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Infosys vs. Wipro: A Comparative Financial Performance Analysis

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Abstracts:

This study presents a comparative financial performance analysis of Infosys Ltd. and Wipro Ltd., two of the leading information technology service companies in India. The analysis evaluates the financial performance of both companies over a five-year period from FY2021 to FY2025. Key financial indicators such as revenue growth, net profit, operating margin, earnings per share, return on equity (ROE), liquidity ratios, and debt-equity ratio have been examined.

The study aims to assess the financial strength, profitability, operational efficiency, and market performance of both companies. Comparative financial analysis helps investors, researchers, and stakeholders understand the relative strengths and weaknesses of these firms in the competitive Indian IT sector.

The findings reveal that Infosys demonstrated stronger and more consistent financial performance than Wipro during the study period. Infosys showed higher revenue growth, better profitability, superior operational efficiency, and lower financial risk. Although Wipro maintained healthy liquidity and better five-year share price returns, Infosys emerged as the financially stronger organization overall.

Keywords: Financial Analysis, Comparative Study, Infosys Ltd., Wipro Ltd., IT Industry, Revenue Growth, Profitability, Financial Ratios, Operating Margin, Liquidity, Return on Equity, Indian IT Companies.

Introduction:

The Indian Information Technology (IT) industry is one of the major contributors to the country's economic growth and global recognition. Companies such as Infosys Ltd. and

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Wipro Ltd. have established themselves as global leaders in IT consulting, outsourcing, cloud computing, and digital transformation services.

Financial performance plays a significant role in determining the competitiveness and sustainability of IT companies. Investors, management, and stakeholders rely on financial analysis to evaluate profitability, operational efficiency, liquidity, and long-term growth potential.

This study focuses on a comparative financial analysis of Infosys and Wipro for the period FY2021–FY2025. The analysis is based on secondary data collected from annual reports, financial websites, and market reports.

Review of Literature:

Several researchers have studied the financial performance of Indian IT companies.

Sharma (2022) concluded that Infosys maintained stronger profitability and operational efficiency compared to its competitors in the Indian IT sector.

Rao and Mehta (2023) observed that digital transformation services significantly improved the revenue growth of major Indian IT firms.

Patel (2024) highlighted that companies with lower debt and stronger liquidity positions were better able to manage market uncertainties in the IT industry.

Previous studies indicate that profitability, operational efficiency, and strategic investments are critical determinants of long-term growth in the IT sector

Research Methodology:

This study is analytical and comparative in nature.

Sources of Data

The study is based entirely on secondary data collected from:

- Annual reports of Infosys and Wipro
- Moneycontrol
- Economic Times

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- NASSCOM reports
- Company investor portals
- Financial databases and websites

Period of Study

The financial data covers five financial years from FY2021 to FY2025.

Tools Used for Analysis

The following financial tools and techniques have been used:

- Comparative financial analysis
- Ratio analysis
- Trend analysis
- Profitability analysis
- Liquidity analysis

Data Analysis & Interpretation: (optional)

Financial Data Analysis

Table 1: Financial Data of Infosys and Wipro (FY2021–FY2025)

Year	Infosys Revenue (₹ Crore)	Infosys Net Profit (₹ Crore)	Wipro Revenue (₹ Crore)	Wipro Net Profit (₹ Crore)
2021	100472	19423	61934	10855
2022	121641	22146	79312	12237
2023	146767	24108	90487	11372
2024	153670	26248	89760	11135

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Year	Infosys Revenue (₹ Crore)	Infosys Net Profit (₹ Crore)	Wipro Revenue (₹ Crore)	Wipro Net Profit (₹ Crore)
2025	162990	26750	89088	13192

Research Findings:

The financial data indicates that Infosys achieved consistent revenue and profit growth during FY2021–FY2025.

Infosys revenue increased from ₹100,472 crore in FY2021 to ₹162,990 crore in FY2025, while net profit increased from ₹19,423 crore to ₹26,750 crore.

In contrast, Wipro experienced slower revenue growth after FY2023, with a slight decline in FY2024 and FY2025. However, Wipro's net profit improved moderately in FY2025.

The analysis suggests that Infosys maintained stronger operational efficiency and financial stability throughout the study period.

Ratio Analysis

Table 2: Extended Ratio Analysis (FY2025)

Financial Metric	Infosys	Wipro
ROE (%)	27.87	15.94
Net Profit Margin (%)	16.41	14.80
Debt to Equity Ratio	0.00	0.20
Operating Margin (%)	21.00	17.50
Current Ratio	2.20	2.00

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Interpretation of Ratios

1. Return on Equity (ROE)

Infosys reported an ROE of 27.87%, significantly higher than Wipro’s 15.94%. This indicates that Infosys utilized shareholders’ funds more efficiently.

2. Net Profit Margin

Infosys maintained a stronger net profit margin of 16.41% compared to Wipro’s 14.80%, reflecting better cost control and operational management.

3. Debt-Equity Ratio

Infosys operated with negligible debt, indicating lower financial risk and stronger financial stability. Wipro maintained a moderate debt-equity ratio of 0.20.

4. Operating Margin

Infosys demonstrated superior operating efficiency with an operating margin of 21.00%, compared to Wipro’s 17.50%.

5. Liquidity Position

Both companies maintained healthy liquidity positions with current ratios above 2.0, indicating their ability to meet short-term obligations.

Analytical Discussion

Trend Analysis

Infosys demonstrated consistent growth in both revenue and profitability due to expansion in digital services, cloud computing, and operational efficiency.

Wipro showed slower growth during the same period. Although profitability remained stable, the company experienced stagnation in revenue growth after FY2023.

Competitive Advantage

Infosys holds a stronger competitive position because of:

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- Higher profitability
- Better operational efficiency
- Stronger return on equity
- Lower financial risk
- Diversified global client base

Wipro remains competitive but faces challenges in achieving growth comparable to Infosys.

Risk Assessment

Both companies are exposed to risks such as:

- Currency fluctuations
- Global economic uncertainty
- Geopolitical tensions
- Competition in digital transformation services

However, Infosys possesses stronger balance-sheet stability, reducing its overall financial risk.

Strategic Insights

Infosys appears to be more growth-oriented and financially resilient. Wipro may need additional investments in innovation, acquisitions, and digital transformation services to improve its competitive position.

Additional Comparison: Liquidity and Share Price Performance

Table 3: Liquidity and Share Price Performance

Metric	Infosys	Wipro
Current Ratio (FY2025)	2.2	2.4
Five-Year Share Price Return (%)	53.64	61.91

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Analytical Discussion

Liquidity Analysis

Both companies maintain strong liquidity positions. Wipro's current ratio is slightly higher than Infosys, indicating marginally stronger short-term financial flexibility.

Share Price Performance

Wipro delivered higher five-year share price returns compared to Infosys. This suggests that shareholder returns are influenced not only by profitability but also by market sentiment, dividend policy, buybacks, and strategic developments

Limitations of the Study

The study has the following limitations:

1. The analysis is based only on secondary data.
2. The study covers a limited period of five years.
3. External economic and political factors were not analyzed in detail.
4. Market sentiment and investor behavior may affect share price performance beyond financial indicators.

Conclusion:

The comparative financial analysis of Infosys and Wipro reveals that Infosys outperformed Wipro in terms of revenue growth, profitability, operational efficiency, and financial stability during FY2021–FY2025.

Infosys demonstrated stronger profitability margins, higher return on equity, and lower financial risk. Wipro, however, maintained strong liquidity and achieved better five-year share price returns.

Overall, Infosys emerged as the financially stronger and more competitive company in the Indian IT sector. The study concludes that Infosys offers stronger long-term financial fundamentals, while Wipro continues to show potential for shareholder value creation

Suggestions & Recommendations / Future Scope:

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The present study provides a comparative financial analysis of Infosys and Wipro based on selected financial indicators during FY2021–FY2025. However, there is significant scope for further research in this area. Future studies may expand the analysis by including more Indian and global IT companies such as TCS, HCL Technologies, and Tech Mahindra to obtain a broader understanding of the IT industry's financial performance and competitive landscape.

Researchers can also extend the study period to analyze long-term financial trends and the impact of economic cycles, technological advancements, and global market conditions on IT companies. Advanced statistical tools such as regression analysis, correlation analysis, and forecasting models may be applied to improve the depth and accuracy of financial evaluation.

Further research may also examine non-financial factors such as customer satisfaction, innovation capability, employee productivity, sustainability practices, and digital transformation strategies, which significantly influence organizational growth and market value. In addition, future studies can investigate the impact of artificial intelligence, cloud computing, and automation on the profitability and operational efficiency of IT firms.

Thus, the study opens opportunities for more comprehensive research on financial performance, strategic management, and technological competitiveness in the rapidly evolving IT industry.

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