



A STUDY ON FINANCIAL PERFORMANCE OF INFOSYS LTD

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ABSTRACT

Financial performance plays an important role in determining the financial strengths and weakness of a company relative to that of the other companies in the same industry. The study used 6years of Infosys Ltd secondary data and main objective is to find the financial performance of the industry to determine the future growth of the business. The various tools like Current ratio, Return on Assets ratio, Total Assets turnover ratio and other performance ratio were used for the study. The suggestions reveal that the company should try to decrease their expenses and maintain their profitability level. Finally, the study reveals that the profitability position of the company is more during the study period and it is satisfactory.

KEYWORDS: *Financial Analysis, Profitability, Growth rate*

1. INTRODUCTION

Financial performance helps investors, creditors, stakeholders, and the shareholders of the business enterprise to judge the company's health and efficiency so that accordingly they can make their appropriate investment decisions. Financial performance plays an important role in determining the financial strengths and weakness of a company relative to that of the other companies in the same industry. Financial analysis is the process of identifying the financial strengths and weaknesses of the firm by properly establishing relationships between the various items of the balance sheet and the statement of profit and loss. \

2. STATEMENT OF THE PROBLEM

A financial analysis reveals strength and weakness of the company by properly establishing the relationship between the items of balance sheet and profit and loss account. The efficient performance of the firm depends on the well planning of the capital structure, investment and distribution. Since finances the life line and essential driving force of an enterprise. This study is conducted to evaluate the financial performance of Infosys technologies and to know the company's position and performance.

3. OBJECTIVE OF THE STUDY

- To study the financial position of Infosys Ltd over a period of 5 year.
- The aim of the study is to analyze position of the company.
- To determine the future growth of business.

4. RESEARCH METHODOLOGY

Source of Data	Secondary Data
Period of Study	2014-2015to 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 the calculation of financial performance analysis.

Ratio analysis

- Profitability Ratios
- Liquidity Ratios
- Solvency Ratios
- Activity Turnover Ratios

6. REVIEW OF LITERATURE

R. Divya Bharathi and N. Ramya (2020), the analysis of the financial performance of Indian Oil Corporation limited is to determine the firm's liquidity and profitability position by using tools like various ratios used here to measure the financial performance of the company. In order to compete with global economic scenario and to sustain its place in petroleum industry, it need to monitor its financial performance continually and to take financial decisions rationally.

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.

7. FINDINGS

- The firm's Current ratio was higher during 2016-2017 with the ratio of 4.04 and it decreased with the ratio of 2.87 during 2019-2020. Current ratio of 2:1 is satisfactory and the current ratio is satisfied.
- The liquid ratio is higher than the standard ratio of 1:1. The liquid ratio is highest during the year 2016-2017 with the ratio of 4.04 and it has decline to 2.87 during 2019-2020. This shows that the liquid ratio has satisfied.

- The net profit during the year 2014-2015 was 25.71% and it was highest during the year 2017-2018 was 26.08% and lowest in the year 2019-2020 was 19.66%. The company should take necessary steps to earn more profit.
- Return on capital employed during the year 2014-2015 was 36.83% and it declines to 29.76% during 2016-2017. Return on capital employed fluctuates to 34.54% during 2019-2020.
- The Expense ratio during the year 2014-2015 was 70.46% during the next five continuous years it has slightly increases and reached to 74.65% during 2016-2020.
- The return on asset was maximum in the year 2017-2018 was 21.29% and the minimum in the year 2019-2020 was 19.17%. The highest return on asset was found in 2017-2018.
- Proprietary ratio was higher during the year 2016 -2017 which was 0.85 and it was lower during 2019-2020 was 0.76.
- Total asset turnover ratio during 2014-2015 was 76.52 and it declines to 74.21 during 2016-2017 and it slightly increases and reached to 97.53 during 2020. It shows that the assets have been utilized properly.

8. SUGGESTIONS

- Though the company's sale is continuously rising but the net profit is not so much good so the management should take some initiate steps to decrease its expenses.
- By making efficient employment of their available resources the Infosys Ltd can retain their profitability position.
- Efficient use of fixed assets has enabled the company to observe an increased profit.
- The company can try to control the expenditure to maintain their financial position.

9. CONCLUSION

The analysis of the company was undertaken with the help of ratios, which are important tools of financial analysis. After the study of financial performance of Infosys Ltd from various financial aspects like liquidity, profitability, solvency and activity ratios it can be clear that profitability position of the company is more or less depends upon the better utilization of resources. This study reveals the findings and recommendation which would be useful for the development and improvement to the company.



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