



A STUDY ON FINANCIAL PERFORMANCE OF COGNIZANT TECHNOLOGY SOLUTIONS

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ABSTRACT

Financial performance is a subjective measure of how well a firm can use assets from its primary mode of Business and generate revenues. The study used five years of Cognizant secondary data and the main objective of the study is to analyse the liquidity and profitability position of Cognizant. The tools that are used are operating profit ratio operating expenses ratio and other profitability ratio, liquidity ratio and solvency ratio . The suggestions given by the study is to increase the current assets and current liabilities to make positive working capital and does this company should improve sales and generate more capital.

KEYWORDS : Profitability ratio, working capital, improve sales

1. INTRODUCTION

Finance is the life blood and nerve centre of the business, just as circulation of blood is essential in the human body for maintaining life. Finance is very essential for smooth running of business. Right from the very beginning i.e., conceiving an idea to business, finance is needed to promote or establish the business, acquire fixed assets, make investigations such as market surveys etc., develop product, keep men and machines at work, encourage management to make progress and create values. Even an existing firm may require further finance for making improvement or expanding the business. Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. The term is also used as a general measure of a firm's overall financial health over a given period. Analysts and investors use financial performance to compare similar firms across the same industry or to compare industries or sectors in aggregate.

2. STATEMENT OF THE PROBLEM

In this modern world, most of the youngsters prefer to work in IT field. COGNIZANT is one of the

IT company that works for BPO (Business process outsource). By this they earn more income and that's why the financial performance of this company increases and they provide more income and benefits to their employees. The aim of this study is to evaluate financial performance of COGNIZANT TECHNOLOGY SOLUTIONS, to provide some comments by observing several financial ratios, analysing trends of various elements of financial statement of Cognizant past 5 years performance results, and to improve its financial performance. Hence this became the basis of the study.

3. OBJECTIVE OF THE STUDY

- To analyse the liquidity and profitability position of the Cognizant.
- To investigate the financial performance of the Cognizant over 2015-2020.
- To evaluate the strength and weakness of the company



4. RESEARCH METHODOLOGY

Source of data	Secondary data
Period of study	2015-2016 to 2019-2020
Framework of analysis	Financial Statements
Tools and techniques	Ratio analysis

5. STATISTICAL TOOLS

The following statistical tools were applied to analyse the statistical data collected for calculation of financial performance analysis:

- Current ratio
- Liquidity ratio
- Absolute liquid ratio
- Operating profit ratio
- Operating expenses ratio
- Operating ratio
- Expenses ratio
- Return on investment ratio
- Return on asset ratio
- Return on equity ratio
- Interest coverage ratio
- Debt to equity ratio

6. REVIEW OF LITERATURE

MOHSIN ALI (2020) made a study on the impact on leverage on financial performance (evidence from Pakistan food and fertilizer sector) with the scope to determine the impact of degree of financial leverage on profitability, to test the impact of degree of operating leverage on profitability. The findings of the study showed the ROA is significantly but inversely influenced by the DOL, degree of financial leverage and total leverage has no significant impact of performance of firms. When the performance is determined by taking Tobin's the regression results indicate that DOI, DFL and DCL has no significant

impact but the firm size has significant negative impact on financial performance

Mr.R.RAMACHANDRAN, Mr.P.KANDHAKUMAR AND Dr.P.KANNADAS (2019) have made a study on the financial performance of agricultural co-operative credit society with the major objective of knowing the profitability, liquidity and solvency positions, to compare and interpret financial statement with comparative and common size analysis by using ratio analysis, comparative statement analysis and time series analysis. The major findings of the study are the return on equity ratio of this study period is in the decreasing trend and the year 2017-18 shows the maximum value of 44.12, the suggestion made by this study is the PACCS Alangulam must be increasing the standard asset, but to control the doubtful assets.

Mr.S.SABARINANTHAN AND Ms.V.JENIFIER (2019) have analysed the study on the financial performance of Kaleeshwar Mills B unit of national textile corporations with the scope of making the ratio analysis of this unit by using ratio analysis and turnover ratio by this they found that the current ratio of the company is higher (4.33%) in 2009-2010 and it is lower in 2008-2009 and suggested that the company should concentrate on financial performance of the company, should control the ratio to earn more profit and the company to improve the absolute liquid asset

7. TABLES

Year	Current Ratio	Liquid Ratio	Operating Expenses Ratio	Operating Ratio	Expenses Ratio
2015-16	3.57	3.55	8.45	36.4	5.89
2016-17	3.21	3.21	9.58	22.0	5.96
2017-18	3.12	3.12	7.46	50.9	5.75
2018-19	2.55	2.55	8.84	53.6	6.84
2019-20	1.94	1.93	11.57	32.8	7.88



- The above table shows the performance of current ratio in 2016 as 3.57 and then it is decreased to 3.21 in 2017, in 2018; again the ratio is continuously declining by 3.12, 2.55 in 2019 and 1.94 in 2020
- The above table shows the performance of liquid assets in 2016 as 3.55 and was continuously declining by 3.21 in 2017, 3.12 in 2018, 2.55 in 2019 and 1.93 in 2020
- The above table shows the result of operating expenses ratio in 2016 as 8.45, 2017 as 9.58, 2018 as 7.46, 2019 as 8.84 and 2020 as 1.57
- The above table shows the result of operating ratio as 36.4 in 2016, 22.0 in 2017, 50.9 in 2018, 53.6 in 2019 and 32.8 in 2020
- The above table shows the result of expenses ratio as 5.89 in 2016, 5.96 in 2017, 5.75 in 2018, 6.84 in 2019 and 7.88 in 2020

8. SUGGESTION

- The company has to increase the current assets and current liabilities to make positive working capital.
- The company should probably consider the use of the fund to invest other opportunities to get a profit.
- The return on equity is more or less same in all the years with only little development, it will be better if it has being increased and that will be my suggestion
- The debt was increasing slightly while comparing with shareholder's equity, so I suggest the company to take action to reduce it

9. CONCLUSION

After the analysis of various data related to Cognizant Technology Solutions Limited for 5 years in analytical approach the main aim of this study is to analysis over all position of Cognizant Technology Solutions Limited. This analysis shows that the performance of the business is good depend on better utilization of resources so in future they have to increases the performance level they need to cut off the expenses and debts. They need to increase their sales and generate more capital. This helps the company to increase their level of performance. This study reveals the findings and recommendations which would be useful for the development and improvement to the company.

10. REFERENCE

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