



An Empirical study on financial performance of selected IT Software based companies post covid period

Research Scholar:
Rutu Balrambhai Chavda
BKNM University Junagadh, Gujarat

Dr Piyush Marthak
Dr Subhash Mahila Arts and Commerce College,
Junagadh

Abstract:

Covid-19 has impacted on the financial position of each and every sector in India so IT Software companies also not excluded from the effect of it. Generally it has adverse effect on the financial position of any company. In this research article author tried to study the financial position of IT Software based companies after covid period. Selection of these software based companies is on its market capitalization. Main aim is to evaluate and analyze financial position of selected companies during the study period. In this study, author has taken 3 years of data after Covid – 19 period. And the data is than analyzed by ANOVA Test to find out significant difference between the selected companies. It was found at the end that the performance of HCL is most desirable in terms of PBIT and Net Profit Margin Ratio. From view point of Return on Capital Employed position, TCS is the best performer followed by Infosys and HCL. After Covid-19 period, we have seen that it has impacted financial position of company, and gradually the companies are on the path of recovery. But out the data mention in the table below Tech Mahindra shows inverse track.

Keywords: *Capitalization, Financial Position, Post Covid-19 Period, Performance*

Introduction

IT companies are the companies whose operations are related to computation, software development, hardware development, telecommunication and digital networking. Here for this study, the author has selected the software companies on the basis of market capitalisation, top six companies are selected over here. The financial performance of the companies after the pandemic are analysed here. With the but obvious global competition the companies have to face the threat of COVID-19 so it has impacted them.

The investor's mind is quite profit oriented so they are the prospects who are interested in capital and revenue profits. Every investor does financial performance analysis so they can understand the future investment aspect, and decides to keep eye on profitability of the company. So we have selected the three



profitability ratios to do such analysis we have selected PBIT ratio, net profit ratio, and ratio of capital employed. For the study purpose, the researcher has selected three years starting from 2021-22 to 2023-24. and also used one-way ANOVA test to find out significant difference between the companies. The main objective of the study is to evaluate the financial and profitability position of selected IT Software based companies in India of post covid period.

Literature Review

Davda N. V. (2016), has written an article on “Productivity and Financial Efficiency of New Private Sector Banks in India” which was published in Global journal for research Analysis. In this research article author has taken 7 new private sector banks in India to find out the financial performance of selected banks. In this article author has taken 5 years as study period starting from year 2008 to 2021. In this research study author has taken One Way ANOVAs test to find out the significant difference of selected banks in India. The author has used 3 financial ratios for the study purpose. Findings of the study state that HDFC Bank and ICICI Bank shows best performance of all the selected banks.

Ananthi. D., Dr. Mohana S. have written an article “A Study On Financial Performance Of Select Software Companies In India” published in EPRA International Journal of Economic and Business Review in the year 2016. In this research article author has taken 34 It software company in India to find out the financial performance of selected company. In this article author has taken 10 years as study period starting from year 2004 -05 to 2014-15. In this research paper author has used Mean, Standard deviation, correlation and Analysis of variance as tools and techniques. Findings of the study states that selected IT companies’ future appears to be bright in future.

Dr. K. Jagadeesan, Mrs. K. Malar vizhirekha has written an article on “Financial Performance of Select Software Company in India –An Analytical Study” published in International Journal of All Research Education and Scientific Methods (IJARESM) in the year 2022. In this research article author has taken total 10 IT Software company in India to find out their financial performance. Main objective of the research article is to find out financial performance of selected companies. In this research paper author has used Mean, Standard deviation, correlation and co-efficient of variance as tools and techniques. Selected IT Software based companies need to be very efficient because of tough competition by making best and effective policies in utilizing of their funds.

Objective Of The Study

This research study has following objectives.



- (1) To evaluate the financial performance of selected IT Software based companies in India of post covid period.
- (2) To analyze the profitability position of selected IT Software based companies in India of post covid period.
- (3) To take investment decision after studying financial position of selected companies.

Hypothesis of the study

Following is the hypothesis of the study taken in this research article.

H0: There would be no significant difference Net profit margin of all selected IT Software based companies.

H1: There would be significant difference Net profit margin of all selected IT Software based companies.

H0: There would be no significant difference Return on Capital Employed of all selected IT Software based companies.

H1: There would be significant difference Return on Capital Employed of all selected IT Software based companies.

H0: There would be no significant difference PBIT Margin of all selected IT Software based companies.

H1: There would be significant difference PBIT Margin of all selected IT Software based companies.

Importance Of the Study

The rationale for this research can be viewed from the perspective of both companies and investors. This research article can assist investors in making informed investment decisions by analyzing the findings. Companies included in the study can use the results to compare their performance and evaluate their position in the market. By examining their past performance, selected companies can also assess their current situation. Additionally, this research can be valuable for new researchers and Ph.D. scholars seeking to further explore the topic.

Research Methodology

Statement of Problem

“An Empirical study on financial performance of selected IT Software based companies post covid period”



Scope of the study

The scope of the study is to evaluate the financial performance of selected of IT Software based companies in India from the post covid period.

Universe of the study

In India there are total 183 IT-Software Companies listed in recognized stock exchange. So scope of the study is all the IT-Software Companies listed in any recognized stock exchange N.S.E. and B.S.E.

Sample Design

In India there are total 183 IT-Software Companies listed in recognized stock exchange. It is not possible to choose all the companies as the sample for the study. Out of total IT-software based company, 6 companies of India based on its market capitalization have been selected for the study. Company which has more than 125000 Cr. capitalizations has been selected as on 30th June 2024.

(1)	TCS	Market Cap	1436887 Cr.
(2)	Infosys	Market Cap	658055 Cr.
(3)	HCL	Market Cap	398488 Cr
(4)	Wipro	Market Cap	278088 Cr.
(5)	LIT Mindtree	Market Cap	162604 Cr.
(6)	Tech Mahindra	Market Cap	142653 Cr.

Sampling Technique

In this research study, researcher has used convincing sampling method to analyze the financial performance of the companies.

Tools and technique

In this research study, researcher has used one way ANOVA Test for finding out the significant difference between 6 IT Software Based Company in India after Covid period.

Period of the study

In this research study, researcher has taken 3 years that is starting from 2021 to 2024 for the study purpose. Within this period author tried to analysis the financial performance of selected IT Software based companies in India.



Table – 1 PBIT Margin of selected IT Software based company

Year	TCS	Infosys	HCL	Wipro	LIT Mindtree	Tech Mahindra
2021-22	31.31	27.53	32.91	26.23	21.36	18.28
2022-23	27.51	25.64	32.07	17.03	17.92	11.92
2023-24	29.27	28.09	32.38	19.81	17.76	6.67
Mean	29.36	27.09	32.45	21.02	19.01	12.29

Source: Moneycontrol.com

From the above table 1, we can conclude that out of 6 It Software based companies average PBIT Margin of HCL Company is highest (32.45%) among all. Since last 3 financial year HCL Company try to maintain PBIT Margin ration by around 32% each and every year. Out of all Tech Mahindra Company has lowest average PBIT Margin ie. 12.29%. Seeing above table we found that PBIT Margin of Tech Mahindra Company is decreasing constantly year by year. We also found that TCS and Infosys are the next two companies in descending order on PBIT Margin ratio of selected companies.

ANOVA TEST

Source of Variance	SS	DF	MF	F	F.cirt
Between Groups	837.9731	5	167.5946	15.31795	3.105875
Within Groups	131.2927	12	10.94106		
Total	969.2659	17			

From the above ANOVA Test table calculated value is 15.31795 which is greater than the table value of 3.105875 at 5% significance level, so we conclude that the null hypothesis is rejected and alternative hypothesis is accepted. Hence, it is accomplished that PBIT Margin position of Sample IT Software companies differ significantly.

Table – 2 Net profit margin of selected IT Software based company

Year	TCS	Infosys	HCL	Wipro	LIT Mindtree	Tech Mahindra
2021-22	23.81	20.43	26.75	20.36	15.69	14.14
2022-23	20.54	18.76	24.76	13.54	13.31	8.85
2023-24	21.52	21.12	24.26	13.65	13.09	5.05
Mean	21.96	20.10	25.26	15.85	14.03	9.35

Source: Moneycontrol.com



From the table we can conclude that out of this 6 IT software companies average net profit margin of HCL company is highest among all (25.26%) among all. Seeing above table we found that Net profit margin of Tech Mahindra Company is decreasing constantly year by year. Here we can state that net profit ratio of HCL and LTI Mindtree is decreasing each year but with lower margin. We also found that TCS and Infosys are the next two companies in descending order on Net profit margin of selected companies.

ANOVA TEST

Source of Variance	SS	DF	MF	F	F.crit
Between Groups	502.945	5	100.589	17.6538	3.105875
Within Groups	88.4053	12	7.36711		
Total	591.35	17			

From the above ANOVA Test table calculated value is 17.6538 which is greater than the table value of 3.105875 at 5% significance level, so we conclude that the null hypothesis is rejected and alternative hypothesis is accepted. Hence, it is accomplished that Net profit margin position of Sample IT Software companies differ significantly.

Table – 3 Return on Capital Employed of selected IT Software based company

Year	TCS	Infosys	HCL	Wipro	LIT Mindtree	Tech Mahindra
2021-22	60.23	38.46	30.14	27.32	33.88	22.37
2022-23	65.07	43.03	34.76	19.40	33.03	19.23
2023-24	75.85	41.23	37.23	20.94	28.99	10.88
Mean	67.05	40.91	34.04	22.55	31.97	17.49

Source: Moneycontrol.com

From the table we can conclude that out of this 6 IT software companies average Return on Capital Employed of TCS company is highest among all (67.05%) among all. Here we found that TCS company has wisely improved their return on capital employed on the contrary the Tech Mahindra is facing shortfall on return on capital employed. Also found that return on capital employed of HCL is constantly and steadily increasing.



ANOVA TEST

Source of Variance	SS	DF	MF	F	F.cirt
Between Groups	837.9731	5	167.5946	15.31795	3.105875
Within Groups	131.2927	12	10.94106		
Total	969.2695	17			

From the above ANOVA Test table calculated value is 15.31795 which is greater than the table value of 3.105875 at 5% significance level, so we conclude that the null hypothesis is rejected and alternative hypothesis is accepted. Hence, it is accomplished that Return on Capital Employed position of Sample IT Software companies differ significantly.

Findings Of The Study

With the above data we found that out of all sample IT Software based company's financial position of HCL is best in view point of PBIT and Net profit margin wise during last 3 years starting from 2021-22 to 2023-24. While **Tech** Mahindra has the lowest financial performance during study period. Tech Mahindra need to focus on all three ratios and try to improve them to survey themselves in this competitive market. Looking to Return on Capital Employed TCS shows very good return among all the selected sample company.

Limitation Of The Study

There are some of the limitations of this research article which is mention as under.

- (1) This research is limited up to 6 IT Software based companies research of this article is limited to selected companies.
- (2) Each and every statistical technique has its own limitation which is also affect this research article.
- (3) This research article is totally based upon secondary source, so authenticity of the research article is depend upon secondary source taken.

Future Scope Of The Study

Future scope of the research work can be done in the following point.

- (1) New research can be possible by taking more number of IT Software based companies in India.
- (2) New research can be possible by taking different tools and techniques to study.
- (3) New research can be possible by comparing sector wise companies in India.



Conclusion

In this research article out of all the data and test used here, author concludes that financial position of Sample IT Software companies differs significantly in ANOVA Test during study period in all ratio taken. In this competitive age each and every company need to focus on its financial improvement and compare themselves with other companies doing same business to survive in the market. Out of all, financial position of HCL, TCS and Infosys shows better than remaining companies. Investor point of view these three companies attract more because of their financial position than remaining companies in the study.

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