MCOP-001 sample synopsis: annual-report design

Read this page first. It is not part of the sample.

What this file is

A sample synopsis for the IGNOU M.Com project course MCOP-001 in a design that uses published company data instead of a questionnaire. It is an inter-organisational study, one of the four study types the MCOP-001 guidelines list, built on two companies' audited annual reports.

The two companies are left as [Company A] and [Company B], and every figure is left blank. Choosing the companies, collecting five years of figures from their annual reports and computing the ratios is your work; this file shows only the plan.

It is study reference. Do not submit it, and do not submit a copy with only the brackets filled. The MCOP-001 report carries a Certificate of Originality (Annexure-II) that you and your guide sign.

How to use it

- Pick two listed companies of comparable size in one industry whose annual reports for all five years are available on their websites or the stock exchange sites. The IT services sector is used here only as an example.
- If you change the industry, change the rationale and the review too. A synopsis copied with one word changed is easy for an evaluator to recognise.
- Fill Annexure-I with the same title, word for word, and send it with your guide's signed bio-data to the Regional Director of your Regional Centre (online students use the LMS portal).

Who made it, and how

Prepared in October 2026 by the editorial desk of ignoumcomproject.com from the MCOP-001 guidelines of the Commerce Discipline, School of Management Studies, IGNOU (file dated February 2023, read in full in October 2026). Drafted with AI assistance, every part checked against the seven synopsis parts those guidelines list, and published under BK Sahni's editorial responsibility.

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Free Cash Flow and Dividend Payout of Two Listed Indian IT Services Companies, FY 2020-21 to FY 2024-25: An Inter-Organisational Study of [Company A] and [Company B]

Synopsis for MCOP-001: Project, Master of Commerce (M.Com)

Submitted by [Name of the Student], Enrolment No. [ ]; Proposed guide: [Name of the Guide]

Subject area (as entered in Annexure-I): Accounting and Finance. The guidelines give "Financial Performance of XYZ Ltd" as an example of the Finance area; a study of cash flows and dividends belongs to the same area.

1. Introduction

A company can pay its shareholders only out of cash it actually generates, after it has paid for the assets its business needs. Free cash flow measures that cash. The dividend payout ratio shows how much of the year's profit is distributed. Comparing the two over several years shows whether a company's dividends are supported by the cash its operations produce.

In India, the Companies Act, 2013 governs how a company declares dividends, and section 123 sets out the profits from which a dividend may be declared. Listed companies report their cash flows in the Statement of Cash Flows prepared under Ind AS 7, which separates operating, investing and financing activities. These statements, published in the annual report, are the data source for this study.

The study compares [Company A] and [Company B], two listed Indian IT services companies, over the five financial years from 2020-21 to 2024-25.

2. Rationale of the study

IT services companies need relatively little plant and machinery compared with manufacturing firms, so a large share of their operating cash can be available for distribution. They also return cash in more than one way, through dividends and, at times,

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share buybacks. A side-by-side study of two such companies over the same five years shows whether their dividend decisions track their free cash flow, and whether the two follow different policies with similar cash generation. [Add why you chose these two companies: comparable size, same listing, your interest or work in the sector.]

3. Review of literature

3.1 Theory

Lintner (1956) found, from interviews with company managements, that firms aim at a target payout and adjust dividends gradually towards it rather than changing them with every change in earnings. Jensen (1986) argued that cash flow in excess of what a firm needs for its profitable projects creates a conflict between managers and shareholders, and that paying it out reduces that conflict. These two papers give the study its two questions: how smoothly dividends move, and how they relate to free cash flow.

3.2 Indian studies

[Author (Year)] studied the dividend policy of [ ] Indian companies over [period] and found [ ]. [Author (Year)] ... [ ]. Write four to six studies you have actually read, preferably on Indian listed companies and at least two on the IT sector.

Research gap: [one or two sentences on what the reviewed studies have not covered, for example the five years from 2020-21 or a direct comparison of two IT companies' free cash flow and payout].

> Lintner (1956) and Jensen (1986) are real, widely cited papers given here so the review has a theoretical anchor. The Indian studies must be ones you read yourself; list each of them in the references in APA style, which the MCOP-001 guidelines ask for in the report.

4. Objectives of the study

The objectives of this study are to:

1 examine the free cash flow of [Company A] and [Company B] from FY 2020-21 to FY 2024-25;

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2 explore the dividend payout of the two companies over the same period, including any years in which cash was also returned through share buybacks;

3 analyse the factors affecting the relation between free cash flow and dividends in each company, such as the movement in operating cash flow, capital expenditure and profit; and

4 investigate the influence of free cash flow on the dividends paid by the two companies, by comparing the dividends paid with the free cash flow of each year.

The four objectives use the sample stems printed in the MCOP-001 guidelines and are neutral: none assumes that free cash flow does or does not drive dividends.

5. Research methodology

5.1 Research design

Descriptive and analytical inter-organisational study of two companies, using secondary data for five financial years.

5.2 Nature and source of data

Secondary data from the audited [consolidated / standalone] financial statements in the annual reports of [Company A] and [Company B] for FY 2020-21 to FY 2024-25, taken from the companies' websites [and the BSE or NSE filings]. The same basis (consolidated or standalone) will be used for both companies and all five years.

5.3 Sample and its rationale

Two companies chosen purposively: [Company A] and [Company B], because [comparable size by revenue, both listed throughout the period, same business line]. Period: five financial years, long enough to show a pattern and short enough for one student to collect from primary filings.

5.4 Measures and tools

Measure	Working definition used in this study	Objective
Free cash flow (FCF)	Net cash from operating activities minus purchase of property, plant and equipment and intangible assets, from the Statement of Cash Flows	1, 3, 4

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Measure	Working definition used in this study	Objective
Dividend payout ratio	Dividends declared in respect of the year (interim dividends plus the final dividend recommended for the year) divided by profit for the year attributable to owners of the company (consolidated) or profit after tax (standalone), x 100	2, 4
Dividends to FCF	Dividends paid in the year divided by FCF of the year, x 100	4
Growth	Year-on-year change and compound annual growth rate of operating cash flow, capital expenditure, FCF and dividends	1, 3

The payout ratio uses dividends declared for the year; the dividends-to-FCF ratio uses dividends actually paid in the year, from the Statement of Cash Flows, so that both sides of that ratio are cash figures.

FCF has more than one definition in the literature; the one above is stated so the evaluator can follow every figure. A data sheet in the annexure of the report will show each year's source page in the annual report.

5.5 Method of data collection

Figures will be copied by hand from the published statements into a data sheet, year by year, and checked twice against the source pages.

5.6 Data handling and analysis

Objective	Analysis	Why this tool
1. FCF over five years	Trend table, year-on-year change, CAGR	Shows the level and direction of FCF
2. Dividend payout	Payout ratio by year; buybacks noted separately	Shows how much of profit was distributed
3. Factors affecting the FCF and dividend relation	Comparison of operating cash flow, capital expenditure and profit trends	Shows whether movements in operating cash flow, capital expenditure and profit explain gaps between FCF and dividends
4. FCF and dividends	Dividends to FCF ratio by year; Pearson correlation reported as descriptive only	With five yearly values per company, a correlation describes the pattern but cannot support a reliable significance test

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Software: [MS Excel]. Results will be shown in tables and line charts, with interpretation under each.

A secondary-data synopsis still needs every methodology item the guidelines list: design, nature and source of data, sample and its rationale, tools, method of collection and analysis. Here the "tool" is the set of measures, defined in advance.

6. Implications of the study

For investors, the study shows whether the dividends of two well-known IT companies were covered by the cash their operations produced. For students of corporate finance, it applies the free cash flow and dividend smoothing ideas to recent Indian data. For the companies' stakeholders, it places dividends alongside buybacks as two routes of returning cash.

7. Limitations of the proposed study

- Two companies and five years cannot represent the IT sector; the findings describe these two companies only.
- Free cash flow is computed by a stated working definition; other definitions would give different figures.
- Changes in accounting policy, acquisitions or one-off items during the period can affect comparability; each will be noted where found.
- With five yearly values per company, the study can describe whether dividends and free cash flow move together; it cannot establish that one causes the other.
- Share buybacks return cash outside the dividend route and are reported alongside, not combined, unless your guide advises otherwise.

References

Jensen, M. C. (1986). Agency costs of free cash flow, corporate finance, and takeovers. *American Economic Review*, *76*(2), 323-329.

Lintner, J. (1956). Distribution of incomes of corporations among dividends, retained earnings, and taxes. *American Economic Review*, *46*(2), 97-113.

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Companies Act, 2013, No. 18, Acts of Parliament, 2013 (India), section 123.

Ministry of Corporate Affairs. (2015). *Indian Accounting Standard (Ind AS) 7: Statement of cash flows*. Companies (Indian Accounting Standards) Rules, 2015.

[Company A]. ([Year]). *Annual report [year]*. [URL] (one entry for each annual report used)

[Company B]. ([Year]). *Annual report [year]*. [URL]

[Author, A. A. (Year). Title of the article. *Journal Name*, *volume*(issue), pages.] Add every study you cite in section 3, in APA style, in alphabetical order.

With the synopsis, send: Annexure-I filled in and signed and dated by you and your guide; your guide's bio-data, signed in original and dated. The guidelines say a synopsis without these signed documents shall be rejected.

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