



A STUDY ON FINANCIAL PERFORMANCE OF INFOSYS LTD.

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Abstract : On July 2, 1981, the registration of Infosys Consultants Private Limited was completed. Today, Infosys is recognized as a global leader in consulting and next-generation digital services. The main objective of this study is to assess the profitability and liquidity of the firm using a ratio analysis method. Secondary data sourced from INFOSYS Limited's annual reports will be utilized for this investigation. The financial statements of INFOSYS Limited from the five-year period spanning from 2018 to 2022 will be analyzed. The balance sheet of the company will also be examined as part of the analysis. Financial performance will aid in forecasting the company's development and short- and long-term financial status.

KEYWORDS - Financial performance; Ratio Analysis; Liquidity Ratio; Profitability ratio; Balance sheet.

I. INTRODUCTION

In 1981, a group of seven engineers in Pune, Maharashtra, India, launched Infosys with \$250 in capital. The company was officially registered as Infosys Consultants Private Limited on July 2, 1981. In June 1992, the business changed its name to Infosys Technologies Limited when it became a public limited company.

The researcher's objective is to analyze the financial fluctuations of INFOSYS Ltd over a five-year period, spanning from 2018 to 2022. By utilizing financial analysis tools, the researcher aims to identify the current financial status of the company and make recommendations for changes that could enable further growth.

II. REVIEW OF LITERATURE

Dr P.R BrindaKalyani (2021), "A study on the financial performance of Infosys Limited" took a period of 5 years from 2016 to 2020. It was found that Market value of the firm were higher to cover the debts of firm. Pattern of the firm remains almost same but there were technological changes every year. The 5 years trend value depicts the company's development and the financial changes of the firm.

Anil Kumar Goyal (2020), 'A Study on financial performance analysis of Bharat petroleum corporation India' The author uses profitability, liquidity and solvency ratio for analysis of the company's financial performance. The study covers the period of study from 2004-2005 to 2011-2012. It is concluded that the company was unable to even touch the ideal quick ratio during the period of study which may create problem to the short-term liquidity.

Dr. Mrs. Vijayalakshmi, J. Nandhini, P. V. Nivashini and G. Pavithra (2019), this study is mainly done to analyze the financial performance of Ashok Leyland Limited for the period of 2014 – 2018. It is based on the secondary data collected from the annual report of the company. The researchers conclude that the performance of Ashok Leyland in the study period has been excellent.

Dr. K. Kumar and V. Sheeba Mary (2018), this study is based on the Financial Performance analysis of TVS Motor Company Limited this study analysing the data with the help of selected tools and based on the secondary data. The necessary data were obtained from published annual report of the company. They concluded that the company may maintain the ideal ratio of current asset and current liabilities. The company maintain the performance and further improve the efficient level and the suggestions from this study may be considered for the effective and efficient financial performance of TVS Motor Company limited.

Dr. S. Vijayalakshmi.et.al. (2017), in the article titled, “A study on Financial Performance Analysis of Bharti Airtel Limited”, took a period of 5 years from 2011-2016 for the financial assessment of the company selected. The financial tools employed to measure the financial position was ratio analyzes. Under ratio analysis short term and long term ratios were used to see the liquidity, profitability and stability level of the company. It can be concluded from the study that the liquidity level of the company keeps on varying. Profitability of the company is not as good as the sales is decreasing and income is also not stable. Bharti Airtel needs to improve their debt position also.

J. Pavithra..et.al. (2017), in paper titled,“ A study on the analysis of the Financial Performance with Reference to Jeppiar Cements Pvt. Ltd. The period of the study was taken for 5 years from 2009-2013. Comparative financial statements, ratio and trend analysis was employed to study the financial position over the years. It was found that the debtor’s turnover ratio had an increasing trend which is not considered a good sign for the company and concluded overall profitability position to be good. The current ratio showed fluctuation but the creditworthiness of the company was observed to be good.

III. OBJECTIVES OF THE RESEARCH

- To research INFOSYS financial performance and ratio analysis.
- To study the liquidity position of Infosys Ltd.
- To determine the overall efficiency of Infosys Ltd by using profitability ratios.
- To examine INFOSYS financial strengths and weaknesses.

IV. PROBLEM STATEMENT (H0-NULL HYPOTHESIS)

The effectiveness of financial performance requires that choices be made inside the organization using a ratio analysis tool to identify profitability and liquidity positions and to assess whether the organization is able to correctly and on time fulfill its obligations. The current assignment is to investigate Infosys Ltd.'s financial results.

V. RESEARCH METHODOLOGY

As the study is focused on financial performance, secondary data are used. The information was gathered from the company’s annual reports. The investigation spans a decade, from 2018 to 22. The study uses an analytical research design.

Tools and Techniques:

Ratio analysis tool is used in this study for analyzing the financial statement of Infosys Ltd.

VI. ANALYSIS AND INTERPRETATION

Ratio Analysis:

Table No.1
Current Ratio

Years	CURRENT ASSEST	CURRENT LIABILITIES	RATIO%
2018	44,090.00	11,662.00	3.78
2019	46,223.00	15,430.00	2.99
2020	43,820.00	15,220.00	2.87
2021	48,282.00	17,622.00	2.73
2022	99,387.00	24,976.00	3.97

Source: Moneycontrol

Table No.1 shows that the company's current ratio was 3.78% in 2018, which indicates that the company had a strong ability to pay its short-term liabilities with its current assets.

However, the current ratio decreased to 2.99% in 2019, 2.87% in 2020, and further down to 2.73% in 2021, which suggests that the company's ability to pay its short-term liabilities decreased during these years. A decrease in the current ratio can indicate that a company is facing liquidity issues, which may affect its ability to meet its financial obligations in the short term.

In 2022, the current ratio increased significantly to 3.97%, which indicates that Infosys was able to improve its ability to pay its short-term liabilities with its current assets during that year.

Table No.2
Expenses Ratio

Years	PARTICULAR EXPENSES	NET SALES	RATIO%
2018	46,052.00	61,941.00	74.35
2019	56,032.00	73107.00	76.64
2020	61,270.00	79047.00	77.51
2021	63,902.00	85912.00	74.38
2022	78,669.00	103940.00	75.68

Source:Moneycontrol

Table No.2 shows that Infosys had an expense ratio of 74.35% in 2018, which increased to 76.64% in 2019, and further increased to 77.51% in 2020. However, in 2021, there was a slight decrease in the expense ratio to 74.38%, followed by a slight increase to 75.68% in 2022.

These numbers indicate that Infosys had been experiencing an increasing trend in operating expenses over the years, with a peak in 2020.

Table No.3
Operating Profit Ratio

Years	OPERATING PROFIT	SALES	RATIO%
2018	19,908.00	61,941.00	32.14
2019	18674.00	73107.00	25.54
2020	20035.00	79047.00	25.34
2021	24458.00	85912.00	28.46
2022	27828.00	103940.00	26.77

Source:Moneycontrol

Table No.3 shows that Infosys had an operating profit ratio of 32.14% in 2018, which decreased significantly to 25.54% in 2019, and further decreased slightly to 25.34% in 2020. However, in 2021, there was a notable increase in the operating profit ratio to 28.46%, followed by a decrease to 26.77% in 2022.

These numbers suggest that Infosys had been experiencing a decreasing trend in operating profitability from 2018 to 2020. However, there was a significant improvement in operating profitability in 2021, which may be attributed to various factors such as cost management initiatives, operational efficiency, and revenue growth. The slight decrease in the operating profit ratio in 2022 may indicate that Infosys is facing some challenges in maintaining its profitability.

Table No.4
Return On Total Assets Ratio

Years	NET PROFIT	TOTAL ASSETS	RATIO%
2018	16,155.00	61,941.00	26.08
2019	14702.00	78930.00	18.62
2020	15543.00	81041.00	19.17
2021	18048.00	93939.00	19.21
2022	22146.00	99387.00	22.28

Source:Moneycontrol

Table No.4 shows that Infosys had an ROTA of 26.08% in 2018, which decreased significantly to 18.62% in 2019, and then slightly increased to 19.17% in 2020. However, in 2021 and 2022, there was a marginal increase in the ROTA to 19.21% and 22.28% respectively.

These numbers indicate that Infosys had been experiencing a decreasing trend in ROTA from 2018 to 2019, which may be attributed to various factors such as lower revenues, higher operating expenses, or lower asset utilization. However, there has been some improvement in the subsequent years, although the ROTA is still lower than the ratio in 2018. The increase in ROTA in 2021 and 2022 may suggest that Infosys is becoming more efficient in using its assets to generate profits.

VII. FINDINGS

1. The expenses ratio of Infosys remained relatively stable over the years, ranging from 74.35% in 2018 to 77.51% in 2020. However, there was a slight decrease in 2021 and a slight increase in 2022.
2. The operating profit ratio of Infosys had been experiencing a decreasing trend from 2018 to 2020, indicating that the company was generating less profit from its operations. However, there was a notable increase in the operating profit ratio in 2021, followed by a slight decrease in 2022.
3. The return on total assets (ROTA) ratio of Infosys had been decreasing from 2018 to 2019, indicating that the company was becoming less efficient in generating profits from its assets. However, there has been some improvement in ROTA in the subsequent years, although the ratio is still lower than the ratio in 2018.
4. Total Current Liabilities have been increasing over the years, from 11,662.00 in 2018 to 24,976.00 in 2022. This indicates that the company has been taking on more short-term debt and obligations.
5. Total Current Assets have also been increasing over the years, from 44,090.00 in 2018 to 52,437.00 in 2022. This indicates that the company has been able to grow its current assets and maintain liquidity.
6. The Company's financial position was increased from 2019 to 2022 since its profitability increased.
7. The Company's future performance will be improved since its recent profit ratio was increased.
8. The Company was handling all its expenses more efficiently till 2021 and then it was reduced by 1.69%.
9. The company has enough assets to satisfy its short-term obligations.
10. Return on Total Asset Ratio shows the percentage of profit a company earns in relation to its overall resources. The concern fully utilizes the assets on the period of 2022, and it varies in the other periods.

VIII. RECOMMENDATIONS (SUGGESTIONS)

The researcher put forth certain points that the company should focus more:

1. The company can retain their profitability position stable by making efficient employment of their available resources.
2. The Company can lower the current obligations, to improve the liquidity position.
3. For maintaining the company's profitability the company should focus on increasing its reserves and surplus.
4. The Company should focus on the sales and marketing aspect of the business to increase the net profit.
5. The company can try to control the expenditure to maintain their financial position.
6. The Company's financial performance is likely to be fluctuating in nature. It should be maintained and handled properly

IX. LIMITATION OF THE STUDY

1. The time taken for doing this exploration is less.
2. In this exploration the secondary data from the company's website was only taken including ratio analysis too.
3. Many ratio analysis tools were not taken into considerations.
4. Primary data from people perspective was not taken into considerations.
5. The above mentioned interpretations, findings, recommendations are purely based on the researchers point of view and opinion.

X. CONCLUSION

On studying the financial performance (ratio analysis) of INFOSYS LTD, for a period of five years from 2018 to 2022, the study reveals that the financial performance in general is satisfactory. Financial performance is important for finding the financial strength of the company. Researcher has used to analyze various Ratios like LiquidityRatio and ProfitabilityRatio to analyze the performance of the company. It could be concluded that the company has been performing well.

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