

A Research study on Financial Analysis of Infosys Ltd

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ABSTRACT

On July 2, 1981, Infosys was incorporated as Infosys Consultants Private Limited. Infosys is most likely the global leader in subsequent technology virtual offering and consulting. The first and foremost the goal of this research is to determine the firm's liquidity and profitability condition utilizing a ratio analysis technique. This analysis is based on secondary data retrieved from the INFOSYS Limited annual report. INFOSYS Limited's financial statements are collected over a five-year period, from 2018 to 2022. Financial overall performance permits projection of the employer's immediate and long-term economic role and growth. The agency's monetary function changed becomes satisfactory.

WORDS TO REMEMBER: Financial performance, Ratio analysis, Liquidity ratio, Profitability ratio

1. INTRODUCTION

In 1981, seven engineers founded Infosys with \$250 in cash in Pune, Maharashtra, India. On July 2, 1981, it became officially registered as Infosys Consultants Private Limited. When the company became a public limited company in June 1992, it changed its name from Infosys Technologies Private Limited to Infosys Technologies Limited. It was population Extrude to Infosys Limited in June 2011. Infosys provides software development, maintenance, and unbiased validation services to businesses in the banking, insurance, manufacturing, and other industries. Finale, a standard banking device with various modules for retail and business banking, is one of its well-known devices.

2.STATEMENT OF THE PROBLEM

The effectiveness of financial overall performance entails making decisions inside the organization using a ratio. Evaluation tool for understanding profitability and liquidity

Mr. S. Purna Chandra Rao / International Journal of Engineering & Science Research position, as well as determining whether or not the organization is in a position to execute their commitments well and on time.

The task at hand is to investigate Infosys India's financial performance.

3.OBJECTIVES

To investigate Infosys Ltd' liquidity condition.

To assess Infosys Ltd's overall efficiency using profitability ratios.

To investigate Infosys Ltd's solvency ratio.

4. RESEARCH METHODOLOGY

Because the study is about financial performance, it uses secondary data. The information was gathered from the company's annual report. The study spans a five-year period, from 2018 to 2022. The study makes use of an analytical research design.

Techniques and tools This study employs ratio analysis to examine Infosys Ltd's financial statements.

5.LIMITATIONS OF STUDY

The study is based on data acquired from the concern's annual report, and it does not reflect the concern's actual position.

6.REVIEW 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 for every year. •

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. •

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

Mr. S. Purna Chandra Rao / International Journal of Engineering & Science Research 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.

7.ANALYSIS AND INTERPRETATION

A) LIQUIDITY RATIO The following ratios are depends upon the liquidity ratio

1. CURRENT RATIO:- The current ratio is a liquidity ratio that measures whether a firm has enough resources to meet its short term obligations. It compares a firm's current assets to its current liabilities

Current Ratio =Current Asset/Current Liabilities

Table No.1: Table Showing Infosys Current Ratio

YEAR	CURRENT ASSET	CURRENT LIABILITIES	RATIO
2018	44.090.00	11662.00	3.78
2019	46223.00	15430.00	3.00
2020	43820.00	15220.00	2.87
2021	48280.00	17622.00	2.73
2022	52437.00	24976.00	2.09

INTERPRETATION The current ratio increased in the year 2018 as 3.78 & it is decreased in the following five years from 3.00 (2019) again dropped down 2.09 (2022).

B) PROFITABILITY RATIO The following ratios are depends upon the profitability ratio

2. GROSS PROFIT RATIO: - The gross profit ratio is a profitability measures calculated as the gross profit ratio to net sales, it shows how much profit the company generate after deduction and cost of revenues.

Gross Profit Ratio =Gross profit/ Net sales*100

Table No.2: Table Showing Infosys Gross Profit Ratio

Year	Gross profit	Sales	Ratio
2018	21316.00	61941.00	34.41

2019	21526.00	73107.00	29.44
2020	22621.00	79047.00	28.61
2021	26798.00	85912.00	31.19
2022	30924.00	103940.00	29.75

INTERPRETATION

The Gross profit ratio increased in the year 2018 as 34.41 & it is decreased in the following 5 years 31.19 (2021) again dropped down in 29.75 (2022)

3. NET PROFIT RATIO

Net profit ratio is establishes a relationship between net profit earned and revenue generated from operations. Net profit ratio is profitability ratio which is expressed as a percentage hence it is multiple by 100.

Net Profit Ratio = Net Profit/Sales *100

Table No.3: Table Showing Infosys Net Profit Ratio

Year	Net profit	Sales	Ratio
2018	16155.00	61941.00	26.08
2019	14702.00	73107.00	20.11
2020	15543.00	79047.00	19.66
2021	18048.00	85912.00	21.00
2022	21235.00	103940.00	20.43

INTERPRETATION Net profit ratio is been 26.08 in 2018 & its been decreased in next two years again increased in 21.00 (2021) but dropped down in next year 20.43 (2022)

4. OPERATING PROFIT RATIO

Operating Profit Ratio = Operating Profit/Sales*100

Table No.4: Table Showing Infosys Operating Profit Ratio

Year	Operating Profit	Sales	Ratio
2018	21316.00	61941.00	34.41

2019	21526.00	73107.00	29.44
2020	22735.00	79047.00	28.76
2021	26924.00	85912.00	31.33
2022	31052.00	103940.00	29.87

INTERPRETATION Operating profit ratio is been 34.41 in 2018, & its been decreased in next two years. But gained a shift high in 31.33 (2021) again dropped down in 29.87 (2022).

C) SOLVENCY RATIO The following ratios are depending upon the solvency ratio

1. DEBT EQUITY RATIO:- The debt equity ratio can be defined as a ratio between total debt and shareholders fund. The debt equity ratio is used to calculate the leverage of an organization. An ideal debt equity ratio for an organization is 2:1

Debt Equity Ratio = Total Debts / Shareholders Fund

Table No.5: Table Showing Infosys Debt Equity Ratio

Year	Total Debts	Shareholder Funds	Ratio
2018	0.00	63502.00	0.00
2019	0.00	62711.00	0.00
2020	3165.00	62234.00	0.05
2021	3854.00	71531.00	0.05
2022	3786.00	69306.00	0.05

INTERPRETATION

Debt equity ratio is been 0.00 in 2018 & 2019. But, gained a shift high in same value of ratio is been 0.05 (2020 to 2022)

2. INTEREST COVERAGE RATIO

The interest coverage ratio is used to determine the solvency of an organization in the nearing times as well as how many times the profits earned by that very organization were capable of absorbing its interest related.

Interest Coverage Ratio = Earnings before Interest on Tax / Interest Expense

Year	EBIT	INTREST EXPENSES	Ratio
2018	21316.00	0.00	0.00
2019	21526.00	0.00	0.00
2020	22735.00	114.00	199.42
2021	26924.00	126.00	213.68
2022	31052.00	128.00	242.59

INTERPRETATION Interest coverage ratio is been decreased in two years 0.00 (2018 to 2019), but gained a shift high in the again and again years in the years 242.59 (2022)

8. FINDINGS

The current ratio was approving during 2018-2022.

The gross profit ratio was highest in the year 2018 and lowest in the year 2022.

Net profit ratio is the ratio of after tax profits to Net Sale's, it is high in the period of 2018 and low in the period of 2022.

Operating profit ratio is the ratio of operating profit before interest and taxes to net sales multiplied by 100. It is high in the period of 2018 and low in the period of 2022.

The debt equity ratio indicates that a company is borrowing more capital from the market fund its operations, the debt equity ratio was low in the year 2018 and high in the year 2022.

Interest coverage ratio was indicates low in the year of 2018 and 2019. After 2 years the interest coverage was high in the period of 2022.

9. SUGGESTIONS

The company can retain profitability position stable by making efficient employment of their available Resources. The management may take proper decisions to maintain their interest coverage ratio, so that they can maintain their interest coverage expenses in long run.

10. CONCLUSION

On studying the financial performance of INFOSYS LTD, for a period of five years from 2018 to 2022. The study let out that the financial presentation in general is satisfactory. Financial

Mr. S. Purna Chandra Rao / International Journal of Engineering & Science Research presentation is important for finding the financial strength of the business. Researcher has used to analysis various ratios like liquidity ratio, profitability ratio, solvency ratio to analysis the performance of the company. It could be terminate that the company has been performing well.

11. REFERENCES:-

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