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A Comparative Study of Equity Shares Performance with Reference to Wipro & Infosys Ltd

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ABSTRACT

Equity shares were earlier known as ordinary shares. The holders of these shares are the real owners of the company. They have a voting right in the meetings of holders of the company. They have a control over the working of the company. Equity shareholders are paid dividend after paying it to the preference shareholders. Equity capital is paid after meeting all other claims including that of preference shareholders. They take risk both regarding dividend and return of capital. Equity share capital cannot be redeemed during the life time of the company. Fundamental analysis is one of the significant techniques for pricing of equity shares. There are various fundamental variables that affect the market value of equity shares. The association was found between various fundamental variables such as dividend, earnings, debt etc. and share returns. Equity have the potential to increase in value over time.it also provide the portfolio with growth necessary to reach the long term investment goals. Equities are considered the most challenging and the rewarding, when compared to other investment options. Research studies have proved that investments in some shares with a longer tenure of investment have yielded far superior returns than any other investment. However, this does not mean all equity investments would guarantee similar high returns. Equities are high-risk investments. One needs to study them carefully before investing The rate of dividend on these shares depends up on the profits of the company the undertaken the maximum entrepreneurial risk associated with a business venture. In this paper discuss Equity share of Infosys & Wipro companies.

Key words: Equity Share, Portfolio, Investment, Dividend, Entrepreneurial

I. INTRODUCTION

Equity share is a market in which share are issued and traded, it is one of the most vital areas of a market economy as it provide the company with the access to capital and investors with a slice of ownership in the company and the potential of gains based on the company's future performance. In financial market, stock is the capital raised by a corporation through the issue distribution of sales, the person or the organisation which holds the shares of stock is called a share holder. The aggregate value of a corporation’s issued shares is it’s market capitalisation. When one buy’s a share of a company he become a shareholder in that company. Shares are also known as a equities.

II. DEFINITION OF SHARE

The capital of a company is divided into shares each share forms a unit of ownership of a company and offered for sale so as to raise capital, expressing the ownership relationship the company and the share holder.

Equity Share Definition

The holders of these shares are the real owners of the company. They have a voting right in the meetings of holders of the company. Equity share holders and paid dividend after paying it to preference share holders. The rate of dividend on these shares depends upon the profits of the company; equity capital is paid after meeting all other claims including that of preference share holders.

Equity shares are the main source of finance of a firm. It is issued to the general public. Equity shareholders do not enjoy any preferential rights with regard to repayment of capital and dividend. They are entitled to residual income of the company, but they enjoy the right to control the affairs of the business and all the shareholders collectively are the owners of the company.

III. MEANING

Equity shares are those shares which are ordinary in the cares of company business .they are also called as ordinary shares. These share holders do not enjoy preference regarding payment of dividend and repayment of capital.

Objectives

- To know the Significance of the equity share
- To Study the Various kinds of Equity Shares
- To analyse the Comparative performance of Infosys & Wipro Share Price.

Scope of the Study:

This study only discuss on Equity share of Infosys & Wipro companies and Data is Collected Five Years (i.e.2012-2016)in BSE Market only

Methodology:

The study is based on Primary data &secondary data which has been taken from Equity Shareof Those Companies By using Graphical Representation.

Limitations:

1. This Paper is limited for Infosys & Wipro only.
2. This analysis is based on BSE equity market

IV. COMPANY PROFILE

Infosys:

Infosys Limited (formerly Infosys Technologies Limited) is an Indian multinational corporation that provides business consulting, information technology and outsourcing services. It has its headquarters in Bengaluru, India.
Infosys is the third-largest Indian IT company by 2017 revenues and 596th largest public company in world in terms of revenue On June 30, 2017, its market capitalisation was $34.33 billion. The credit rating of the company is A- (rating by Standard & Poor's

Wipro

Wipro Limited (Western India Palm Refined Oils Limited[4] or more recently, Western India Products Limitedis an Indian Information Technology Services corporation headquartered in Bengaluru, India.[5]
In 2013, Wipro demerged its non-IT businesses into separate companies to bring in more focus on independent businesses

Importance Of Equity Share

1. Owned capital:

Equity share holders are the real owners of the share holders who are the real owners of the company. Equity share capital is owned capital because it is the money of the share holders who are actually the owners of the company.

2. Fixed value or nominal value:
Every share is given has fixed value or a nominal value.
EX :Share price is Rs: 10. Which indicate the fixed value or nominal value.

3. Distinctive number:
Every share is given a distinct number just like a roll number for the purpose of identification.

4. Attached Rights:
A share gives its owner the right to receive dividend. The right to vote the right to attend meetings the right the inspect the books of accounts

5. Return on Shares:
Equity share holders are putting money we expected more profits or return

6. Transfer of shares:
Equity shares are easily transferable, the is if a person buys shares of a particular company and he does not want them, he can sell them to anyone, there by transferring the shares in the name of that person.

7. Benefits of right issue:
The equity share holders are given certain rights on the company. In case they do not take up the share offered to the, the same can be issue to others. Thus equity share holders get the benefits of the rights issue.

8. Benefits of bonus shares:
Joint stock companies which make huge profits, issue bonus share to their ordinary share holders out of the accumulated profits. The equity share holders get the benefits of the right issue.

9. Irredeemable:
Equity shares are always irredeemable. This means equity capital is not returnable during the life time of a company.

V.TYPES OF EQUITY SHARES

1. Right Share:
These are the shares issued to the existing share holders of a company. Such kind of share is issued to protect he ownership rights of the investors.

2. Bonus Share:
There are various advantages and disadvantages of bonus share like dividend, capital gain, limited liability, high risk etc.

3. Sweat equity share:
These are issued to exceptional employees or direct of the company for their exceptional job In terms of providing know how consist tellectual property right to the company

4. Authorized share capital:
It is the maximum amount of capital which can be issued by a company. It can be increased from time to time some fee is required to be paid to legal bediesacomponied with some formalities.

5. Issued Share Capital:
It is that part of authorized capital which is offered to investor.

6. Subscribe share capital:
It is a part of issued capital which is accepted and agreed by the investor

7. Paid up capital:
It is the part of subscribed capital. The amount of which is paid by the investor. all the company accept complete money in one and therefore issued. Conceptually paid up capital is the amount of money which is actually invested in the business.

There Are Other Types of Equity Share Discussed Below:
Various Price of Equity Shares:

1. **Par or face value:**
   It is the value of share of which it is a accounted in book of accounts
2. **Issue price:**
   Issue price and face value of a share are Same in the case of new company.
3. **Share premium:**
   When a share is issued at a price higher than face value, the excess of amount is called premium.

Advantages of Equity Share

1. Dividend:
An investor is entitled to received a dividend from the company. It is one of the two main shares of return on his investment.
2. Capital gain:
The other source of return on investment a part from dividend is the capital gains croins which rise due to rise in market price of the share.
3. Limited liability:
Liability of share holder or investor is limited to the extent of the investment made. The share of loss over and above the capital investment would not be borne by the investor.
4. Exercise control:
The share holders are putting the money we can expected more profits and the share holders gets ownership in the company and there by he can exercise control he gets voting rights in the company.
5. Claim over assets and income:
He enjoys a share of rein comes of the company the will receive some part of that income in cash in the form of dividend and remaining capital is reinvested in the company

Disadvantages of Equity Share:

1. Dividend:

The management of company decides how much dividend should be given. The dividend which a share holders receives is neither fixed nor controllable by him.

2. High risk:

The equity share holders we are facing high risk equity share investment is a risky share compared to any other investments like debt etc.

3. Limited control:

An equity investor Is a small investor in the company. Therefore it is hardly possible to impact the decision of the company using the voting rights.

Data Analysis Infosys

Year	Open Price	High Price	Low Price	Close Price
2012	2763.9	2990	2101.65	2318.5
2013	2325.1	3575	2190	3485.5
2014	3491	4401	1898	1971.2
2015	1967.8	2335.2	932.55	1095.85
2016	1100	1278	900.3	1010.7

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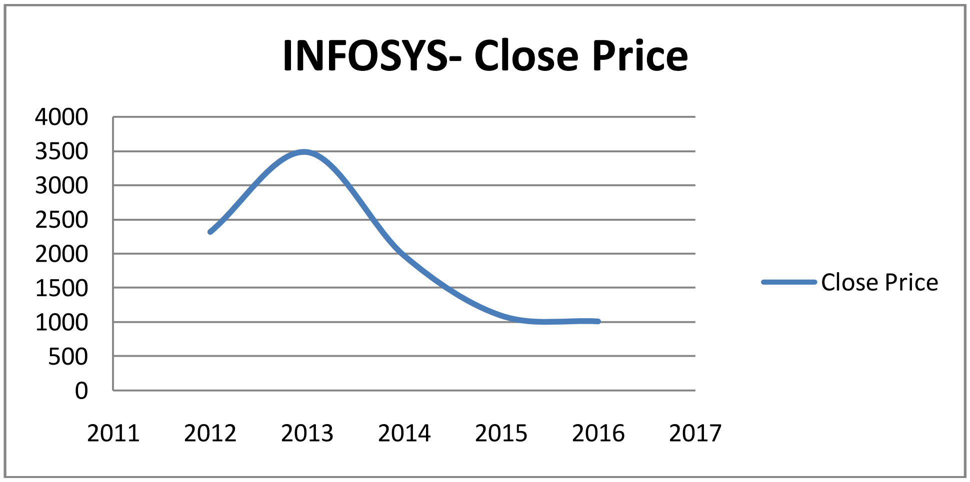
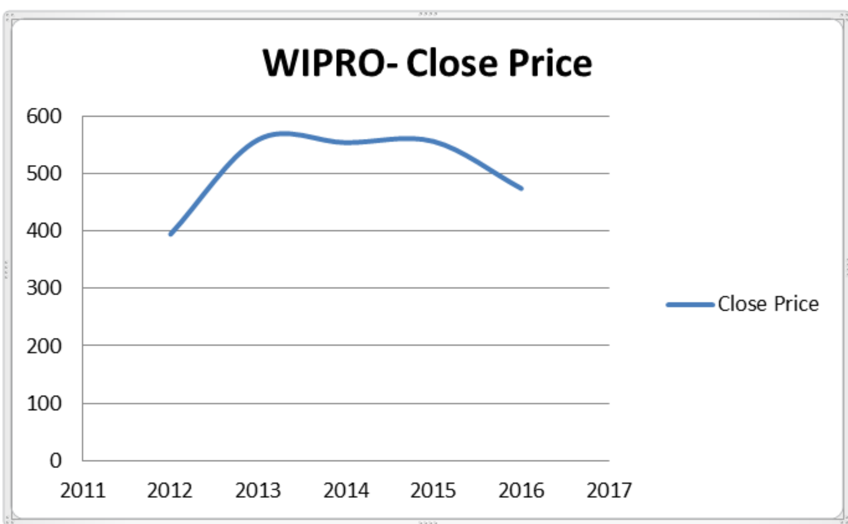


Interperetation:

The above chart indicates that closing price of Infosys it increased in 2013-3485.5 and due to heavy fluctuation the equity share price of Infosys is decreased 2016(1010.7)

Wipro

Year	Open Price	High Price	Low Price	Close Price
2012	399	452.5	325.6	394.35
2013	397	561.25	315.3	559.05
2014	561.8	621.5	475.35	553.8
2015	553	676.9	512.55	555.95
2016	558	606.75	410	474

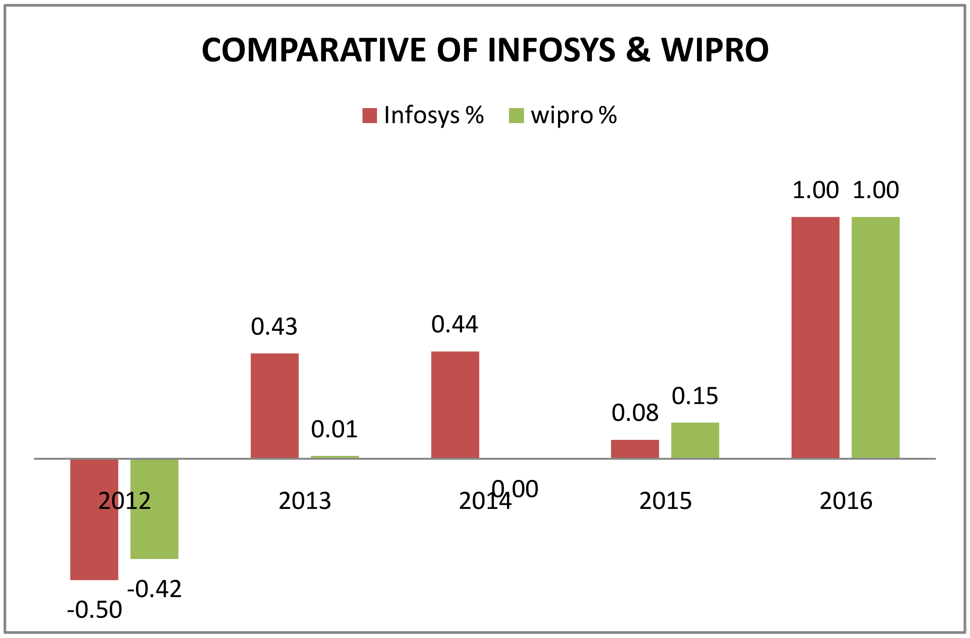


Interperetation:

The above chart indicates that closing price of Infosys it increased in 2013-559.05 and due to Slightly fluctuation the equity share price of Wipro is decreased 2016(474).but compare to 2012(394). It is increased

Comparative Study of Infosys & Wipro

Year	Infosys Close Price	Infosys %	Wipro Close Price	wipro %
2012	2318.5	-0.50	394.35	-0.42
2013	3485.5	0.43	559.05	0.01
2014	1971.2	0.44	553.8	0.00
2015	1095.85	0.08	555.95	0.15
2016	1010.7	1.00	474	1.00



Interpretation:
The Wipro Equity Share Price compare (555.95 -474) to Infosys (1095.85-1010.7) equity share price is up down slightly .But Over all Year Wipro Share Price is Increased(2012-2016) .

Findings:

1.**Equity** is **important** to businesses because it can be used to finance expansion. Funding business expansion by selling **shares** of **stock** to investors is "**equity** financing."
2. Equity share is a main source of finance for any company giving investors rights to vote, share profits and claim on assets. Various types of equity capital are authorized, issued, subscribed, paid up, rights, bonus, sweat equity etc.
3. The closing price of Infosys it increased in (2012- 2013)-3485.5 and due to heavy fluctuation the equity share price of Infosys is decreased 2016(1010.7). The closing price of Wipro it increased in (2012-2013)-559.05 and due to Slightly fluctuation the equity share price of Wipro is decreased 2016(474).but compare to 2012(394) It is increased .

SUGGESTIONS

1.Based on analysis infosys share price is fluctuated heavily (2318.5to 1010.7)compare to wipro (394.35 to 474).so invest in wipro rather than infosys.
2.The performance of wipro is satisfactory compare with infosys
3.It is advised to new investor to buy wipro share

CONCLUSION

Based on this paper indicate that the equity share price fluctuation due to political, corporate announcements, internal factors, external factors. You can make a lot of money investing in **Equity** or trading in the **Equity Share** , but it is not something for the new investors. Care must be taken when it comes to **Equity** investments.

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2	Journal of Financial markets			

WEBSITES

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2	www.wipro.com/india/
3	https://www.infosys.com/