

**“A Descriptive Statistics of Profitability of Selected
Information Technology Companies In India” During
2018-19 TO 2022-23**

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Abstract:

The focus of the study to analyze the Descriptive statistics analysis of profitability of information Technology Companies namely Mphasis, Oracle, Polaris, Rolta and Tech Mahindra for the period of 5 years in India. The objective of the study is to analyze the profitability of the selected companies in India during the study period by using Ratio analysis; Descriptive statistics have been used. To conclude that the profitability of the selected companies is good but it has some ups & downs during the study periods.

1. INTRODUCTION:

Information technology is concerned with the development, management, and use of computer-based information systems. The Information Technology Association of America has defined information technology as “the study, design, development, application, implementation, support or management of computer-based information systems”, but the term has also been applied more narrowly to describe a branch of engineering dealing with the use of computers and telecommunications equipment to store, retrieve, transmit and manipulate data. Although commonly used to refer to computers and computer networks, IT encompasses other information-distribution technologies such as television and telephones, a wider field more explicitly known as information and communications technology. The information technology industry has become of the most robust industries in the world. IT, more than any other industry or economic facet, has an increased productivity, particularly in the developed world, and therefore is a key driver of global economic growth. Economies of scale and insatiable demand from both consumers and enterprises characterize this rapidly growing sector. Indian IT sector contributes to approximately 8 % to the GDP of the country. Not only it has placed India as the IT hub but this sector has also created huge employment opportunities. Top 5 IT firms employs approximately 7 lakh people worldwide. The presence of Indian IT is felt across the globe.

2. REVIEW OF LITERATURE:

Brynjolfsson [1996], however, cautioned that these findings do not account forth economic theory of equilibrium which implies that increased IT spending does not imply increased profitability. More recent firm level studies, however, point a more positive picture of IT contributions towards productivity. These findings raise several questions about mis-measurement of output by not accounting for improved variety and quality and about whether IT benefits are seen at the firm level or at the industry level.

Dos et al. [1993] studied statistical correlation between IT spending and performance measures such as profitability or stock's value. It is found that there is an insignificant correlation between IT spending and profitability measures, implying thereby that IT spending is unproductive.

3. RESEARCH METHODOLOGY:

Research Methodology is a systematic and continuous method of defining a problem collecting the facts and analyzing them, reaching conclusion forming generalization.

3.1 Research Statement: “A descriptive statistics of Profitability of selected Information Technology companies in India.”

3.2 Need of the study:

Profit earning is the main aim of every economic activity. A business being an economic institution must earn profit to cover its costs and provide funds for growth. No business can service without earning profit. Profits are a measure of efficiency of a business enterprise. Profits also serve as a protection against risks which cannot be ensured. The accumulated profits enable a business to face risks like fall in prices, competition from other units, adverse government policies etc. The profitability refers the capacity of a business enterprise to

generate profit per each rupee of sales or capital invested in business. The profitability of IT Company has been analyzed through various profitability ratios & statistical tools.

3.3 Research Design:

3.3.1 Source of Data: The study is based on secondary data. The secondary data are collected from information various journals, magazines, newspapers and annual reports, literature and websites and through various search engines.

3.3.2 Sample selection: The convenient sample method has been adopted to select the Information Technology companies namely TCS, Wipro, Infosys, HCL, Mind tree for the present study.

3.3.3 Period of study: The study covers a period of 2018-19 to 2022-23.

3.4 Objectives of study: To know the profitability of the selected IT companies in India.

3.5 Scope of the study:

The scope of study is confined only to selective IT companies on the basis of their financial performance and analyzing the financial performance of the IT companies. The study is restricted to collecting information about the companies from websites and annual report.

3.6 Tools of Analysis:

The following tools and techniques are used for the present study.

3.6.1 Ratio Analysis

3.6.2 Descriptive statistics

4. DATA ANALYSIS & INTERPRETATION:

DESCRIPTIVE STATISTICS

TABLE: I
GROSS PROFIT RATIO

IT COMPANY	MAX	MIN	RANG	MEAN	STDEV	CV
MPHASIC	24.98	12.37	12.61	18.67	3.21	17.19
ORECAL	38.11	16.87	21.24	29.24	8.54	29.21
POLARIS	14.43	4.28	10.15	9.88	3.99	40.38
ROLTA	50.21	29.28	20.93	39.11	6.49	16.59
TECH- MAHINDRA	27.26	14.52	12.74	20.14	4.75	23.58

[Sources : Descriptive statistics has been performed in MINITAB 17]

As above Table no. 1, among all the samples companies, the ROLTA Company outperformed compare to other IT companies in terms of gross profit ratio with a highest mean of 39.11 and POLARIS underperformed compare to other sample companies in the term of gross profit ratio i.e. was 9.88. According to CV, there is the high variability in POLARIS and less in ROLTA. Hence, ROLTA may be considered to be more consistent in terms of gross profit ratio.

TABLE: II
OPERATING PROFIT RATIO

IT COMPANY	MAX	MIN	RANG	MEAN	STDEV	CV
MPHASIC	29.58	18.15	11.43	22.51	3.71	16.48
ORECAL	40.12	19.36	20.76	31.02	7.82	25.21
POLARIS	17.88	7.64	10.24	12.79	3.79	29.63
ROLTA	68.52	51.62	16.9	61.64	8.29	13.45

TECH-MAHINDRA	28.19	16.52	11.67	21.55	4.26	19.77
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[Sources : Descriptive statistics has been performed in MINITAB 17]

As above Table no. 2, among all the samples companies, the ROLTA Company outperformed compare to other IT companies in terms of operating profit margin ratio with a highest mean of 61.64 and POLARIS underperformed compare to other sample companies in the term of operating profit margin ratio i.e. was 12.79. According to CV, there is the high variability in POLARIS and less in ROLTA. Hence, ROLTA may be considered to be more consistent in terms of operating profit margin ratio.

TABLE:III
NET PROFIT RATIO

IT COMPANY	MAX	MIN	RANG	MEAN	STDEV	CV
MPHISIS	27.13	11.25	15.88	18.43	4.72	25.61
ORECAL	42.48	20.39	22.09	30.31	7.83	25.83
POLARIS	13.98	1.97	11.93	8.26	3.85	46.61
ROLTA	41.26	11.08	30.18	23.81	17.58	73.83
TECH- MAHINDRA	23.24	2.38	20.86	13.09	5.77	44.08

[Sources : Descriptive statistics has been performed in MINITAB 17]

As above Table no.3, among all the samples companies, the ORECAL Company outperformed compare to other IT companies in terms of net profit ratio with a highest mean of 30.31 and POLARIS underperformed compare to other sample companies in the term of net profit margin ratio i.e. was 8.26. According to CV, there is the high variability in ROLTA and less in ORECAL. Hence, ORECAL may be considered to be more consistent in terms of net profit margin ratio.

TABLE:IV
RETURN ON CAPITAL EMPLOYED RATIO

IT COMPANY	MAX	MIN	RANG	MEAN	STDEV	CV
MPHISIS	39.02	8.84	30.18	23.79	8.92	37.49
ORECAL	54.21	16.74	37.47	23.69	10.62	44.83
POLARIS	28.16	11.86	16.3	17.42	6.71	38.52
ROLTA	21.28	12.64	8.64	15.52	3.92	25.26
TECH-MAHINDRA	71.08	17.91	53.17	35.62	22.30	62.61

[Sources : Descriptive statistics has been performed in MINITAB 17]

As above Table no. 4, among all the samples companies, the TECH MAHINDRA Company outperformed compare to other IT companies in terms of return on capital employed ratio with a highest mean of 35.62 and POLARIS underperformed compare to other sample companies in the term of return on capital employed ratio i.e. was 15.52. According to CV, there is the high variability in TECH MAHINDRA and less in ROLTA. Hence, ROLTA may be considered to be more consistent in terms of return on capital employed ratio.

TABLE: V
RETURN ON NET WORTH RATIO

IT COMPANY	MAX	MIN	RANG	MEAN	STDEV	CV
MPHISIS	40.52	6.15	34.37	21.08	10.26	48.67
ORECAL	38.61	13.68	24.93	18.82	6.05	32.15
POLARIS	19.27	7.59	11.68	13.69	4.19	30.61
ROLTA	25.92	2.03	23.89	11.37	6.58	27.54

TECH MAHINDRA	53.58	7.88	45.7	24.11	12.08	50.10
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[Sources : Descriptive statistics has been performed in MINITAB 17]

As above Table no. 5, among all the samples companies, the TECH MAHINDRA Company outperformed compare to other IT companies in terms of return on net worth ratio with a highest mean of 24.11 and ROLTA underperformed compare to other sample companies in the term of return to net worth ratio i.e. was 11.37. According to CV, there is the high variability in TECH MAHINDRA and less in ROLTA. Hence, ROLTA may be considered to be more consistent in terms of return to net worth ratio.

CONCLUSION:

During the study period the Profitability ratio is very satisfactory in ROLTA, ORECAL and TECH MAHINDRA where those are very unsatisfactory in POLARIS. Profitability ratio of POLARIS was very low, the reason was behind the unsatisfactory profitability position may be the high cost of production and operating expenses, unutilized in an efficient manner. All the ratios are significant in selected companies. From this analysis it can be noticed that the profitability ratios are good but it has ups and downs in selected companies.

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