An Analysis on The Fluctuations of Exchange Rate and it's Impact on Financial Performance with Special Reference to Vedanth Tech Solutions Bangalore

Author 1: NUTHAN M B

RR Institute of Advance Studies

Bangalore University, Bangalore

Email.ID:nuthanmb2001@gmail.com

Author 2: GEETHA R
Assistant professor,
RR Institute of Advance studies
RR institutions
Bangalore University, Bangalore
Email ID: rgeetha691@gmail.com

ABSTRACT

Exchange rate fluctuations significantly influence the financial performance of globally engaged organizations. This study examines the impact of currency volatility on the financial health of Vedant Tech Solutions, a technology firm based in Bangalore. Through a detailed analysis of financial data, the research evaluates how foreign exchange variations affect profitability, revenue, and operational costs. The study employs quantitative techniques, including trend analysis and regression models, to establish a correlation between exchange rate changes and key financial metrics. The findings highlight the need for robust foreign exchange risk management strategies to mitigate adverse impacts and enhance financial stability. To analysis the research used a secondary data from company site and research paper and ratio analysis as a statistical tool. Insights derived from this research aim to guide Vedant Tech Solutions and similar organizations in navigating exchange rate uncertainties effectively.

Keywords: Exchange rate fluctuations, financial performance, foreign exchange risk, currency volatility, risk management.

1. INTRODUCTION:

Exchange rate fluctuations have a profound impact on the financial performance of companies operating in global markets, particularly those in sectors like technology that heavily rely on cross-border transactions. Vedant Tech Solutions, a leading technology firm based in Bangalore, is intricately linked to the dynamics of international trade and is exposed to significant foreign exchange risk. Variations in exchange rates can affect multiple aspects of its operations, including revenue generated from international clients, the cost of imported raw materials or technology, and overall profitability.

Currency volatility is influenced by a range of macroeconomic factors such as inflation, interest rates, trade balances, and geopolitical events. For organizations like Vedant Tech Solutions, such volatility presents challenges in financial planning, budgeting, and achieving long-term stability. This study aims to analyze the relationship between exchange rate fluctuations and the company's financial performance, emphasizing the importance of adopting robust risk management strategies to mitigate adverse effects.

By employing historical data analysis and financial modelling, this research provides insights into the nature and extent of exchange rate risks faced by the company. It also explores potential strategies that Vedant Tech Solutions can implement to reduce the impact of currency volatility, ensuring steady growth and financial resilience in an increasingly globalized and unpredictable economic environment.

2. Research methodology:

2.1 QUANTITATIVE METHODOLOGY:

Quantitative methodology for a comprehensive analysis on the financial performance and business strategy of Vedanth tech would involve a systematic approach to gather, analyze, and interpret data. Below is a suggested outline for the quantitative methodology.

The primary data was collected by preparing interview schedule made with officials to particular aspects of the research study.

2.3 OBJECTIVES OF THE STUDY

1. To know the financial performance of Vedant tech solution.

2.To study the short term solvency in Vedant tech solution.

3. To know the long term solvency in Vedant tech solution.

4. To find out the various financial ratios related to Vedant tech solution.

2.4 TOOLS USED FOR STUDY

The following are major tools used in analysis and interpretation

1. Ratio analysis

2. Trend percentage analysis

PLAN ANALYSIS:

The plan analysis of Vedant tech solutions financial performance will involve a comprehensive review of their financial statements, ratios, and key performance indicators to assess their profitability, liquidity, solvency, and efficiency.

International Journal of Scientific Research in Engineering and Management (IJSREM)
Volume: 08 Issue: 12 | Dec - 2024 SJIF Rating: 8.448 ISSN: 2582-3930

2.5 REVIEW OF LITERATURE:

1. **K. Geethanjali & Dr.S. Santhakumari (2019)-** Investors perception towards online trading in Coimbatore. This research is a descriptive research study in which convenient sampling techniques is used. This survey is used to select the sample size, validity and reliability of the questionnaire 391 samples are selected for the study.
2. **Dr. PMohanraj, P Kowsalya (2018)-** A Study on the investor perception on karvy stock brokering in Coimbatore district .This study helps to find out the service quality issues. primary data is collected from 100 respondents and it is descriptive research design. Primary data is collected from convenience sampling techniques.
3. **V.Pavithra, Mr William Robert (2017)** A study on customers perception towards online trading in retail brokerage Chennai. This study influence the stock and investment strategies in retail brokerage. In this primary data is collected from 100 respondents through questionnaire using convince sampling techniques.
4. **Dr.krishnamohanvaddai and Dr.. MeruguPratima (2016**)- Investors perception towards online trading in Visakhapatnam city . A questionnaire is collected from 400 investors and chi square is used to test the hypothesis .The study concludes that stock broking firms in order to enhance widespread use of online trading need to organize the short term training programmes .

5. **Dr. Shankar T. Battase (2015)-** A study on investors perception on online trading and depository operations with respect to India Infoline Ltd ,this study highlights to know the procedure of online trading system and also helps to study the effectiveness and functions of depositors and effectiveness and functions of depositors and effectiveness of service provided by brokers.150 sample collected through survey method .

3. Data Methodology

TABLE 3.1 CURRENT RATIO (Rs.in lakh)

Current ratio =Current Asset / current lability

YEAR	CURRENT ASSET	CURRENT LIABILITY	CURRENT RATIO
2018-2019	382744.93	170078.87	2.25
2019-2020	374763.32	166982.78	2.24
2020-2021	417482.85	201225.98	2.07
2021-2022	416262.62	144711.92	2.87
2022-2023	485237.85	208955.45	2.32

Interpretation:

The current ratio of Vedant Tech Solutions consistently remains above 2, indicating a strong liquidity position. The decline in 2020–2021 (2.07) reflects increased short-term liabilities, while the sharp rise in 2021–2022 (2.87) suggests improved debt management. The moderate decline in 2022–2023 (2.32) highlights higher short-term obligations, likely due to business expansion or increased operational costs.

Volume: 08 Issue: 12 | Dec - 2024 SJIF Rating: 8.448 ISSN: 2582-3930

TABLE 3.2 DEBT TO TOTAL ASSET RATIO (Rs.in lakh)

$$\text{DEBT TO TOTAL ASSET RATIO} = \frac{\text{Total debt}}{\text{Total Assets}}$$

YEAR	TOTAL DEBT	TOTAL ASSET	RATIO
2018-2019	435.71	3015.89	0.14
2019-2020	445.22	3053.3	0.15
2020-2021	401.96	3029.43	0.13
2021-2022	339.19	3704.58	0.09
2022-2023	743.34	4222.23	0.17

Interpretation:

The debt-to-total-asset ratio measures the proportion of a company's assets financed by debt. Vedant Tech Solutions maintained a low ratio across the years, indicating low financial leverage. The ratio declined from 0.15 in 2019–2020 to 0.09 in 2021–2022 due to reduced debt and increased assets, showcasing improved financial stability. However, the rise to 0.17 in 2022–2023 reflects higher reliance on debt, possibly to finance growth or expansion. Overall, the company demonstrates a conservative debt strategy with manageable financial risk.

TABLE 3.3 FIXED ASSET RATIO (Rs.in lakh)

$$\text{FIXED ASSET RATIO} = \frac{\text{Net fixed assets}}{\text{Net Worth}}$$

YEAR	FIXED ASSET	LONG TERM FUND	RATIO
2018-2019	99002.53	2617.26	37.82
2019-2020	88267.29	2645.45	33.36
2020-2021	92703.43	2589.2	35.8
2021-2022	83756.15	2589.2	32.34
2022-2023	90912.96	2967.79	30.63

Interpretation:

The fixed asset ratio reflects the proportion of net worth invested in fixed assets. Vedant Tech Solutions shows a decreasing trend from 37.82 in 2018–2019 to 30.63 in 2022–2023, indicating a gradual reduction in dependency on long-term funds for fixed assets. This decline suggests improved asset utilization or diversification of investments. The slight increase in fixed assets in 2022–2023, despite the lower ratio, could point to growth strategies supported by a stronger net worth. Overall, the company demonstrates efficient management of fixed assets relative to its net worth.

TABLE 3.4 DEBTORS TURNOVER RATIO (Rs.in lakh)

DEBTORS TURNOVER RATIO = Net Credit Sales / Average Accounts Receivable

YEAR	NET SALES	AVERAGE DEBTORS	RATIO
2018-2019	2498.81	1430.37	1.74
2019-2020	3245.55	1650.81	1.96
2020-2021	3481.06	1613.05	2.15
2021-2022	3557.21	1508.13	2.35
2022-2023	3028.82	1884.51	1.6

Interpretation:

The Debtors Turnover Ratio measures how efficiently a company collects its receivables. Vedant Tech Solutions showed a steady improvement in the ratio from 1.74 in 2018–2019 to 2.35 in 2021–2022, indicating better efficiency in converting receivables into cash. However, the ratio dropped to 1.6 in 2022–2023, suggesting slower collection of receivables, possibly due to higher outstanding payments or slower credit recovery. This decline could reflect changing customer payment behaviours or extended credit terms.

4. Findings and suggestions:

- The current ratios have been plotted into a chart and Trend line has been given. The trend shows an *decreasing trend* in the coming years to be expected.
- The debt to total assets ratios have been plotted into a chart and Trend line has been given. The trend shows a *increasing trend* in the coming years to be expected.
- The fixed asset ratios have been plotted into a chart and Trend line has been given.
- The proprietary ratios have been plotted into a chart and Trend line has been given. The trend shows a *decreasing trend* in the coming years to be expected.

Suggestions:

- From the overall analysis of financial statements and component wise cost, the company is being looked from all the dimension and finally it can be concluded that economic health is sufficiently strong with huge cash reserve can enable the company for diversification and many other ventures is being processed apart from the main business of coal mining.
- Assess revenue trends over multiple periods to identify growth or contraction patterns and their underlying drivers.
- The decreasing trend suggests better asset utilization but could lead to underinvestment in fixed assets. The company should ensure it continues to invest in critical assets to support long-term growth and avoid operational inefficiencies.
- The decreasing trend indicates higher reliance on debt financing, which could increase financial risk. To maintain stability, the company should strengthen its equity base to reduce dependency on debt and ensure long-term financial health.

5. Conclusion:

The analysis of exchange rate fluctuations reveals a significant impact on the financial performance of Vedant Tech Solutions, particularly in terms of revenue, profitability, and operational costs. The company's exposure to foreign exchange risk necessitates the implementation of effective risk management strategies to mitigate the negative effects of currency volatility. By adopting hedging techniques and closely monitoring global currency trends, Vedant Tech Solutions can safeguard its financial stability and sustain growth. This study emphasizes the critical role of proactive financial planning and risk management in navigating the uncertainties of global markets.

Bibliography:

BOOKS:

Indian Economics:

1.K.K. DEWETT

2. J.D. VARMA

3. M.L. SHARMA

G.Sudarsana Reddy, financial management, Himalaya publishing house, Mumbai.

I M pandey, Financial management, vikas publishing house pvt.ltd, New Delhi

Entrepreneurship Development: 1.KEERTHI

2.ARVIND C.R. SUNITHA

VEDANT TECK SOLUTION Annual Reports and Operational Statistics Small

Scale

Industries – Vasanth Desai Products and Services – V. UmesWebliography: www.vedantecksolution.in www.Wikipedia.com www.abhinajouirnal.com www.ijemr.net www.abacademies.org www.coursehero.com www.gimt.ac.in

Co-operative society industry profile (n.d), retrieved on 28 January 2016, from http://www.industryprofile/cooperativesociety/co.in

Review of literature on financial performances (n.d), retrieved on 3 march 2016, from http://ww.ijaecsms.com/docs/paper/volume2/issue1/v2il-032.pdf http://shodhganga.inflibnet.ac.in https://shodhganga.inflibnet.ac.in/bitstream/10603/19915/10/chapter_6.pdf