



Unveiling Financial Insights: Trends in Infosys Ltd.'s Statements and Reporting (2018-2024)

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Abstract

Infosys Limited, established in 1981, is a Bangalore-headquartered global leader in technology services and consulting. It's recognized worldwide for innovative solutions, excellence, and as a top partner for digital transformation. This research paper aims to analyze the financial trends of Infosys Ltd. from 2018 to 2024 by examining its statements and reporting practices. It will delve into key financial metrics, profitability, and operational efficiency, assessing the company's performance and strategic direction during this period.¹ The study assesses the company's operational efficiency, profitability, liquidity, and growth trajectory through detailed scrutiny of sales, profits, asset utilization, and expense management. Findings indicate Infosys has achieved consistent revenue and profitability growth, driven by strategic expansion, innovation, and operational excellence, alongside effective asset utilization and healthy profit margins. The company also demonstrates robust liquidity management. While performance is strong, the analysis identifies opportunities for improvement in cost structure optimization and enhancing liquidity ratios for a more balanced financial position.

This report concludes that Infosys is well-positioned for continued growth in the IT sector, demonstrating strong financial health and market presence, with insights aimed at supporting sustained excellence and innovation.

Keywords: Financial performance analysis, Trend evaluations, Operational efficiency, Strategic expansion, Operational excellence

¹ Anil Kumar Goyal (2020), "A Study on financial performance analysis of Bharat petroleum corporation limited", ISSN 2231-1009, Volume no.3, January 26,2020., S. 1997. The Investment Performance of Common Stocks in Relation to their Price to Earnings Ratio: A Test of the Efficient Markets Hypothesis. Journal of Finance, 33(3): 663-682.

INTRODUCTION

Financial management applies management principles to a company's financial resources, aiming to maximize investor profits. It involves planning, forecasting, and controlling funds to achieve business goals and covers all aspects of a company's profitability, expenses, cash flow, and credit.²

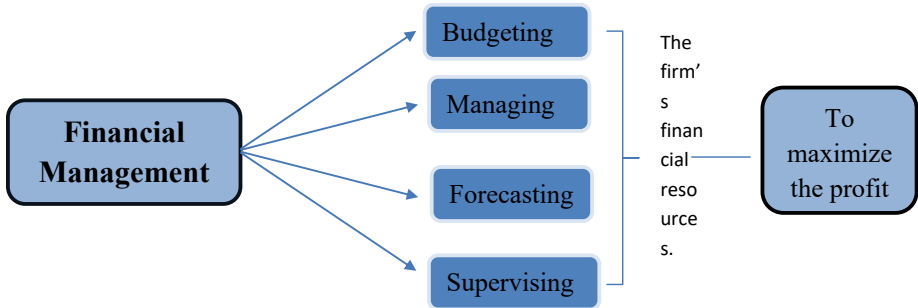


Figure 1 – The Firm’s financial Resources

Managing finances is crucial for all businesses. A company must earn a return on investment that is higher than the cost of acquiring the funds. Financial management balances the legal and accounting aspects of a company and has three main components: reducing the cost of finance, ensuring adequate funds, and using funds appropriately.

Financial Statements

Financial statements are comprehensive reports created by businesses to provide a detailed overview of their financial performance, activities, and overall financial health. These statements are frequently audited by government bodies and professional accountants to verify their accuracy, as well as to comply with tax regulations and to facilitate financing and investment decisions.³

Financial Statement Analysis

Financial statement analysis is a systematic and structured approach that evaluates a company’s financial records to uncover meaningful insights into its financial performance, stability, and overall health. This process involves a meticulous examination of key financial documents, including the balance sheet, income statement, and cash flow statement. By analyzing historical and current

² Divya Bharathi. R and N. Ramya (2020), “A Study on financial performance analysis of Indian Oil Corporation”, EPRA International journal of research and development, Volume 5, Issue 3, ISSN: 2455-7838

³ Dr P.R BrindaKalyani(2021), “A study on the financial performance of Infosys Limited”, ISSN NO: 0898-3577, Volume 12, Issue 4, 2021, Page No: 142.

financial data, it provides a holistic view of the company's operational efficiency, liquidity, solvency, and profitability.⁴

Ratio Analysis

Ratio analysis assesses a company's profitability, liquidity, solvency, and operational efficiency by utilizing data from its financial statements. It offers valuable insights into the company's financial performance over time, relative to industry benchmarks, or in comparison with competitors.

Each ratio highlights a specific aspect of the company's financial health. While individual ratios may provide limited context and can sometimes be misleading when considered in isolation, collectively, they serve as a powerful tool to identify both strengths and potential weaknesses.

Scope of Ratio Analysis

Ratio analysis is a powerful tool for evaluating a company's financial performance. It allows various stakeholders, such as owners and creditors, to assess the firm's financial health based on its financial statements. This method provides insights into key areas:

- **Earning capacity:** The ability to generate profits.
- **Financial obligations:** The company's liabilities to creditors and other stakeholders.
- **Liquidity and solvency:** The capacity to meet short-term and long-term financial commitments.
- **Profitability:** The overall effectiveness in generating earnings.

OBJECTIVES OF THE STUDY

1. To analyze the liquidity status of Infosys Ltd.
2. To evaluate the overall efficiency of Infosys Ltd through the analysis of profitability ratios.
3. To examine the pattern of changes within the company.

RESEARCH METHODOLOGY

The analysis of Infosys Limited's financial performance was chosen to provide practical insights into the financial health and operational efficiency of a major IT company. This study is relevant because it demonstrates how a large organization navigates a competitive global market, manages challenges, and sustains growth and stakeholder value. The analysis serves as both an academic exercise and a way to learn about financial management best practices.

Scope of the study - The scope includes an in-depth analysis of profitability, liquidity and solvency, asset utilization, and cost management. By examining these metrics and conducting a trend analysis, the study aims to provide a holistic understanding of how Infosys operates in a competitive global environment, with the findings serving as a foundation for future research.

⁴ Dr. Gyanendra and B. S. Johri (2019), "Financial performance and growth of Indian Software Companies", DogoRangsang Research Journal, Volume 9, Issue 1, ISSN: 2347-7180.

Research Plan

To analyze the financial performance of Infosys Limited comprehensively, a structured research plan is devised to ensure systematic collection, analysis, and interpretation of data. The plan encompasses the following key steps:

1. **Statement of the Research Problem** - The research seeks to evaluate the financial performance of Infosys Limited, focusing on profitability, liquidity, asset utilization, and cost management. This analysis will identify strengths, weaknesses, and areas for improvement in the company’s financial strategies.
2. **Data Collection Method**
 - Secondary Data Sources: Annual reports, financial statements, and publicly available information from Infosys's website, regulatory filings, and credible databases.
 - Period of Study: Financial data from the past 6–7 years will be analyzed to capture trends and performance dynamics.⁵

Quantitative methods will be used to calculate financial ratios such as profitability ratios, liquidity ratios, asset turnover, and expense ratios. Comparative analysis will be conducted to benchmark Infosys’s performance against industry standards and competitors. Trend analysis will highlight growth patterns and variations over the study period.

3. **Data Analysis Tools**- Spreadsheet software (e.g., Excel) will be used to compute ratios, prepare charts, and analyze trends. Graphical tools will be employed to present data visually, aiding interpretation and understanding.⁶

Research Design

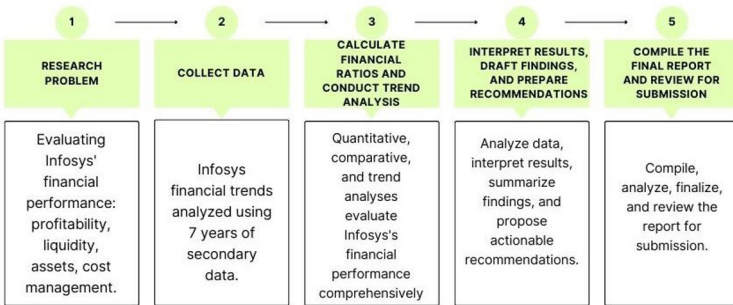


Figure 2 – Proposed research design

⁵ Dr. K. Kumar and V. Sheeba Mary (2018), “Financial performance analysis of TVS Motor Company Limited”, International Journal of Creative Research thoughts, Volume 6, Issue 2, ISSN – 2320-2882.

⁶ K. V. Sumi (2018), “Financial performance analysis of Software companies with special reference to Kerala”, Journal of management, www.iaeme.com, Volume 5, Issue 3, ISSN – 2347-3959.

Limitations of the Study

- Reliance on secondary data may limit access to real-time updates.
- The study is confined to the financial performance of Infosys, without extensive consideration of non-financial factors like employee satisfaction or market positioning.
- The study does not account for unexpected market or economic conditions (e.g., geopolitical tensions, global recessions) that could influence Infosys's performance in ways not evident from historical data.
- Strategic decisions, leadership styles, or customer satisfaction metrics, which could significantly affect financial outcomes, are not comprehensively covered in this study.⁷

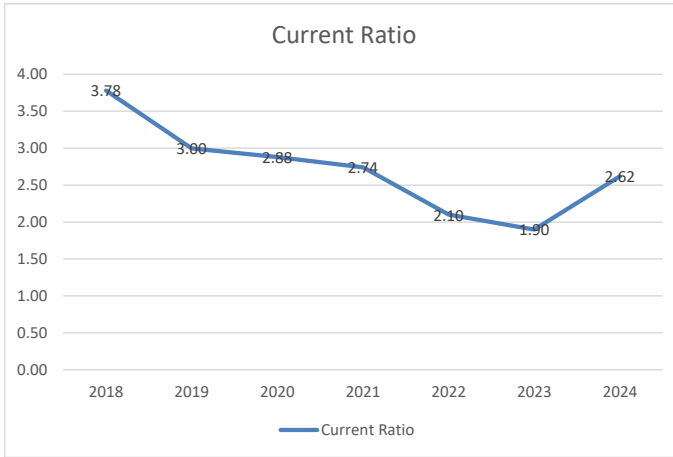
Data Analysis and Interpretation

$$\text{CURRENT RATIO- Currentratio} = \frac{\text{CurrentAsset}}{\text{CurrentLiabilities}}$$

Year	Current Asset (Rs. in crores)	Current Liabilities (Rs. in crores)	Current Ratio
2018	44090	11662	3.78
2019	46223	15430	3.00
2020	43820	15220	2.88
2021	48282	17622	2.74
2022	52437	24976	2.10
2023	52082	27442	1.90
2024	70952	27086	2.62

Table 1- Showing Current Ratio

⁷ Dr. Mrs. Vijayalakshmi, J. Nandhini, P. V. Nivashini and G. Pavithra (2019), "A Study on financial performance analysis of Ashok Leyland Limited", Journal of Emerging Technologies and Innovative Research, Volume 6, Issue 2, ISSN – 2349-5162.



Graph 1- Showing Current Ratio Trend

Based on data from 2018 to 2024, Infosys's **current assets** grew by 61% to ₹70,952 crores, with the most significant increase occurring between 2023 and 2024. During the same period, **current liabilities** increased by 132% to ₹27,086 crores, with notable surges in 2022 and 2023. As a result, the **current ratio**, which measures the ability to cover short-term debt, consistently declined from 3.78 in 2018 to 2.62 in 2024. Despite this decline, the ratio still indicates that the company has sufficient assets to meet its short-term obligations, though the liquidity margin has narrowed.

Interpretation:

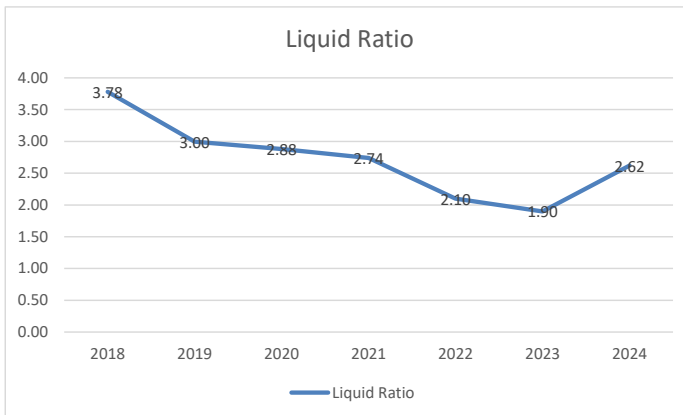
Based on the analysis, Infosys has seen a steady increase in **current assets**, which is a positive sign of growing resources. However, **current liabilities** have risen at a faster rate, particularly in recent years. This has led to a consistent decline in the company's **current ratio**, indicating a decrease in short-term liquidity. Although Infosys can still comfortably cover its short-term obligations, the narrowing gap between its assets and liabilities suggests a growing reliance on short-term resources.⁸ This trend should be monitored, as it may signal a need for improved working capital management.

⁸ Khan, M. Y., & Jain, P. K. (2021). *Management accounting* (8th ed.). McGraw Hill Publication

$$\text{LIQUID RATIO-Liquidratio} = \frac{\text{Liquidasset}}{\text{CurrentLiabilities}}$$

Year	Liquid Asset (Rs. in crores)	Current Liabilities (Rs. in crores)	Liquid Ratio
2018	44090	11662	3.78
2019	46223	15430	3.00
2020	43820	15220	2.88
2021	48282	17622	2.74
2022	52437	24976	2.10
2023	52082	27442	1.90
2024	70952	27086	2.62

Table 2- Showing Liquid Ratio



Graph 2- Showing Liquid Ratio Trend

Based on the data from 2018 to 2024, Infosys's **liquid assets** grew by 61% to ₹70,952 crores, with a significant increase between 2023 and 2024. During the same period, **current liabilities** more than doubled, increasing by 132% to ₹27,086 crores.

This rapid growth in liabilities led to a consistent decline in the company's **liquid ratio**, which fell from 3.78 in 2018 to 2.62 in 2024. While the company still has more than enough liquid assets to cover its short-term obligations, the decreasing ratio indicates a narrowing of its liquidity cushion over the years.

Interpretation:

Based on the provided analysis, Infosys has successfully increased its **liquid assets** over time, a positive indicator of its operational flexibility. However, its **current liabilities** have risen at an even faster rate, leading to a consistent decline in the company's **liquid ratio**.⁹ While the ratio remains healthy at 2.62, the downward trend signals a tightening liquidity position. This suggests that while Infosys can still comfortably cover its short-term obligations, it may need to improve its working capital management to maintain a strong liquidity position as liabilities continue to grow.¹⁰

ABSOLUTE LIQUID RATIO

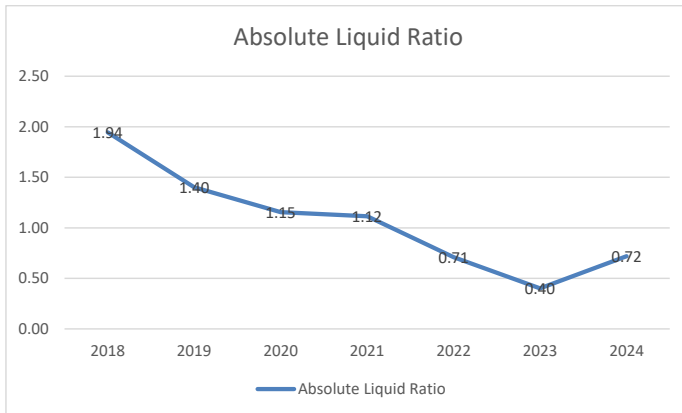
$$\text{AbsoluteLiquidRatio} = \frac{\text{Cash} + \text{MarketableSecurities} + \text{AccountsReceivable}}{\text{CurrentLiabilities}}$$

Year	Absolute Liquid Assets (Rs. in crores)	Current Liabilities (Rs. in crores)	Absolute Liquid Ratio
2018	22676	11662	1.94
2019	21628	15430	1.40
2020	17568	15220	1.15
2021	19649	17622	1.12
2022	17737	24976	0.71
2023	11010	27442	0.40
2024	19498	27086	0.72

Table 3 - Showing Liquid Ratio

⁹ Kumari, U., & Chirania, T. (2022, May 8). *A study of financial performance of Infosys*. ExtruDesign.

¹⁰ Mr. Ajith Adithyaa. S and Ms. D. Caroline Rebecca (2020), "A study on financial performance with reference to Mahindra Finance, Coimbatore", International Research Journal of Modernization in Engineering Technology and Science, Volume 02, Issue 04, e-ISSN: 2582-5208.



Graph 3- Showing Liquid Ratio Trend

Based on the data, Infosys's **absolute liquid assets** have fluctuated, decreasing from ₹22,676 crores in 2018 to a low in 2020 before recovering to ₹19,498 crores in 2024. During this period, **current liabilities** consistently rose, increasing by 132% to ₹27,086 crores, with significant jumps in 2022 and 2023. As a result, the **absolute liquid ratio** declined sharply from 1.94 in 2018 to 0.72 in 2024. This indicates that while the company once had nearly twice the liquid assets needed to cover its short-term debt, it now has less than a quarter, signaling a significant worsening of its liquidity position.

Interpretation:

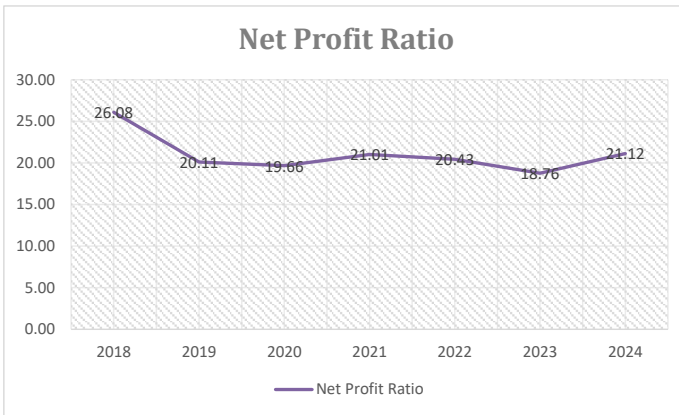
Based on the provided analysis, Infosys has faced a decline in its **absolute liquid ratio**, which indicates a weakened liquidity position. Although the company's **absolute liquid assets** have recently improved,¹¹ they have not kept pace with the consistent increase in **current liabilities**. This has caused the ratio to drop from 1.94 in 2018 to 0.72 in 2024. The declining ratio suggests that the company may struggle to meet all of its short-term obligations with its most liquid assets alone, signaling a need for better management of short-term liabilities.

$$\text{NET PROFIT RATIO} - \text{Net Profit Ratio} = \frac{\text{Net Profit}}{\text{Sales}} \times 100$$

¹¹ Salini, L., & Ponnumani, K. (n.d.). **Financial analysis of Infosys Ltd.** Dr. N. G. P Arts and Science College, Department of Commerce, Coimbatore

Year	Net Profit (Rs. in crores)	Sales (Rs. in crores)	Net Profit Ratio (in %)
2018	16155	61941	26.08
2019	14702	73107	20.11
2020	15543	79047	19.66
2021	18048	85912	21.01
2022	21235	103940	20.43
2023	23268	124014	18.76
2024	27234	128933	21.12

Table 4 - Showing Net Profit Ratio



Graph 4 - Showing Net Profit Ratio Trend

Based on the data from 2018 to 2024, Infosys demonstrated strong financial performance. **Sales** grew by an impressive 108%, reaching ₹1,28,933 crores in 2024, with a significant jump in 2022. **Net profit** also saw a consistent upward trend, increasing by 68% to ₹27,234 crores in 2024.

The **net profit ratio** fluctuated but generally stabilized after a sharp decline from 26.08% in 2018 to 20.11% in 2019. Despite this initial drop, the ratio has since remained between 19.66% and 21.12%, with a slight improvement in the most recent years. This indicates that while the company's profitability as a percentage of sales faced an initial challenge, it has since maintained a healthy and consistent level.¹²

¹² Sharma, F. C., & Mittal, R. (2019). *Financial Management Latest Edition*. SBPD Publications.

Interpretation:

Based on the provided analysis, Infosys has shown strong financial growth, with a **68% increase in net profit** and a **108% increase in sales** from 2018 to 2024. While the company's **net profit ratio** initially dropped in 2019, it has since stabilized and shown a gradual improvement, indicating that Infosys is maintaining a healthy level of efficiency in converting sales into profit. The growth in both sales and profit suggests strong market demand and effective management.

FINDINGS

Based on the provided findings, Infosys has demonstrated a consistent and robust financial performance from 2018 to 2024.

- **Sales and Profit Growth:** Sales consistently grew, increasing by over 108% to ₹1,28,933 crores in 2024. Net profit also showed a positive upward trend, rising by 68.5% to ₹27,234 crores. Notably, profit growth outpaced sales growth from 2023 to 2024, indicating increased profitability.
- **Profitability and Efficiency:** Despite an initial dip in 2019, the company's profit margins, including both the **Net Profit Ratio** and **Operating Profit Ratio**, recovered and improved, reaching 21.12% and 27.89% respectively by 2024. The company's expense ratio remained relatively stable, suggesting effective cost management.
- **Overall Trend:** The overall trend indicates strong growth in both sales and profits, particularly in 2024. While the company has shown excellent operational efficiency and asset utilization, the analysis also points to a need for careful management of short-term liabilities to maintain strong liquidity.¹³

CONCLUSION

Based on an analysis of its financial performance from 2018 to 2024, Infosys has shown strong and consistent growth. The company's sales increased by over 200%, rising from ₹61,941 crores in 2018 to ₹1,28,933 crores in 2024. This growth was accompanied by an upward trend in net profit and improved operational efficiency.

¹³ Sharmila. P (2019), "A Study on financial performance analysis of Hindustan Unilever Limited", CIKITUSI Journal for Multidisciplinary Research, Volume 6, Issue 4, ISSN NO: 0975-6876.

Infosys has maintained a healthy financial position, demonstrating resilience in its net profit and operating profit margins. While there was a slight dip in the absolute liquid ratio in 2023, the company's overall liquidity and ability to meet short-term obligations remained strong. The company's net profit margins consistently stayed within the 20-25% range, indicating effective cost control.

Moving forward, the company's continued success will depend on its ability to sustain operational efficiency, manage costs, and optimize working capital to ensure long-term growth.

SUGGESTIONS

Based on the analysis of Infosys's financial performance, here are the key suggestions:

Diversify Revenue Streams: While sales have grown steadily, Infosys should focus on diversifying its revenue sources by expanding into new markets and developing innovative products to ensure long-term growth.

Enhance Profitability and Control Costs: Despite strong profit recovery, the company should continue to improve operational efficiency and manage expenses. By focusing on high-margin products and streamlining processes, it can maintain robust profit growth.

Strengthen Liquidity: Although most liquidity ratios are healthy, the **Absolute Liquid Ratio** has declined, indicating a need for better cash management. The company should improve working capital management to strengthen its ability to meet short-term obligations.

Improve Asset and Risk Management: Infosys should ensure that asset expansion is aligned with revenue growth to maintain efficiency. Additionally, a proactive risk management strategy is crucial to prepare for market shifts and other unforeseen challenges.

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