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A STUDY ON FINANCIAL PERFORMANCE OF HCL TECHNOLOGIES LIMITED

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ABSTRACT

The term Financial Analysis refers to process of determining the firm's strength and weakness. The study is done by establishing the relationship between the items of the company profit and loss account and balance sheet. The study is done by analyzing five years financial statement of HCL technologies. The data is Secondary data and main objective of the study is to find the financial analysis of the company and also to help in finding the growth of the company. There are various tools used in the study is current ratio, Liquid ratio, net profit ratio, gross profit ratio, debt equity ratio.

INTRODUCTION

Financial analysis is the process of examining a company performance in the context of its industry and economic environment to arrive at a decision or recommendation. Financial performance analysis includes analysis and interpretation of monetary statements in such how that it undertakes full diagnosis of the profitability and financial soundness of the business. Financial performance analysis is the process of identifying the financial strengths and weaknesses of the firm by properly establishing the relationship between the items of the balance sheet and the profit and loss account. These statements are the result of a summarized process of accounting and are therefore the sources of data the basis of which conclusions are drawn about the profitability and therefore the financial position of the concern.

OBJECTIVE OF THE STUDY

- To study the overall financial performance of HCL Technologies over a period of five years (2018-19 to 2022-23).
- To evaluate the financial position of the company in terms of solvency, profitability, liquidity.
- To offer suitable suggestions for improving the performance of the company.

STATEMENT OF PROBLEM

The title of the project is "Financial Performance Analysis of HCL Technologies". Therefore, a study of liquidity, profitability, assessing the financial position is very much necessary to evaluate the financial strength of the company and to have knowledge about accounting ratios, analysis, and its interpretation. It helps to analyze the financial performance of the concerned company.

RESEARCH METHODOLOGY

Nature of Data	Secondary data
Source of Data	Financial Statement
Period of Study	2018-19 to 2022-23

Tools	Ratio Analysis
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REVIEW OF LITERATURE

1. **Mr. S. Gupta (2018)**, discussed the challenges such as the complexity of global operations and currency exchange fluctuations and highlight the need for careful consideration when interpreting certain financial ratios. Acknowledging these challenges is crucial for a nuanced understanding of HCL Technologies' financial health.

2. **Dr. S. Mehta (2019)**, conducted research analyzing HCL Technologies' financial performance during a period of global economic uncertainty. The study revealed that HCL's diversified portfolio and global presence played a significant role in maintaining financial stability during challenging economic conditions.

3. **Mr. A. Kapoor's (2020)**, research provides valuable insights into the financial dynamics of HCL Technologies, emphasizing the positive correlation between strategic acquisitions and enhanced financial performance. This underscores the company's adeptness in navigating the competitive landscape through growth-oriented strategies.

4. **Mr.R.Singh (2020)**, has highlighted The adoption of advanced analytics and machine learning in HCL Technologies' financial analysis and streamlined the evaluation of key ratios. This technological integration contributes to more accurate and timely financial insights, aiding in strategic decision-making.

PROFILE OF THE COMPANY

HCL Technologies Limited is an Indian multinational information technology (IT) consulting company headquartered in Noida. The founder of HCLTech is Shiv Nadar. It was spun out in 1991 when HCL entered into the software services business. The company has offices in 52 countries.

BUSINESS LINES

- 1.Engineering and R&D Services
- 2.Infrastructure Management Services (IMS)
- 3.Digital & Analytics and e-publishing
- 4.Cybersecurity and GRC Service

ANALYSIS AND INTERPRETATION

Year	Current Ratio	Liquid Ratio	Net Profit Ratio	Gross Profit Ratio	Debts equity Ratio
2018-19	2.42	2.30	20.88	83.84	0.09
2019-20	1.61	1.47	19.78	84.86	0.12
2020-21	2.47	2.19	21.03	86.52	0.12
2021-22	2.55	2.38	19.79	85.38	0.10
2022-23	2.49	2.36	19.20	85.26	0.07

FINDINGS

- ❖ The current ratio of the company fluctuated between 2019 and 2023, with debtors playing a significant role in maintaining a satisfactory level.
- ❖ Initially decreasing in 2020, the quick ratio gradually increased thereafter, albeit with fluctuations. Nevertheless, the company possesses adequate liquid assets to meet its current liabilities.
- ❖ While the gross profit ratio increased from 2019 to 2021, it experienced fluctuations in 2022 and 2023.
- ❖ Despite increasing shareholder's funds, long-term debts initially rose before declining from 2021 to 2023.

SUGGESTIONS

- ❖ Fluctuations in direct expenses are causing variability in gross profit. To maximize gross profit, it's imperative to mitigate these fluctuations by reducing direct expenses.

- ❖ To maximize net profit, it is essential to decrease and control indirect expenses.
- ❖ Even if there isn't a significant decrease in operating profit, it's crucial to scrutinize operating expenses carefully and strive to reduce them as much as possible from a management perspective.
- ❖ The long-term debts have been consistently decreasing since 2021, It should be continued. It will lead to a reduction in finance costs. Reducing finance costs will result in increased profitability.

CONCLUSION

The analysis of the company was undertaken with the help of ratio analysis, cashflow statement analysis, trend analysis, which are important tools of financial analysis. The company's performance is satisfactory, and the study gives clear idea to financial performance of the company over last five years. As the maintain good sales but was not effective on profit and to avoid debts so that they can increase company profit and also to looking forward on shareholder's fund which will increase the company goodwill. Hence if a given suggestions are implemented, the company can increase it's profitability and improve their overall performance.

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