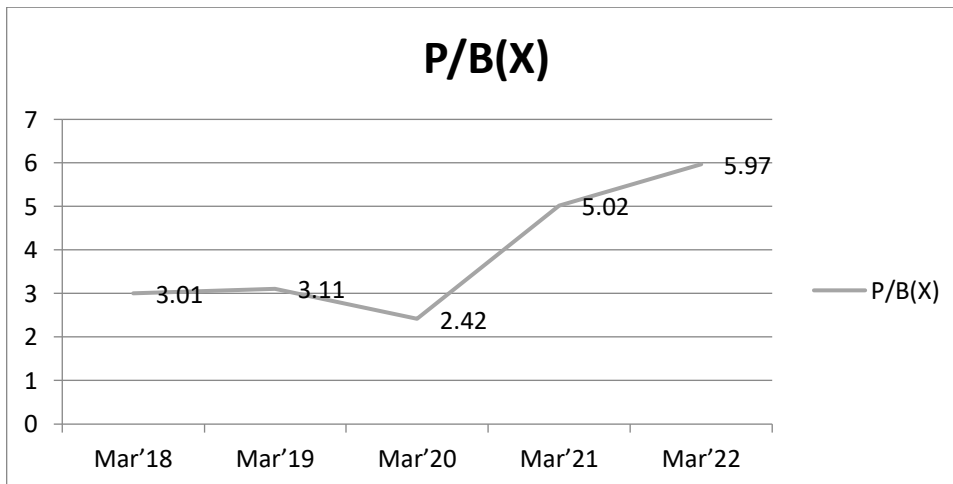
For FY 22



Source of data: moneycontrol.com

Fig 4.16

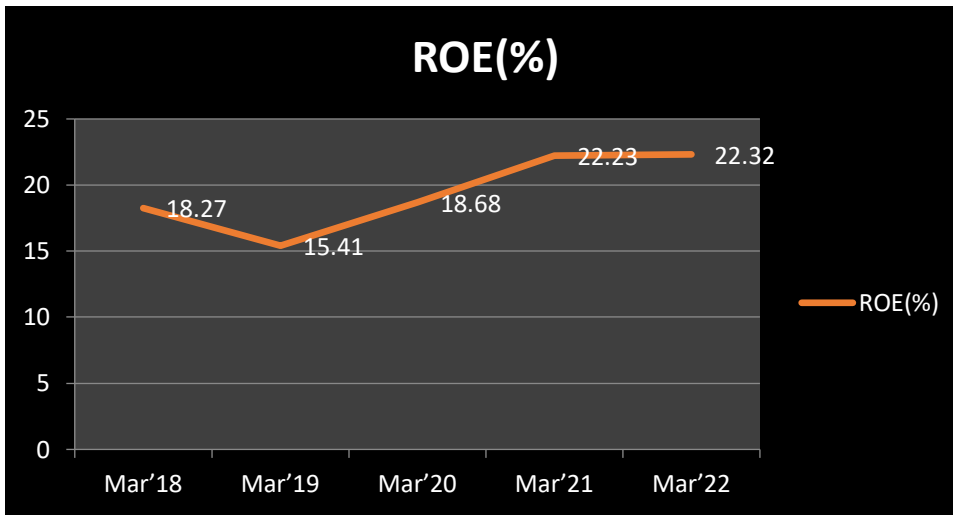
For FY 22



Source of data: moneycontrol.com

Fig 4.17

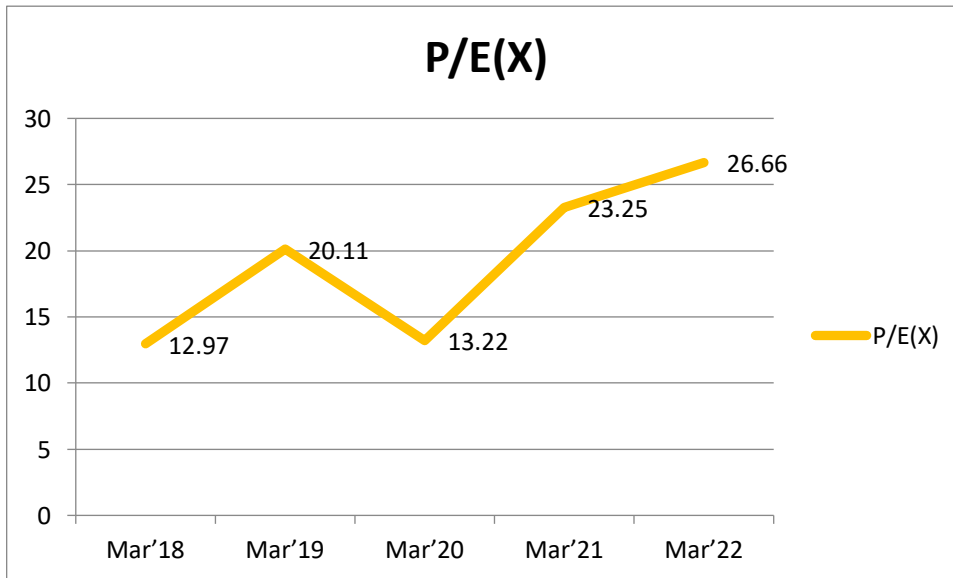
For FY 22



Source of data: moneycontrol.com

Fig 4.18

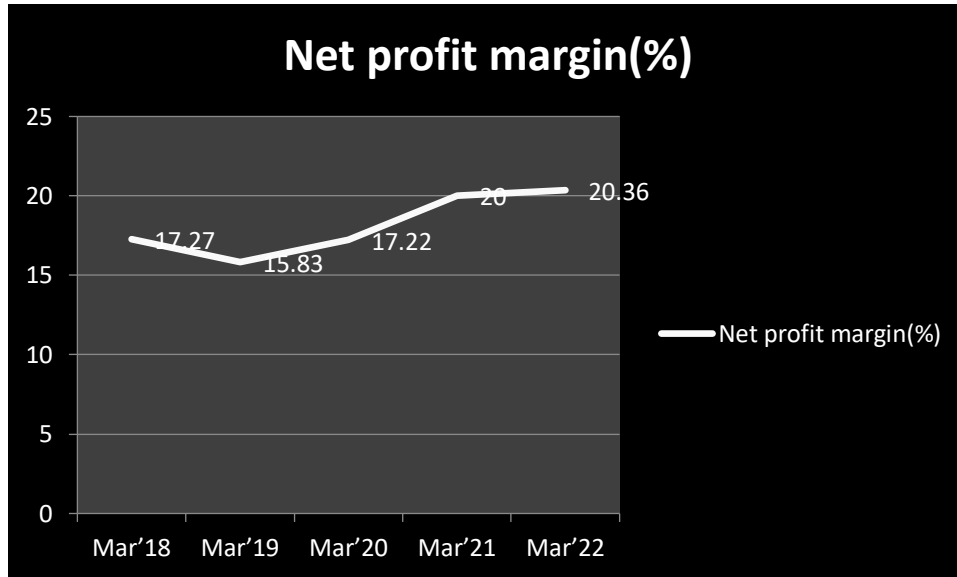
For FY22



Source of data: moneycontrol.com

Fig 4.19

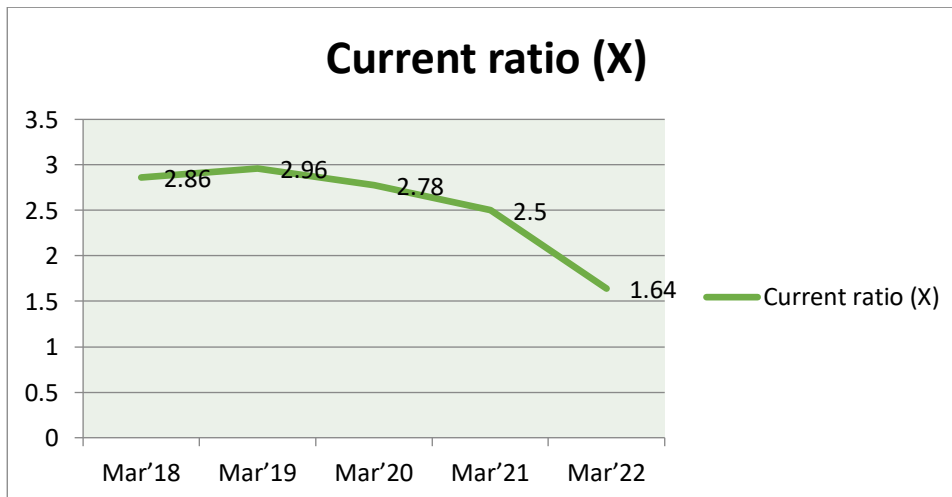
For FY 22



Source of data: moneycontrol.com

Fig 4.20

For FY 22



Source of data: moneycontrol.com

Key information obtained from the time-series analysis of WIPRO

1. Price-to-Book value (P/B ratio) illustrates the relationship between the book value of a company's stock and its market value. As a result, it was a significant agent for value investment. A profit-to-book value ratio below 1 was typically regarded by value investors as a sign of an undervalued stock. However, the general consensus was that undervalued stock have a P/B ratio of three. P/B ratio of WIPRO was 5.97 x for FY 22 which means WIPRO stock was overvalued. It was important to note that P/B ratio of WIPRO was 5.03 x for FY 22 and 3.01 for FY 18 which means that the stock has become more overvalued over the period FY 18 to FY 22 and over the previous year.
2. Return on equity (ROE) - The higher this ratio the better it is for the company. The ROE for the company improved and stood at 22.32% for FY22. ROE has improved from approx 18.27% for FY 2018 TO approx 22% for FY 2022. Also, there has been a marginal increase ROE from approx 22.2% for FY 2021 to 22.3% for FY22. It was favorable for company and investors
3. Debt-to-Equity was almost nil for all years from FY 18 to FY 22 which implies that company has not taken debt which was considered favorable from investors and company's point of view.
4. P/E ratio of WIPRO stood at 26.6 x for FY22. A high P/E ratio could indicate that a stock was overvalued and its price was overvalued in relation to its earnings. On the other hand, a low P/E ratio can suggest that the present stock price was undervalued in comparison to earnings. It was approx 23 x for TCS for FY 21 so investors should be cautious since there has been a increase and firm has become more overvalued. It was important to note that P/E ratio of WIPRO stood at approx 13 x for FY 2018 which was not a good sign for company.
5. Net Profit Margin (%) ratio of WIPRO stood at 20.36% for FY22. The higher this ratio the better it is for the company which was 20% for FY 21 which implies there have been a improvement but only marginal one. Also, it was important to note that Net Profit Margin (%) ratio was approx 17% for FY 2018 which was a positive for

management and/or decision-makers and stakeholders and management and potential investors there has been a favorable change in both long term and short term.

6. Current ratio of WIPRO was 1.65 x for FY22. The higher this ratio the better it is for the company. It was important to note that there has been a constant decline in current ratio of WIPRO from FY18 to FY 22 with the ratio being around 3 x for FY18. It was a matter of concern and the management and/or decision-makers should look into issue of liquidity problem faced by company.

Table 4.6

Statement of changes in working capital of TCS (amt in cr. unless mentioned)

| PARTICULARS | Base year (FY 21) | Current year (FY 22) | effect on working capital | |
|-------------------------------|-------------------|----------------------|---------------------------|----------|
| | | | increase | decrease |
| Current assets | | | | |
| Cash and cash equivalents | 3142 | 13,692 | 10,550 | |
| trade receivable | 25,222 | 29,852 | 4630 | |
| inventories | 7 | 19 | 12 | |
| current investments | 28,324 | 29,262 | 938 | |
| Short-term loans and advances | 10,486 | 5653 | | 4833 |
| Other current assets | 15,979 | 15,714 | | 285 |
| Total current assets (A) | 83160 | 94192 | | |
| Current liabilities | | | | |
| Short term borrowings | 0 | 0 | - | - |
| trade payable | 7962 | 10,082 | | 2120 |
| short-term Provision | 1350 | 1377 | | 27 |
| other current liabilities | 19213 | 26442 | | 7229 |
| Total current liabilities (B) | 28525 | 37901 | | |
| Working Capital | 54,635 | | | |

| | | | |
|---|--------|--------|---------------|
| (A-B) Net increase in working capital | 1656 | | 1656 |
| Total | 56,291 | 56,291 | 16,150 16,150 |
| | | | |

Own analysis

Key information obtained from statement of changes in working capital of TCS

1. There has been increase of Rs.10,550 crores which was a very good sign for company in terms of liquidity.

2. There has been increase of Rs. 2120 crores of current liabilities which was generally not a good sign

3. There has been increase in working capital of around Rs. 1656 crores because there has been increase in its current assets more than the increase in current liabilities. Increase in working capital means higher working capital ratio usually shows a stronger financial position and more capable to repay short-term liabilities with short-term assets.

Table 4.7

Statement of changes in working capital of WIPRO (amt in Rs. cr. unless mentioned)

| PARTICULARS | Base year (FY 21) | Current year (FY 22) | effect on working capital | |
|---------------------------|-------------------|----------------------|---------------------------|----------|
| | | | increase | decrease |
| Current assets | | | | |
| Cash and cash equivalents | 9783.2 | 4898.1 | | 4885.1 |
| trade receivable | 8046.2 | 9295.4 | 1249.2 | |

| | | | | |
|---------------------------------|----------|----------|--------|--------|
| inventories | 91 | 87.5 | 3.5 | |
| current investments | 17495.2 | 24073.7 | 6578.5 | |
| Short-term loans and advances | 4201.5 | 1913 | 2288.5 | |
| Other current assets | 5762.4 | 11504.5 | 5742.1 | |
| Total current assets (A) | 45379.5 | 51772.2 | | |
| Current liabilities | | | | |
| Short term borrowings | 5791.2 | 7673.4 | 1882.2 | |
| trade payable | 4348.5 | 4685.1 | 336.6 | |
| short-term provisions | 1287.4 | 1368.3 | 81 | |
| othercurrent liabilities | 6705.3 | 9446.9 | - | 2741.6 |
| Total current liabilities (B) | 18,132.4 | 23,173.7 | | |
| Working Capital (A-B) | 27,247 | 28598.5 | | |
| Net increase in working capital | 1351.5 | | | 1351.5 |
| Total | 28598.5 | 28598.5 | 13570 | 13570 |
| | | | | |

Own analysis

Key information obtained from statement of changes in working capital of wipro

1. There had been decrease of around Rs. 4900 crores which was a very concerning sign for company in terms of liquidity.
2. There had been increase of Rs. 1900 crores of current liabilities which was generally not a good sign
3. There had been increase in working capital of around Rs. 1351.5 crores because there has been a increase in its current assets more than the increase in current liabilities. Increase in working capital means higher working capital ratio usually

shows a stronger financial position and more capable to repay short-term liabilities with short-term assets.

DuPont Analysis of TCS

For FY 22 (all figures in Rs cr. unless mentioned)

= Net Income/Revenue(net profit margin) X

Revenue/Average total assets (total asset turnover) X

Average total assets/average total equity(financial leverage)

TCS = 38187/160341 X

160341/ (121263+109381)/2 X

(121263+109381)/2 / (77173+74794)/2

= .23 X 1.39 X 1.52 = .49, ROE in % = .49 X 100 = 49 %

Key information obtained from dupont analysis of TCS

1. TCS has highest financial leverage as compared to its total asset turnover and net profit margin
2. When investors want to invest in a company with a high financial leverage, it can choose TCS because its financial leverage component in its ROE was the highest.

Dupont analysis of WIPRO

For FY 22 (all figures in rs cr. unless mentioned)

= Net Income/Revenue (net profit margin) X

Revenue/Average total assets (total asset turnover) X

Average total assets/average total equity (financial leverage)

= 12135.3/59574.4 X

59574.4/ (80382.3+65736.3)/2 X

(80382.3+65736.3)/2 / (54350.7 + 45241.6) / 2

= .20 X .81 X 1.46 = .22

ROE in % = .22 X 100 = .22

Key information obtained from Dupont analysis of WIPRO

1. WIPRO has highest financial leverage as compared to its total asset turnover and net profit margin
2. When investors want to invest in a company with a high financial leverage, it can choose TCS because its financial leverage component in its ROE was the highest

Common size analysis/Vertical analysis

Common size statement of profit and loss of TCS (standalone)

Table 4.8

| Particulars | Income statement (in rs cr) | | Vertical analysis of Income statement | |
|--------------|-----------------------------|------------------|---------------------------------------|-------------------------|
| | 2021 12 MNTHS | 2022 12 MNTHS | 2021 (%of Net sales) | 2022 (%of Net sales) |
| Income | | | | |
| Net sales | 135963 | 160341 | 100 | 100 |
| Other income | 4169 | 7627 | 3.06 | 4.07 |
| Total income | 140132 | 167968 | 103.06 | 104.07 |

| | | | | |
|-------------------------------------|--------|--------|-------|-------|
| | | | | |
| Expenditure | | | | |
| Employee cost | 69046 | 81097 | 50.7 | 50.5 |
| Other manufacturing expenses | 1230 | 1010 | 0.00 | 0 |
| Miscellaneous expenses | 25377 | 31,989 | 18.66 | 19.9 |
| | | | | |
| Total expenses | 95653 | 114096 | 70.35 | 71.16 |
| | | | | |
| Operating profit | 40310 | 46245 | 29.64 | 28.8 |
| PBDIT | 44479 | 53872 | 32.7 | 33.59 |
| Interest | 537 | 486 | 0 | 0 |
| PBDT | 43942 | 53,386 | 32.3 | 33.29 |
| Deprication | 3053 | 3522 | 20.2 | 2.19 |
| Profit before tax | 40889 | 49864 | 30.07 | 31.09 |
| Tax | 9942 | 11536 | 7.32 | 7.19 |
| Reported net profit | 30,960 | 38187 | 22.77 | 23.81 |
| Total value addition | 95,653 | 114096 | 70.35 | 71.15 |
| Equity dividend | 10,850 | 13317 | 7.98 | 8.3 |
| Corporate dividend tax | 0 | 0 | 00 | 0 |

Own analysis

Table 4.9

Common size statement of profit and loss of wipro (standalone)

| Particulars | Income statement (in rs cr) | | Vertical analysis of Income statement | |
|-------------------------------------|-----------------------------|------------------|---------------------------------------|-------------------------|
| | 2021 12 MNTHS | 2022 12 MNTHS | 2021 (%of Net sales) | 2022 (%of Net sales) |
| Income | | | | |
| Net sales | 50299.4 | 59574 | 100 | 100 |
| Other income | 2382.9 | 4706 | 4.73 | 9 |
| Stock adjustment | -34.5 | 6 | 0 | 0 |
| Total income | 52647.8 | 64287 | 104.7 | 109 |
| | | | | |
| Expenditure | | | | |
| Raw materials | 587.9 | 489 | 0 | 0 |
| Employee cost | 26437.3 | 31542 | 52.5 | 53 |
| Other manufacturing expenses | 10675.4 | 14110 | 21.23 | 24 |
| Selling and admin expenses | 83.9 | 163 | 0 | 0 |
| Miscellaneous expenses | 396.6 | 866 | 0 | 1 |
| | | | | |
| Total expenses | 38211 | 47,170 | 76 | 79 |

| | | | | |
|-----------------------------|---------|-------|----|------|
| | | | | |
| Operating profit | 12053.8 | 12411 | 24 | 21 |
| PBDIT | 14436.7 | 17117 | 29 | 29 |
| Interest | 402.6 | 367.4 | 0 | 0 |
| PBDT | 14034.1 | 16749 | 28 | 33.1 |
| Deprication | 1349.3 | 1486 | 3 | 3 |
| Profit before tax | 12684.8 | 15264 | 25 | 30 |
| Tax | 2623.9 | 3129 | 5 | 6 |
| Reported net profit | 10060.9 | 12135 | 20 | 24 |
| Total value addition | 37623.2 | 46680 | 75 | 8 |
| Equity dividend | 547.8 | 3289 | 0 | 6 |

Own analysis

Key information obtained from Common Size statement of Profit and Loss of TCS and WIPRO:

1. Each line item of statement of profit and loss was expressed in terms of net sales with the main objective of having comparable data.
2. TCS operating profit as percentage of net sales has decreased from FY 21 to FY 22 but its net profit as percentage of net sales has increased, although decrease and increase was not significant. This shows company has improve financial performance through non-operating components of its business. Similar was shown in WIPRO.
3. In both TCS and WIPRO, there has been increase in equity dividend as % of total sales which means both firms are emphasizing on giving dividends and retaining less.

Table 4.10

Common size balancesheet of TCS (standalone)

| Particulars | Balance sheet (in Rs cr) | | Vertical analysis of balance sheet | |
|--------------------------------------|--------------------------|------------------|------------------------------------|------------------------------|
| | 2021 12 MNTHS | 2022 12 MNTHS | 2021 (% of assets) | 2022 (% of total assets) |
| EQUITIES AND LIABILITIES | | | | |
| SHAREHOLDER'S FUNDS | | | | |
| Equity share capital | 370 | 366 | 0 | 0 |
| Total share capital | 370 | 366 | 0 | 0 |
| Reserves and surplus | 74,424 | 76807 | 68 | 63 |
| Total Reserves and surplus | 74,424 | 76807 | 68 | 63 |
| Total shareholders funds | 74,494 | 77173 | 68 | 63 |
| | | | | |
| NON-CURRENT LIABILITIES | | | | |
| Long term borrowings | 0 | 0 | 0 | 0 |
| Deferred tax liabilities(net) | 365 | 129 | 0 | 0 |
| Other long term liabilities | 5697 | 6060 | 5 | 5 |
| Long term provisions | 0 | 0 | 0 | 0 |
| | | | | |
| TOTAL NON-CURRENT LIABILITIES | 6062 | 6189 | 5 | 5 |
| CURRENT LIABILITIES | | | | |
| Short term borrowings | 0 | 0 | 0 | 0 |
| Trade payables | 7962 | 10082 | 7 | 8 |
| Other current liabilities | 19213 | 26442 | 18 | 21 |
| Short term provisions | 1350 | 1377 | 1 | 1 |
| | | | | |
| TOTAL CURRENT LIABILITIES | 28525 | 37901 | 26 | 31 |
| TOTAL CAPITAL AND LIABILITIES | 109381 | 121263 | 100 | 100 |
| | | | | |
| ASSETS | | | | |
| NON-CURRENT ASSETS | | | | |
| Tangible assets | 15697 | 15506 | 14 | 13 |
| Intangible assets | 362 | 1018 | 0 | 8 |
| Capital work-in progress | 861 | 1146 | 1 | 9 |
| Other assets | 0 | 0 | 0 | 0 |
| FIXED ASSETS | 16920 | 17670 | 15 | 15 |
| | | | | |

| | | | | |
|---------------------------------|--------|--------|-----|-----|
| Non-current investments | 2405 | 2405 | 2 | 2 |
| Deferred tax assets (net) | 3160 | 2779 | 2 | 2 |
| Long term loans and advances | 2 | 8 | 0 | 0 |
| Other non current assets | 3734 | 4209 | 3 | 33 |
| | | | | |
| TOTAL NON-CURRENT ASSETS | 26221 | 27071 | 24 | 22 |
| CURRENT ASSETS | | | | |
| Current investments | 28324 | 29262 | 26 | 24 |
| Inventories | 7 | 19 | 0 | 0 |
| Trade receivable | 25222 | 29852 | 23 | 24 |
| Cash and cash equivalents | 3142 | 13692 | 2 | 11 |
| Short term loans and advances | 10486 | 5653 | 10 | 4 |
| Other current assets | 15979 | 15714 | 14 | 13 |
| | | | | |
| TOTAL CURRENT ASSETS | 83160 | 94192 | 76 | 78 |
| | | | | |
| TOTAL ASSETS | 109381 | 121263 | 100 | 100 |

Own analysis

Table 4.11

Common size balancesheet of wipro (standalone)

| Particulars | Balance sheet (in rs cr) | | Vertical analysis of balance sheet | |
|--------------------------------------|--------------------------|------------------|------------------------------------|--------------------------------|
| | 2021 12 MNTHS | 2022 12 MNTHS | 2021 (% of Total assets) | 2022 (% of Total assets) |
| EQUITIES AND LIABILITIES | | | | |
| SHAREHOLDER'S FUNDS | | | | |
| Equity share capital | 1096 | 1096 | 1 | 1 |
| Total share capital | 1096 | 1096 | 1 | 1 |
| Reserves and surplus | 44146 | 53254 | 67 | 66 |
| Total Reserves and surplus | 44146 | 53254 | 67 | 66 |
| Total shareholders funds | 45242 | 54351 | 68 | 67 |
| | | | | |
| NON-CURRENT LIABILITIES | | | | |
| Long term borrowings | 14 | 6 | 0 | 0 |
| Net Deferred tax liabilities | 131 | 0 | 0 | 0 |
| Other long term liabilities | 2129 | 2789 | 32 | 3 |
| Long term provisions | 89 | 64 | 0 | 0 |
| TOTAL NON-CURRENT LIABILITIES | 2363 | 2859 | 3 | 3 |

| | | | | |
|--------------------------------------|-------|-------|-----|-----|
| | | | | |
| CURRENT LIABILITIES | | | | |
| Short term borrowings | 5791 | 7673 | 8 | 9 |
| Trade payables | 4349 | 4685 | 6 | 5 |
| Other current liabilities | 6705 | 9447 | 10 | 12 |
| Short term provisions | 1287 | 1368 | 1 | 2 |
| | | | | |
| TOTAL CURRENT LIABILITIES | 18132 | 23174 | 28 | 27 |
| TOTAL CAPITAL AND LIABILITIES | 65736 | 80383 | 100 | 100 |
| | | | | |
| ASSETS | | | | |
| NON-CURRENT ASSETS | | | | |
| Tangible assets | 6579 | 7387 | 10 | 9 |
| Intangible assets | 709 | 651 | 1 | 9 |
| Capital work-in progress | 1848 | 1585 | 0 | 18 |
| Other assets | - | | | |
| FIXED ASSETS | 9136 | 9622 | 13 | 12 |
| | | | | |
| Non-current investments | 8207 | 16557 | 12 | 21 |
| Deferred tax assets (net) | 47 | 53 | 0 | 0 |
| Other non current assets | 2967 | 2378 | 4 | 2 |
| TOTAL NON-CURRENT ASSETS | 20357 | 28611 | 31 | 36 |
| CURRENT ASSETS | | | | |
| Current investments | 17495 | 24074 | 27 | 30 |
| Inventories | 91 | 88 | 0 | 0 |
| Trade receivable | 8046 | 9295 | 12 | 12 |
| Cash and cash equivalents | 9783 | 4898 | 15 | 6 |
| Short term loans and advances | 4202 | 1913 | 6 | 2 |
| Other current assets | 5762 | 11505 | 8 | 14 |
| | | | | |
| TOTAL CURRENT ASSETS | 45380 | 51772 | 69 | 64 |
| | | | | |
| TOTAL ASSETS | 65736 | 80383 | 100 | 100 |

Own analysis

Key information obtained from comparative balance sheet analysis of TCS and WIPRO:

1. There has been increase in total current liabilities as a % of total assets in case of TCS but there has been decrease in total current liabilities as a % of total assets in case of WIPRO for FY22.
2. There has been an increase in total current assets as a % of total assets in case of TCS but there has been decrease in total current assets as a % of total assets in case of WIPRO for FY22
3. Since the increase and decrease has been in same direction for current assets and liabilities for both the two companies, it was difficult to comment on the performance of the 2 companies in terms of liquidity aspect from FY21 to FY 22.

Comparative statement analysis/ horizontal analysis

Table 4.12

Comparitive size statement of profit and loss of TCS (standalone)

| Particulars | Income statement (in Rs cr) | | Increase or (decrease) | |
|-------------------------------------|-----------------------------|------------------|------------------------|----------------|
| | 2021 12 MNTHS | 2022 12 MNTHS | amount (inRs cr) | % growth Y-O-Y |
| Income | | | | |
| Net sales | 135963 | 160341 | 24405 | 18 |
| Other income | 4169 | 7627 | 3458 | 82 |
| Total income | 140132 | 167968 | 27836 | 20 |
| | | | | |
| Expenditure | | | | |
| Employee cost | 69046 | 81097 | 12051 | 17 |
| Other manufacturing expenses | 1230 | 1010 | (220) | (18) |
| Miscellaneous expenses | 25377 | 31,989 | 6612 | 26 |
| | | | | |
| Total expenses | 95653 | 114096 | 18443 | 19 |
| Operating profit | 40310 | 46245 | 5935 | 15 |
| PBDIT | 44479 | 53872 | 9393 | 21 |

| | | | | |
|------------------------|--------|--------|-------|-----|
| Interest | 537 | 486 | (51) | (9) |
| PBDT | 43942 | 53,386 | 9444 | 2 |
| Deprication | 3053 | 3522 | 469 | 15 |
| Profit before tax | 40889 | 49864 | 8975 | 22 |
| Tax | 9942 | 11536 | 1594 | 16 |
| Reported net profit | 30,960 | 38187 | 7227 | 23 |
| Total value addition | 95,653 | 114096 | 18443 | 19 |
| Equity dividend | 10,850 | 13317 | 2467 | 22 |
| Corporate dividend tax | 0 | 0 | 0 | 0 |

Own analysis

Table 4.13

Comparitive statement of profit and loss of wipro (standalone)

| Particulars | Income statement (in rs cr) | | Increase or (decrease) | |
|------------------------------|-----------------------------|------------------|------------------------|----------------|
| | 2021 12 MNTHS | 2022 12 MNTHS | amount (in Rs cr) | % growth Y-O-Y |
| Income | | | | |
| Net sales | 50299.4 | 59574 | 9275 | 18 |
| Other income | 2382.9 | 4706 | 2323 | 99 |
| Stock adjustment | -34.5 | 6 | 40 | 116 |
| Total income | 52647 | 64287 | 11640 | 23 |
| Expenditure | | | | |
| Raw materials | 587.9 | 489 | (98) | (17) |
| Employee cost | 26437.3 | 31542 | 5105 | 19 |
| Other manufacturing expenses | 10675.4 | 14110 | 3435 | 32 |
| Selling and admin expenses | 83.9 | 163 | 79 | 97 |
| Miscellaneous expenses | 396.6 | 866 | 470 | 118 |
| Total expenses | 38211 | 47,170 | 8960 | 23 |
| Operating profit | 12053.8 | 12411 | 358 | 3 |
| PBDIT | 14436.7 | 17117 | 2680 | 19 |
| Interest | 402.6 | 367.4 | (35) | (8) |
| PBDT | 14034.1 | 16749 | 2716 | 19 |
| Deprication | 1349.3 | 1486 | 137 | 10 |
| Profit before tax | 12684.8 | 15264 | 2579 | 20 |
| Tax | 2623.9 | 3129 | 505 | 19 |

| | | | | |
|-----------------------------|---------|-------|------|----|
| Reported net profit | 10060.9 | 12135 | 2074 | 21 |
| Total value addition | 37623.2 | 46680 | 9057 | 24 |
| Equity dividend | 547.8 | 3289 | 2741 | 5 |

Own analysis

Key information obtained from comparative size statement analysis of profit and loss of TCS and WIPRO

1. In both the companies the Y-O-Y % increase from FY21 to FY22 in operating profit was less than net sales during the period which in general was a negative sign.
2. There was a significant Y-O-Y % increase from FY21 to FY22 in employee cost in both the companies which in general shows company was either hiring more or company was giving increments to current employees which was a positive sign for employees.
3. There was a significant Y-O-Y % increase from FY21 to FY22 in net profit in both the companies which was 23 % for TCS and 215 for WIPRO which was good sign for management, investors and employees.
4. There was a significant Y-O-Y % increase from FY21 to FY22 in other income category in both the companies which shows other income played a very crucial role in increase of net profit of both the companies.

Table 4.14

Comparative balancesheet of tcs (standalone)

| Particulars | Balance sheet (in rs cr) | | Increase or (decrease) | |
|---------------------------------|--------------------------|------------------|------------------------|----------------|
| | 2021 12 MNTHS | 2022 12 MNTHS | amount (in cr) | % growth Y-O-Y |
| EQUITIES AND LIABILITIES | | | | |
| SHAREHOLDER'S FUNDS | | | | |
| Equity share capital | 370 | 366 | (4) | (1) |
| Total share capital | 370 | 366 | (4) | (1) |
| Reserves and surplus | 74,424 | 76807 | 2383 | 3 |

| | | | | |
|--------------------------------------|--------|--------|--------|------|
| Total Reserves and surplus | 74,424 | 76807 | 2383 | 3 |
| Total shareholders funds | 74,494 | 77173 | 2673 | 4 |
| NON-CURRENT LIABILITIES | | | | |
| Long term borrowings | 0 | 0 | 0 | 0 |
| Deferred tax liabilities(net) | 365 | 129 | (236) | (64) |
| Other long term liabilities | 5697 | 6060 | 363 | 6 |
| Long term provisions | 0 | 0 | 0 | 0 |
| TOTAL NON-CURRENT LIABILITIES | 6062 | 6189 | 127 | 2 |
| CURRENT LIABILITIES | | | | |
| Short term borrowings | 0 | 0 | 0 | 0 |
| Trade payables | 7962 | 10082 | 2140 | 27 |
| Other current liabilities | 19213 | 26442 | 7229 | 38 |
| Short term provisions | 1350 | 1377 | 27 | 2 |
| TOTAL CURRENT LIABILITIES | 28525 | 37901 | 9376 | 33 |
| TOTAL CAPITAL AND LIABILITIES | 109381 | 121263 | 11882 | 11 |
| ASSETS | | | | |
| NON-CURRENT ASSETS | | | | |
| Tangible assets | 15697 | 15506 | (191) | 0 |
| Intangible assets | 362 | 1018 | 656 | 200 |
| Capital work-in progress | 861 | 1146 | 185 | 21 |
| Other assets | 0 | 0 | 0 | 0 |
| FIXED ASSETS | 16920 | 17670 | 750 | 40 |
| Non-current investments | 2405 | 2405 | 0 | 0 |
| Deferred tax assets (net) | 3160 | 2779 | (381) | (12) |
| Long term loans and advances | 2 | 8 | 6 | 300 |
| Other non current assets | 3734 | 4209 | 475 | 13 |
| TOTAL NON-CURRENT ASSETS | 26221 | 27071 | 850 | 30 |
| CURRENT ASSETS | | | | |
| Current investments | 28324 | 29262 | 938 | 30 |
| Inventories | 7 | 19 | 12 | 2 |
| Trade receivable | 25222 | 29852 | 4630 | 18 |
| Cash and cash equivalents | 3142 | 13692 | 10550 | 300 |
| Short term loans and advances | 10486 | 5653 | (4833) | (46) |
| Other current assets | 15979 | 15714 | (265) | (1) |
| TOTAL CURRENT ASSETS | 83160 | 94192 | 11032 | 13 |
| TOTAL ASSETS | 109381 | 121263 | 11882 | 11 |

Own analysis

Table 4.15

Comparative balancesheet of wipro (standalone)

| Particulars | Balance sheet (in rs cr) | | Increase or (decrease) | |
|--------------------------------------|--------------------------|------------------|------------------------|----------------|
| | 2021 12 MNTHS | 2022 12 MNTHS | amount (in cr) | % growth Y-O-Y |
| EQUITIES AND LIABILITIES | | | | |
| SHAREHOLDER'S FUNDS | | | | |
| Equity share capital | 1096 | 1096 | 0 | 0 |
| Total share capital | 1096 | 1096 | 0 | 0 |
| Reserves and surplus | 44146 | 53254 | 9108 | 21 |
| Total Reserves and surplus | 44146 | 53254 | 9108 | 21 |
| Total shareholders funds | 45242 | 54351 | | |
| | | | | |
| NON-CURRENT LIABILITIES | | | | |
| Long term borrowings | 14 | 6 | (8) | (57) |
| Deferred tax liabilities(net) | 131 | 0 | (131) | (100) |
| Other long term liabilities | 2129 | 2789 | 660 | 31 |
| Long term provisions | 89 | 64 | (25) | (28) |
| | | | | |
| TOTAL NON-CURRENT LIABILITIES | | | | |
| CURRENT LIABILITIES | | | | |
| Short term borrowings | 5791 | 7673 | 1882 | 32 |
| Trade payables | 4349 | 4685 | 336 | 7 |
| Other current liabilities | 6705 | 9447 | 2742 | 41 |
| Short term provwasions | 1287 | 1368 | 81 | 6 |
| TOTAL CURRENT LIABILITIES | 18132 | 23174 | 5042 | 28 |
| TOTAL CAPITAL AND LIABILITIES | 65736 | 80383 | 14647 | 22 |
| | | | | |
| ASSETS | | | | |
| NON-CURRENT ASSETS | | | | |
| Tangible assets | 6579 | 7387 | 808 | 12 |
| Intangible assets | 709 | 651 | (58) | (8) |
| Capital work-in progress | 1848 | 1585 | (263) | (14) |
| Other assets | - | | | |
| FIXED ASSETS | 9136 | 9622 | 486 | 5 |
| | | | | |
| Non-current investments | 8207 | 16557 | 8350 | 102 |
| Deferred tax assets (net) | 47 | 53 | 6 | 13 |
| Long term loans and advances | - | | | |
| Other non current assets | 2967 | 2378 | (589) | (20) |

| | | | | |
|--------------------------------------|-------|-------|--------|------|
| | | | | |
| TOTAL NON-CURRENT ASSETS | 20357 | 28611 | 8254 | 41 |
| CURRENT ASSETS | | | | |
| Current investments | 17495 | 24074 | 6579 | 38 |
| Inventories | 91 | 88 | (3) | (3) |
| Trade receivable | 8046 | 9295 | 1249 | 16 |
| Cash and cash equivalents | 9783 | 4898 | (4885) | (50) |
| Short term loans and advances | 4202 | 1913 | (2288) | (54) |
| Other current assets | 5762 | 11505 | 5743 | 100 |
| TOTAL CURRENT ASSETS | 45380 | 51772 | 6392 | 14 |
| | | | | |
| TOTAL ASSETS | 65736 | 80383 | 14647 | 22 |

Own analysis

Key information obtained from Comparative balance sheet analysis of TCS and WIPRO

1. There has been significant increase in Y-O-Y % change in non-current investments in both companies from FY 21 to FY22 which both means companies are emphasizing on gaining more from investments over the long period.

2. There has been a increase in Y-O-Y % change in deferred tax liabilities (net) in both companies from FY 21 to FY22. deferred tax liability was when there was difference in timing between when the tax was accrued and when it was due to be paid.

3. There has been a marginal decline in Y-O-Y % change of equity share capital of TCS but both companies have shown increase in Y-O-Y % change in their reserves and surplus.

Sustainable growth rate analysis

Sustainable growth rate analysis of TCS (standalone)

All fig. in crores unless mentioned

Table 4.16

| Particulars | Mar'18 | Mar'19 | Mar'20 | Mar'21 | Mar'22 |
|----------------------|---------------|---------------|---------------|---------------|---------------|
| Dividend paid | 9284 | 10085 | 31896 | 10850 | 13317 |

| | | | | | |
|--|-------|-------|-------|-------|-------|
| Net income | 25241 | 30065 | 33260 | 20960 | 38187 |
| Dividend payout ratio(dividend/net income) | .37 | .34 | .96 | .52 | .35 |
| Retention rate (1-Dividend payout ratio) | .63 | .66 | .04 | .48 | .65 |
| ROE (%) | 30 | 38 | 45 | 41 | 49 |
| Sustainable growth (retention ratio x ROE)(%) | 18.90 | 25.08 | 1.80 | 19.69 | 31.85 |

Own analysis

Sustainable growth rate analysis of wipro(standalone)

All fig. in crores unless mentioned

Table 4.17

| Particulars | Mar'18 | Mar'19 | Mar'20 | Mar'21 | Mar'22 |
|---|---------------|---------------|---------------|---------------|---------------|
| Dividend paid | 545 | 545 | 689 | 548 | 3289 |
| Net income | 7723 | 7614 | 8680 | 10061 | 12135 |
| Dividend payout ratio(dividend/net income)(%) | 7 | 7 | 7 | 5 | 27 |
| Retention rate (1-Dividend payout ratio)(%) | 93 | 93 | 93 | 95 | 73 |
| ROE (%) | 18 | 15 | 19 | 22 | 22 |
| Sustainable growth (retention ratio x ROE) (%) | 16.74 | 13.95 | 17.67 | 20.90 | 16.06 |

Own analysis

Sustainable growth rate is highest rate of growth company can achieve without additional debt or equity. Generally Sustainable growth rate is considered better. Companies with high Sustainable growth rate are generally those which have high sales, have their focus on high margin products. Companies can also achieve Sustainable growth rate if they give cut their dividends.

5. CONCLUSION

In conclusion, this research project provided comprehensive analysis of the financial performance of TCS and WIPRO using a variety of financial analysis tools. Both companies TCS and WIPRO have shown good overall financial performance during 5 year period FY18 to FY22. The research project concluded that TCS outperformed Wipro in metrics of profitability and liquidity during 5 year period FY18 to FY22. This research project involved the use of secondary data sources, financial ratios, and was conducted using a descriptive and historical research design. The results of the analysis have been presented in a clear and concise manner using graphs, charts and tables. The analysis was used to make recommendations for improvement in financial performance of TCS and WIPRO, based on the findings of the research. The analysis was also used to make key recommendations and support decision-making to external stakeholders, mainly creditors, investors and potential investors.

Findings and Recommendations

1. Both companies TCS and WIPRO have shown good overall financial performance during 5 year period FY 18 to FY 22.
2. Both companies are almost debt free which was also demonstrated by around nil debt to equity ratio. Generally it was considered that debt free companies are better so it was a plus sign for both the companies.
3. There has been a steady increase in net profit of TCS from FY 18 to FY 22 except for FY 21 which was a good sign for both the company and current and potential investors.
4. P/E ratio of TCS stood at 36.23 x for FY22. A high P/E ratio could indicate that a stock was overvalued and its price was overvalued in relation to its earnings. On the other hand, a low P/E ratio can suggest that the present stock price was undervalued in comparison to earnings. The lower this ratio the better it was for the investors. TCS stock was overvalued wrt to Wipro whose P/E ratio was 26 x for FY22. Potential investors should be cautious.

5. There has been a steady increase in net profit of WIPRO from FY 18 to FY 22 except for WIPRO which was a good sign for both the company and current and potential investors.
6. When investors want to invest in a company with a high financial leverage, they can chose WIPRO or TCS to invest in because their financial leverage component in its ROE was the highest as deduced from DuPont analysis.
7. Wipro has sustainable growth rate lying between around 14 to 21% from FY 18 to FY 22 . It was considered a healthy sustainable growth rate with respect to Indian IT industry and economic standards.
8. TCS has sustainable growth rate lying between around 18 to 31 % from FY 18 to FY 22. It was considered a healthy sustainable growth rate with respect to Indian IT industry and economic standards. However the only exception was FY 20 where sustainable growth rate was only around 2%.
9. Return on Equity (ROE): The ROE for the company stood at 49.48% during FY22. The ROE measures the ability of a firm to generate profits from its shareholders capital in the company. The higher this ratio the better it was for the company. It was best for TCS as compared to its major competitors in Indian IT sector. It was a very positive signs for both the company and current and potential investors.
10. P/E ratio of WIPRO stood at 26.6 x for FY22. A high P/E ratio could indicate that a stock was overvalued and its price was overvalued in relation to its earnings. On the other hand, a low P/E ratio can suggest that the present stock price was undervalued in comparison to earnings. It was approx 23 x for TCS for FY 21 so investors should be cautious since there has been a increase and firm has become more overvalued. It was important to note that P/E ratio of WIPRO stood at approx 13 x for FY 2018 which was not a good sign for company.
11. Net Profit Margin (%) ratio of TCS stood at 23.8% for FY22. The higher this ratio the better it was for the company which was 22.77% for FY 21 which implies there has been a improvement but only marginal one. Also, it was important to note that Net Profit Margin (%) ratio was approx 26% for FY 2018 which was a concern for management and/or decision-makers and stakeholders and management and/or

decision-makers should look into it and take necessary steps as it the decrease in this ratio from FY 2018 to FY 2022 , although as slight one, was not favorable for all stakeholders of the company

12. Both the companies i.e. TCS and WIPRO had been almost completely debt free. Moreover their insolvency ratios showed that they have potential to meet their debt and interest obligations if they take any debt in future.
13. In both TCS and WIPRO, there had been a significant increase in miscellaneous expenses in FY22 wrt FY 21. The management and/or decision making authority should look to control miscellaneous expenses in order to increase overall profitability of the business.
14. TCS outperformed WIPRO in profitability metric. This was evident from the high net profit margin (%) of TCS over WIPRO in all the financial years from the period FY 18 - FY22.
15. TCS outperformed WIPRO in liquidity metric. This was evident from the high current ratio of TCS over WIPRO in all the financial years from the period FY 18- FY22.

Limitations of study

The limitations of this study included the reliance on secondary data and the narrow focus on TCS and WIPRO. Another major limitation of the study was that latest financial year data i.e. data for FY 23 was not used due to the unavailability of the that data at the time of preparation of this report/ The study also acknowledged the limitations of ratio analysis in fully capturing the complex nature of financial performance.

Another major limitations of this research project was that recommendations have been provided based on the analysis of past financial statements where as it was not necessary that the analysis will be useful in the future also.

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