# Term Paper

# Financialization of NFCs

# *Case Study of Infosys Limited*

Finance capital and financialization

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## 1. Introduction

The term 'financialization', which refers to 'an interconnected set of structural and institutional shifts' (Rabinovich and Reddy, 2023: 1) in global markets in conjunction with the increasing power of financial actors and role of financial markets, has become a major buzzword in economics. It has been used in studies relating to aspects ranging from worker salaries to intellectual property rights. The field of corporate financialization, which applies the concept of financialization to corporate governance and business models, has attempted to explain trends in finance such as reducing physical asset accumulation (Stockhammer, 2020), the weakening investment–profit nexus (Durand and Gueuder (2018), and rising interest incomes of firms (Krippner, 2005), particularly since the neoliberal turn of the 1980s (Rabinovich and Reddy, 2003).

However, the concept of financialization has been criticized as being vague, with no clear consensus on a causal theory connecting various aspects such as financial accumulation, rising dividends, increasing debt leveraging, and intangibilization (Rabinovich and Reddy, 2023). Further, some studies have shown that there is insufficient evidence to connect the process of financialization to empirical trends such as declining capital investment (Kliman and Williams, 2015) and challenged the generalization of trends such as increasing financial incomes (Rabinovich, 2019). Thus, it is important to understand clearly the relation of various variables used in studies to the financialization process and apply a context and case-specific approach when analyzing individual companies.

This study will focus on the corporate aspect of financialization, namely on the non-financial corporations (NFCs). Non-financial corporations are legal entities that primarily generate goods and services for the market, with the exception of financial services, which are incorporated but not primarily focused on financial services (Tebrake & O`Hagan, 2017). As our case study, we consider the Indian multinational IT company, Infosys Limited.

Based on the literature on financialization of NFCs from various perspectives such as investment, capital accumulation, intangibilization, etc., we identify important metrics used to quantify financialization. Using data from the company's financial statements, we construct relevant metrics to answer the question, 'Is the company financialized?' Further, we conduct a qualitative analysis of corporate strategy and board structure using company Annual Reports and secondary data such as newspaper articles to gain further insights into financialization.

The paper is structured as follows. Section 2 provides a brief literature review of theories of financialization of NFCs and empirical literature, focusing on identifying relevant variables of financialization. Section 3 explains the analysis of financial data (for constructing and analyzing the variables) and results. Section 4 discusses board and ownership structure and Section 6 the evolution of corporate strategy. Section 5 concludes the paper by discussing whether the results indicate that the NFC is financialized or not.

## 2. Literature review

In their comprehensive review of corporate financialization studies, Rabinovich and Reddy (2023), while emphasizing the lack of clear consensus over the precise meaning of the term 'financialization' from a conceptual standpoint, delineate four major theoretical lenses for the analysis of financialization of the non-financial corporation (NFC) in the literature:

i. NFCs as *financial profiteers*, substituting productive activities with financial activities, both from the point of view of investment and income,

ii. NFCs as *financial providers*, maximizing return on equity (ROE) for shareholders by downsizing on labour and capital expenditures,
iii. NFCs as *financial innovators*, accruing high levels of debt in novel ways to maximize shareholder value, and
iv. NFCs as *financial portals*, increasingly relying on intangible assets for rent capture.

In this section, we provide a brief review of the metrics commonly used to quantify the financialization of NFCs in each of the four strands along with an appraisal of the state-of-the-art in empirical studies.

### 2.1. NFCs as financial profiteers

Studies in this strand mainly focus on the 'financial turn of accumulation' thesis, which argues that firms are moving away from 'productive' investment, such as in physical capital, towards financial assets, such as derivative instruments. For example, Krippner (2005) was an early documenter of large increases in the financial share of assets and portfolio incomes relative to profits in the case of American NFCs since the 1970s. Davis (2017) documented the rising share of financial assets since the 1980s up to 2014. Theoretically, Stockhammer (2004) and Orhangazi (2008) have relied on the concept of shareholder value orientation to explain these trends.

However, Kliman and Williams (2014) have challenged the causal reasoning by arguing that the decline in capital investment is not the result of increasing financial investment (because debt is an additional source of funding) but rather is explained by the declining rate of profit. Further, Rabinovich (2019) demonstrated empirically that the financial incomes of US NFCs have in fact declined since 2005.

Thus, studies focusing on the financial turn of accumulation use metrics that capture the relative importance of financial and real investment and income, such as *assets-to-sales ratios* of different categories of assets (Davis, 2016; Stockhammer, 2004; Orhangazi, 2008) and fall in investment with increasing financial accumulation (Tori and Onaran, 2020; Durand and Gueuder, 2018).

### 2.2. NFCs as financial providers

Studies in this category rely on the 'downsizing and distributing' thesis, i.e., firms reduce labour and capital expenditure to maximize returns to shareholders. Lazonick and O'Sullivan (2000) were the first to use the concept, focusing on labour policy. Quantitative studies of downsizing have largely focused on the effects on layoffs and wages using microeconomic data such as employment growth (Lin, 2016) and wages (Deakin and Rebérioux, 2009).

Many studies in this strand have also focused on the (usually negative) effects of financialization on investment (Hecht, 2014; Auvray and Rabinovich, 2019). However, a drawback of these studies is that most of them consider only capital expenditure and not R&D as part of investment (Rabinovich and Reddy, 2023: 12).

The studies in this strand thus use variables that capture the effect of increased dividend payouts on wages and investment. Some such variables related to financial statements are dividends-to-corporate profit ratio (Lazonick and O'Sullivan, 2000), financial payments and physical capital accumulation (Tori and Onaran, 2014), net stock issuance (Hecht, 2014), and the relation of capital accumulation to offshoring (Auvray and Rabinovich, 2009).

### 2.3. NFCs as financial innovators

Studies in this strand focus on the debt raising activities of NFCs. They subscribe to the 'liability management' theory of NFCs, whereby the NFC increasingly relies on debt financing over equity financing for various benefits, such as boosted share prices, from the perspective of shareholder value optimization. Further, credit may be used to fund the acquisition of financial assets (Kliman and Williams 2015; Davis, 2017).

Some variables used in these studies are financial earnings as a fraction of corporate cash flows (Krippner, 2005) and dividend and interest payments (Davis, 2017).

### 2.4. NFCs as financial portals

These studies focus on the increasing importance of intangible assets, such as patents, copyrighted material, intellectual property, and trademarks, in the portfolios of NFCs. Studies have connected the increasing acquisition of intangible assets to the process of financialization through the lens of intellectual monopoly capitalism (Pagano, 2014) and shareholder value maximization (Davis, 2011). However, theoretically, the relation between financialization and intangibilization remains unclear (Rabinovich and Reddy, 2023: 18).

The variables used by studies in this strand include asset ratios of intangibles (Orhangazi, 2008) and the relation between investment in physical assets and profits (Durand and Gueuder, 2018)—as the profitability of NFCs despite reducing real investment may partly be explained by the acquisition of intangible assets.

Moreover, intangible assets are often viewed as risky when it comes to measuring the future service potential as it is difficult to calculate the returns on investment compared to property, plant, and equipment. Nonetheless, in the modern economy, NFCs frequently use intangible (intellectual) capital to create value (Eckstein, 2004).

## 3. Financial statements: data analysis and results

Based on the survey of the variables for the financialization of NFCs provided in Section 2, we identified metrics corresponding to each of the four strands of financialization literature to conduct our analysis, as discussed in the following.

### 3.1. NFCs as financial profiteers

To evaluate the financialization of the company from the financial profiteer perspective, i.e., financial turn of accumulation hypothesis, we consider the relative importance of financial versus real assets in the balance sheet of the firm over the years.

i. First, we consider the *long-term real assets-to-total financial assets* ratio. Here, we define long-term real assets as property, plant, and equipment (PPE) assets in the balance sheet and total real assets as the sum of total current assets minus inventories and total non-current assets minus PPE assets in the balance sheet.

ii. Second, we consider the *long-term real assets-to-current financial assets* ratio, where the denominator now includes only the current part of financial assets, i.e., total current assets minus inventories. This provides a better picture of short-term, speculative investments.

Both metrics are plotted in Fig. 1.

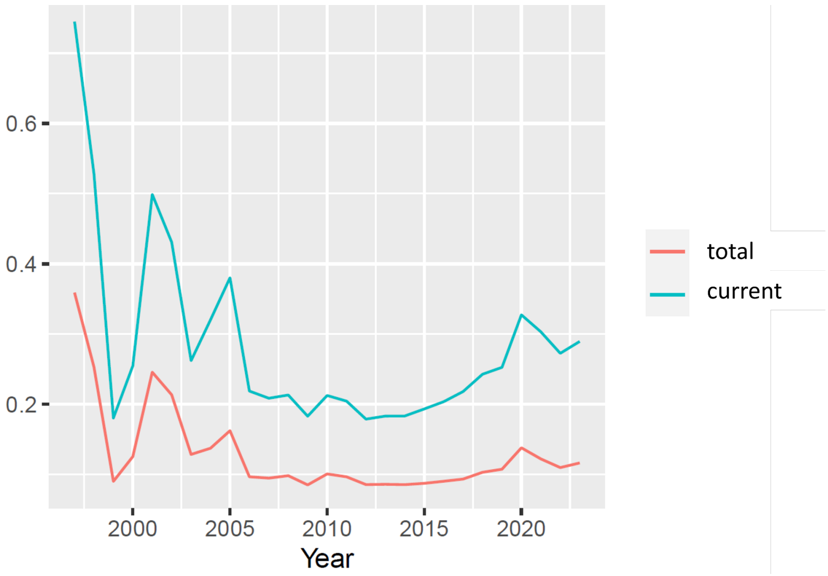


*Fig. 1. Ratio of real assets (PPE) to (i) in pink, total financial assets and (ii) in blue, current financial assets.*

Prior to 2005, both metrics show large fluctuations with a general decrease; however, post-2005, there is a trend towards stagnation of fixed capital assets relative to financial assets, both current and total. This suggests a tendency to divert investment away from fixed capital to financial assets in the late 90s followed by stagnation in the post-2005 era. The slight increase after 2020 may reflect the devaluation of financial assets following COVID.

iii. Further, following Davis (2016), who analyzed ratios of different asset categories to sales, we look at the PPE-to-sales ratio (Fig. 2).

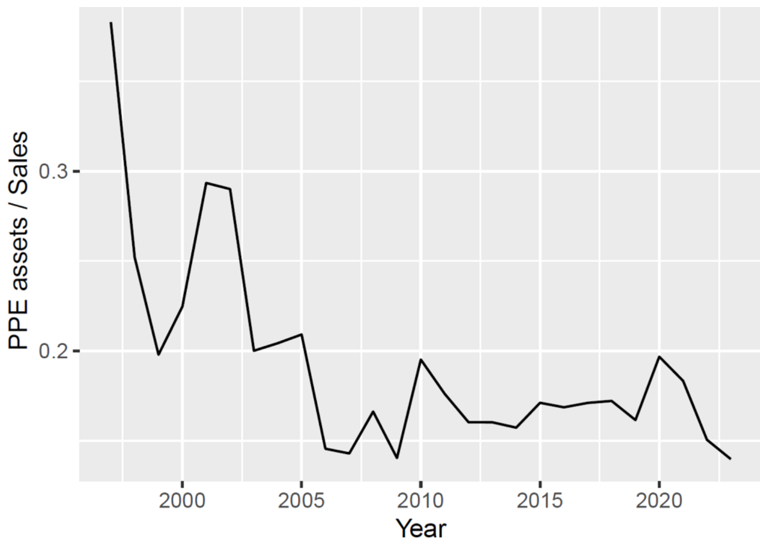


*Fig. 2. Ratio of PPE-to-sales.*

Again, a stagnation in real assets relative to sales can be observed following 2005, further confirming a trend towards increasing financial assets at the cost of real assets.

### 3.2. NFCs as financial providers

This perspective focuses on downsizing and distribution for shareholder value maximization.

i. We first consider the *dividends-to-net income ratio* (Fig. 3), following the classic work of Lazonick and O'Sullivan (2000).

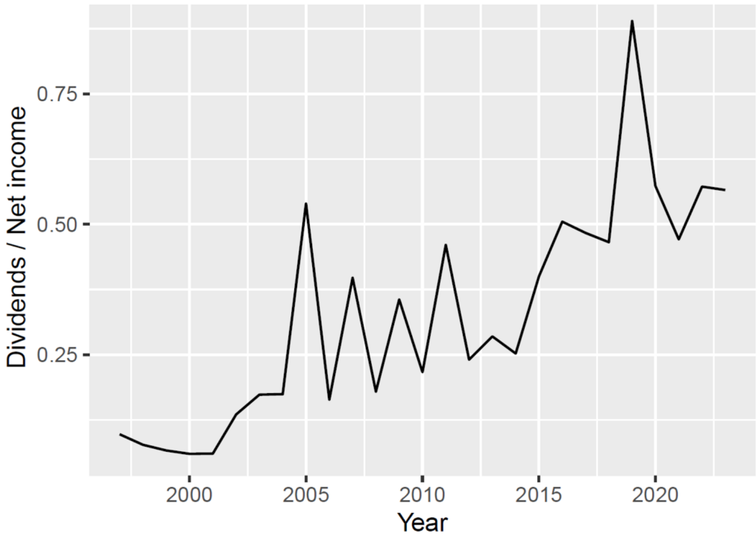


*Fig. 3. Ratio of dividends to net income (corporate profit).*

It is clear that there is an overall trend towards increase in the dividend share of profits following 2000. Hence, from this perspective, the firm may be considered to become increasingly financialized.

ii. Next, following Auvray et al. (2021) and Durand and Gueuder (2018), we investigate the investment–profit nexus in the light of financialization. We look at the *net capex-to-net income* ratio, which is a measure of real investment relative to profits (Fig. 4).

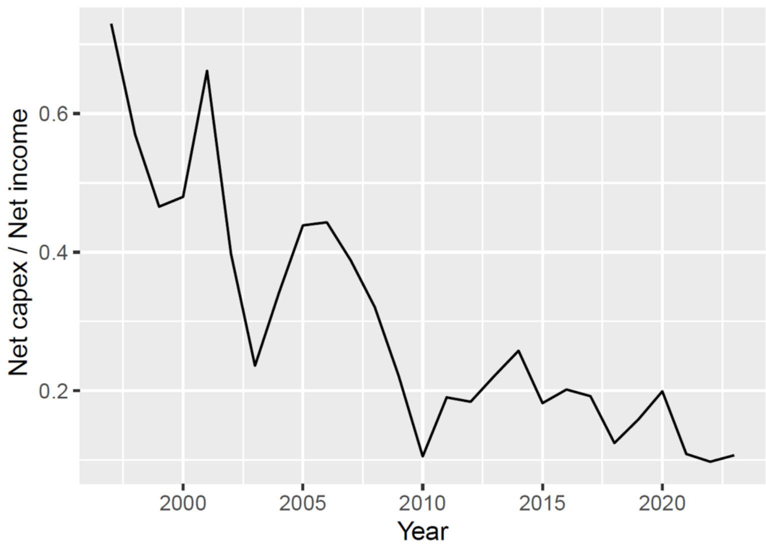


*Fig. 4. Ratio of net capital expenditures to net income.*

Again, a stagnation is seen post-2005, further evidencing a slowdown in real investment and diversion to financial investment. This is consistent with the trends seen with the real to financial asset share ratios in Section 3.1.

### 3.3. NFCs as financial innovators

This body of literature focuses on the innovative ways in which firms raise and use debt. From this perspective, we focused on measures of debt and interest payments in the balance sheets and cash flow statements of the firm.

i. First, we look at the *debt ratio* (Fig. 5), which is a commonly used metric defined as the ratio of total liabilities to total assets. The higher the debt ratio, the greater the proportion of assets financed by debt.

The debt ratio rose sharply after 2010, showing the increasing importance of debt financing in the firm's operations.

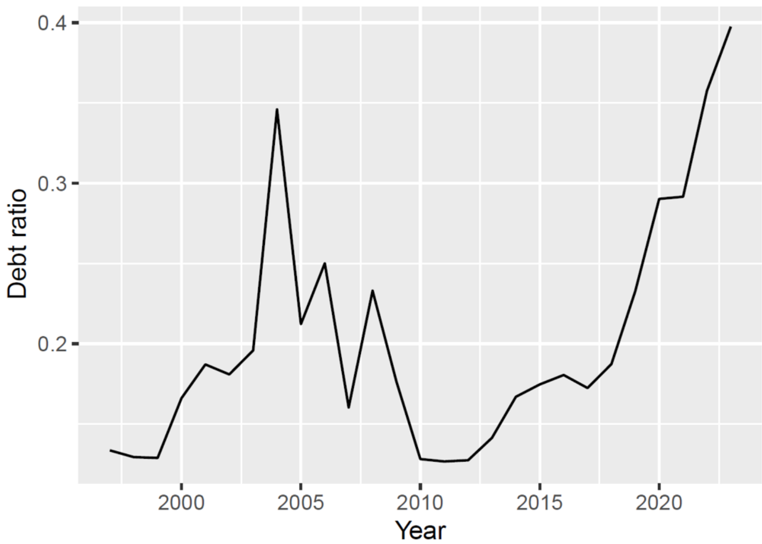


*Fig. 5. Debt ratio.*

ii. Next, we look at the *debt-to-equity (DOE) ratio*, defined as the ratio of total debt (current and long-term) to total shareholder's equity. It measures the relative importance of debt and equity in asset financing.

The debt is stated explicitly in the balance sheet ('Debt - Total' under 'Current Liabilities' and 'Debt - Long-Term - Total' under 'Non-Current Liabilities') only from 2020. Thus, it is not possible to analyze long-term trends from the available data. The DOE ratios are summarized in Table 1.

*Table 1. Debt-to-equity ratio.*

| Year | Debt-to-equity ratio |
|---|---|
| 2020 | 0.13132556 |
| 2021 | 0.12909276 |
| 2022 | 0.13304109 |
| 2023 | 0.20259912 |

These values are quite low, and given that the data is available for only four years, the numbers need to be scrutinized again for any accounting adjustments that may not be considered in the explicitly stated debt categories in the balance sheet. Thus, it is not possible to make any conclusions about financialization from the debt-to-equity ratio.

iii. Next, we look at the *interest coverage ratio (ICR)*, defined as the ratio of expenses before interests and taxes (EBIT) to net interest expenses as found in the income statement. This gives a normalized measure of interest payments for comparison across different years (Fig. 6). The data for interest expenses is provided explicitly only from 2005; hence, we calculate the ICR from 2005 onwards.

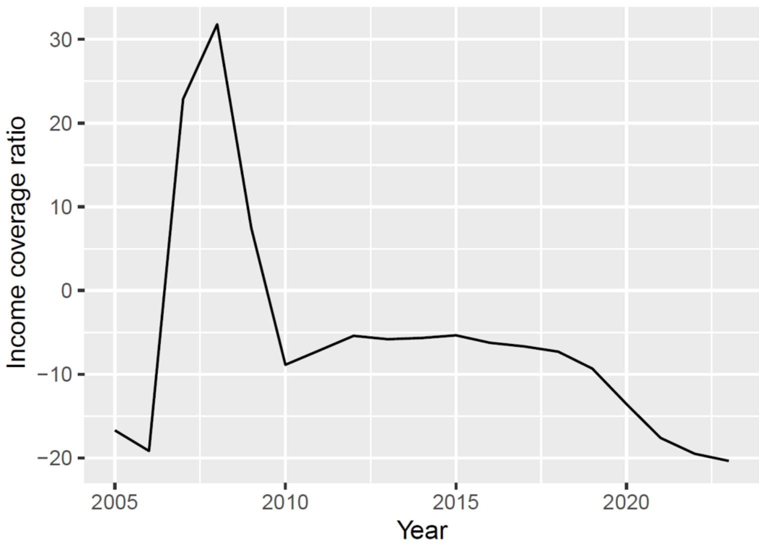


*Fig. 6. Income coverage ratio, defined as ratio of EBIT to net interest expenses.*

Since around 2010, the company has had considerable negative ICR, which progressively increases in magnitude around 2015. This suggests that the company is acquiring interest through financial activities.

iv. To further investigate the interest-earning activities of the firm, we calculate the *interests-and-dividends portfolio income*, which is defined as the ratio of income from interests and dividends to the net cash flow of the firm (Fig. 7). This metric is modified from portfolio income defined by Krippner (2005), who additionally included capital gains in the numerator.

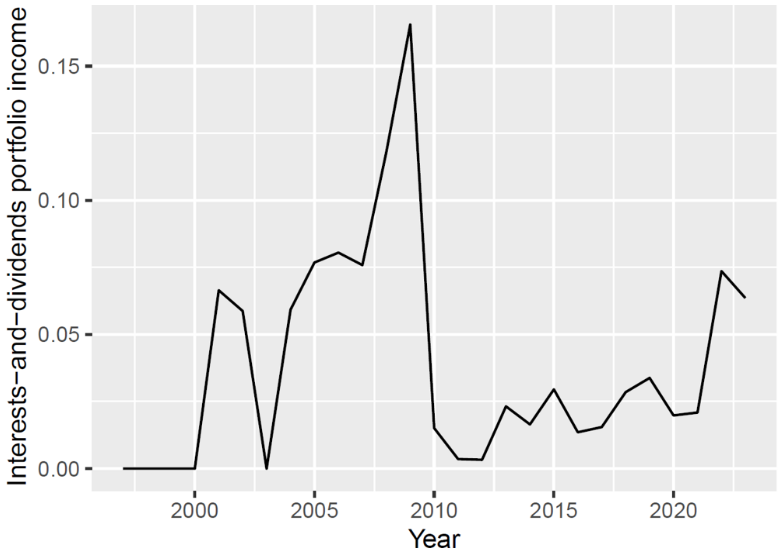


*Fig. 7. Interests-and-dividends portfolio income, defined as ratio of income from interest and dividends to corporate cash flow.*

While we can observe a slow but steady rise in the interests-and-dividends portfolio income since 2015, consistent with the trend of increased negative ICR (Fig. 4). However, prior to 2010, the trends do not match. Hence, a more detailed investigation of other avenues of payment and earnings of income is necessary to get a full picture of the debt-related activities of the firm.

### 3.4. NFCs as financial portals

Studies in this strand, such as Stockhammer (2004) and Orhangazi (2008) focus on the rise of intangible assets, such as licensed software, knowledge assets, and patents.

Fig. 8 shows the trend in the *intangibles-to-total assets* ratio over time.

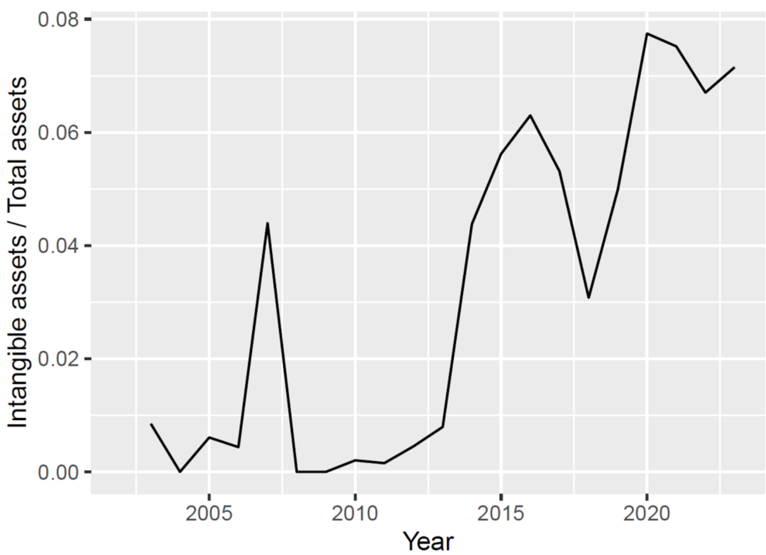


*Fig. 8. Ratio of intangible assets to total assets.*

There is a general trend towards increasing intangibilization following 2010. The diversion to intangible assets explains a part of the slight reduction in the share of real assets (Fig. 1) since 2010; hence, the intangibilization trend may be related to financialization. However, note that according to Fig. 1, real asset share has largely stagnated since 2005; prominent changes happened prior to 2005. Hence, it is unclear whether intangibilization, which becomes most important only after 2010, is a major driver of financialization.

Further, as Infosys is an IT service provider, we would expect its share of intangibles to be higher than that of manufacturing NFCs. For example, another major Indian multinational NFC, the steel manufacturer Tata Steel Limited, had an average intangibles-to-total assets ratio of 0.004 in 2020–'23, compared to 0.073 for Infosys (own calculation; Tata Steel Limited, 2023, 2021).

### 3.5. Summary of results

The results for the different variables of financialization used for the financial statement analysis are summarized in Table 2.

*Table 2. Summary of results from financial statement analysis.*

| Theory of financialization | Variable | Stock / flow variable | Results | Consistent with financialization hypothesis? |
|---|---|---|---|---|
| Financial turn of accumulation | Long term real assets (PPE)-to-total financial assets ratio | Stock | Trend towards stagnating PPE assets after 2005, slight increase around 2019 | Yes |
| | Long-term real assets (PPE)-to-current financial assets ratio | Stock | Trend towards stagnating PPE assets after 2005, slight increase around 2019 | Yes |
| | PPE-to-sales ratio (modified from Davis, 2016) | Stock–flow | Stagnation after 2005 | Yes |
| Downsizing and distribution | Dividends-to-net income ratio (following Lazonick and O’Sullivan, 2000) | Flow | General trend towards increasing dividend share since 2000 | Yes |
| | Net capex-to-net income ratio (following Auvray et al., 2021 and Durand and Gueuder, 2018) | Flow | Stagnation after 2005 | Yes |
| Liability management | Debt ratio | Stock | Sharp rise since 2010 | Yes |
| | Debt-to-equity ratio* | Stock | - | Unclear |
| | Interest coverage ratio (ICR) | Flow | Increasingly negative since 2015 | Unclear |
| | Interests-and-dividends portfolio income (modified from Krippner, 2005) | Flow | Consistent with ICR trend since 2010; does not match before that | Unclear |
| Intangibilization | Intangibles-to-total assets ratio | Stock | Increase since 2015 but high fluctuation | Unclear |

** Data available from 2020 only*

## 4. Board and ownership structure

The NFC Infosys is an Indian global consulting and IT services company founded in 1981 and listed in the New York Stock Exchange (NYSE). Furthermore, it became the first Indian corporation to be listed on the NASDAQ (Patil et al., 2022). The company is specialized in providing digital services, IT- and software development, and providing industry-specific solutions to other enterprises. As for now, Infosys operates in more than 55 countries with around 320,000 employees and total revenue (LTM) of 18,55bn US dollars (Infosys Limited, 2024).

As of March 2023, the Infosys Board consisted of eight members: a non-executive and non-independent Chairman, the Chief Executive Officer and Managing Director (CEO & MD), and six independent directors, each chairing one of the following committees: Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Risk Management Committee, Corporate Social Responsibility (CSR) Committee, and ESG Committee (Infosys Limited, 2023a).

To further study the shareholding composition of Infosys as for December 2023, we have accessed the company's annual report (Fig. 9). There were 4,15,04,47,554 shares held in total.

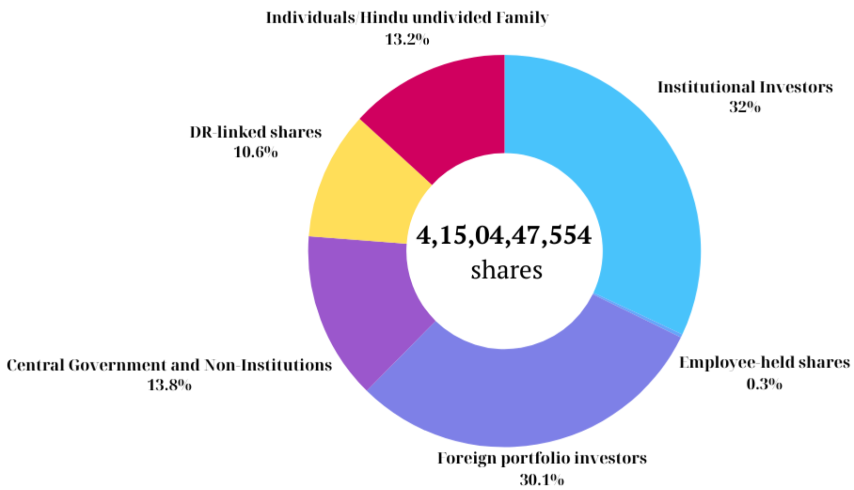


*Fig. 9. Composition of total number of Infosys shares held, in % (December 2023)*

In the case of Infosys, individuals/Hindu undivided families belong to a promoter & promoter group, who are directly related to the operation, strategy, and funding of the company; these are typically prospective owners or directors. By Hindu undivided family, it is referred to the fact that under Hindu Law, one can create a family unit to save taxes and redistribute assets between family members efficiently.

However, the biggest percentage of ownership belongs to a public group, which consists of institutional investors (32% of shares held), foreign portfolio investors (30,1%), central government and non-institutions (13,8%). Institutional investors can be characterized as specialized financial firms that manage savings on behalf of small investors in order to achieve a specified goal in terms of acceptable risk, return maximization, and claim maternity (Davis & Steil, 2004). In general, institutional investors' growth in numbers was fueled by investors' realization of the value of low-cost diversification, as well as advantageous regulatory and tax treatment (Bebchuk et al., 2017). Examples of institutional investors can be such institutions as insurance companies, pension funds, mutual funds, etc. According to Fichtner

(2020), institutional investors pushed the financialization of NFCs by requiring shareholder value. One of such institutional investors is Vanguard, one of the Big-Three asset managers, which holds circa 2,3% of the Infosys shares. Also, foreign portfolio investment is regarded as a substantial component of capital flows that contributes to a company's financialization (Mani, 2022). It is also worth noting that the central government and non-institutions' shareholding percentages may suggest that the company is thought to have greater investor protection and lower risks (Boubakri et al., 2018).

When it comes to a non-public and non-promoter group, as for Infosys, it is recognized that there are DR-linked shares (10,6%) and employee-held shares (0,3%). Foreign enterprises, particularly those operating in emerging areas, use depositary receipts (DRs) to secure finance. Indian enterprises frequently issue equity capital through DR programs in international financial markets and emerging markets, with India being the most active participant (Kumar, 2006). In comparison, shares held by the employees possess a low number which can be tied to compensation practices and financialization. However, in 2019 Infosys started a program "the 2019 Plan", which is aimed at providing more share-based incentives to employees of Infosys and its subsidiaries (Infosys Limited, 2023a).

Moreover, analyzing the shareholders who own more than 1% of the shares in March 2023, among top-5 shareholders are Life Insurance Corporation of India (7,19%), SBI Mutual Fund (3,95%), Government of Singapore (2,29%), ICICI Prudential Mutual Fund (2,24%), and NPS Trust (1,56%) (ibid.). This composition demonstrates a broad combination of institutional and governmental ownership of this NFC. Moreover, what all of these entities have in common is that all of them are related to the financial sector: varying from pension and insurance funds to the Government of Singapore, which is capable of performing investment operations.

According to Brossard et al. (2013), investors can influence managers by trading or owning shares. What is interesting to highlight is that shareholding among 5 promoters, who own over 1%, consists of the two company's co-founders Nandan M Nilekani and Kris Gopalakrishnan, two children of the other Infosys's founder N. R. Narayana Murthy—Rohan Murty and Akshata Murty, and Sudha Gopalakrishnan, who is the wife of Kris Gopalakrishnan (Infosys Limited, 2023a). This might indicate a continuity within the company's ownership structure and presence of "strategic" investors. "Strategic" investors, who include families, industrial firms, and government agencies, typically invest in a single company and may be risk-averse to research & development spending. Institutional investors, such as mutual funds, public pension funds, trust funds, and foundations, manage investments on behalf of others and are bound by a fiduciary duty to maximize long-term value. They are not concerned with individual corporate actions and may invest in companies that innovate (Brossard et al., 2013).

Thus, analyzing the structure of Infosys ownership, it is possible to observe that it can be described with a majority ownership pattern, in which a variety of actors and institutions hold shares. Here, due to the paradox of earnings without investment, such financial methods as downsizing and payout to shareholders may imply the financialization of NFCs (Rabinovich, 2019). Moreover, the shareholding composition can be described with a blockholder ownership. We wish to stress that blockholders, or owners of significant holdings, can play a crucial role in long-term governance, even though Infosys's dispersed ownership structure may make it appear that no shareholder has an incentive to participate in governance. This is partially because they can act as credible threats to sell their stakes (Holderness & Edmans, 2016).

## 5. Evolution of corporate strategy

At the outset of its operations, Infosys sought to provide upscale consulting services, but it was up against already well-established firms like IBM Global Services, Accenture, or EDS, etc. (Velamuri & Mitchell, 2005). Through its subsidiary Progeon, the company ventured into lower value-added business process outsourcing (BPO) services. By 2004, Infosys managed to create 10,000 workplaces. The company's plan was to compete with well-established businesses and advance up the value chain; however, in their annual reports they emphasized throughout years that "rapid growth brings with it the risk of being able to ensure consistency in culture and core values" (Velamuri & Mitchell, 2005).

The Board added two new members in 2011 and for the first-time non-founder directors outnumbered the founder ones because with excessive growth a new vision was needed. It is interesting to highlight the period of 2014-2017 when the company was run by Dr. Vishal Sikka, it has met the highest rates of growth. In addition, during this time, India conducted demonetization, which affected around 80% of banknotes in circulation. Thus, it was a huge push for the Indian FinTech industry to support digitalization (Fouillet et al., 2021). In response to this, Dr. Sikka implemented a range of innovations to the company's strategy, mainly focusing on cutting business expenses and utilizing automation and artificial intelligence (Infosys Limited, 2017).

However, in 2017 the Infosys Board faced many disputes over Dr. Sikka corporate strategies, so he resigned. What has caused a disagreement was that Dr. Sikka initiated a salary hike for himself and Chief Operating Officer Pravin Rao. In an apparent attempt to appease the conflict, the company announced a $2 billion cash return to shareholders and named independent director Ravi Venkatesan as a new Co-Chairman of the Board (Koilparambil, 2017). Rabinovich (2019) emphasizes that such changes in corporate structures arise when aligning interests with shareholders. As a result of such changes, NFCs tend to invest in financial markets and grow more rentier-like, giving up on growth-oriented goals.

Describing Infosys today, it is estimated that in 2022 they grew at the fastest rate in 11 years (19.7% year-on-year revenue growth) (Parekh, 2022). Current strategy is focused on digitalization and automatization, relying on technological progress. Also, the NFC presented itself as profitable with free cash flow of $3.1 billion, which is a cash in excess of what is needed for a company to operate. But in October 2023, Infosys cut revenue growth expectations for the end of the year, expressing doubts about the ability to meet the short-term demand for the services they offer (Sethuraman & Hebbalalu, 2023).

### 5.1. Mergers and acquisitions

Mergers and acquisitions (M&A) indicate another facet of the NFC's financialization, as they signify a phenomenon in which larger financial institutions purchase smaller businesses to broaden their operations and obtain an advantage in the market. Infosys has acquired 22 companies in the recent decades, explaining it with the fact that this strengthens capabilities of their services and allows them to work globally in decentralized manners (Sanghrajka, 2020).

### 5.2. Share buybacks

According to their Annual Report 2021–'22, Infosys ran 'one of the largest buyback offers through the open market' in 2019 (Infosys Limited, 2022: 60). In the financial years 2021–'22 and 2022–'23, they distributed US$ 1.7 billion in dividends as against US$ 1.5 billion in buybacks and US$ 1.7 billion in dividends as against US$ 1.4 billion in buybacks, respectively, to shareholders (Infosys Limited, 2023b, 2022a). Further, the buybacks-to-corporate profits ratio remained around 0.07 (ibid., own computation).

Thus, buybacks form an important part of Infosys's corporate strategy. Further, the company's Buybacks FAQs for 2022 states that 'the Company expects to return approximately 85% of free cash flow cumulatively over a 5-year period through a combination of semi-annual dividends and/or share buybacks and/or special dividends' (Infosys Limited, 2022b). A reliance on share buybacks for shareholder payments has been discussed as a potential indicator of financialization of the NFC (Davis, 2018). Hence, Infosys's share buyback strategy and messaging to shareholders may indicate a heavy reliance on financialized activity and intent for further financialization by its strategic management.

## 6. Conclusion

This paper presented an analysis of the Indian non-financial corporation, Infosys Limited, to determine whether it may be considered to be a financialized firm. First, a literature review of studies of financialization of NFCs was conducted to determine appropriate variables of financialization. These were computed from the financial statements of the company. Next, a qualitative analysis was undertaken of the company's Annual Reports, ownership structure, and secondary sources to analyze factors determining the evolution of corporate strategy over time and how it relates to financialization.

The quantitative analysis of financial statements showed some trends that are consistent with various theories of financialization. For example, decreasing physical capital assets relative to financial assets since 2010 signal a reorientation away from real investment to financial assets. Stagnating capital expenditure relative to net assets suggests a similar story. Further, the firm is increasingly receiving interest incomes, which suggests high dominance of financial activities. However, the trend in interests-and-dividends income relative to corporate cash flow is unclear. In addition, the share of intangibles in the portfolio is rising steadily but needs further analysis to link to financialization. Hence, from an analysis of company fundamentals, we can see a trend towards the symptoms of financialization in some metrics; however, a more detailed scrutiny is required to conclusively declare the state of financialization of the company.

Regarding ownership structure, Infosys is characterized by the diverse ownership pattern, with a variety of private and public actors. Institutional investors and foreign portfolios hold the biggest amount of Infosys shares. Nonetheless, when looking at individuals' ownership, top-5 promoters included founders and their relatives. Blockholder ownership can play a crucial role in long-term governance, despite Infosys's dispersed structure making it appear no shareholders are interested in controlling decision-making processes. Moreover, some financial methods used like downsizing and payouts may indicate financialization of Infosys.

With corporate strategy, Infosys has undergone several changes since its establishment in 1981, starting with consulting and BPO services. In 2011, Infosys increased the number of Board members and promoted digitalization and automatization of the operating process, which has caused several conflicts within the company. As for now, Infosys is targeted at further growth as it had to cut revenues in response to the general slowdown of the economy. Infosys has also undergone a large number of mergers and acquisitions in recent years. These moves are possibly intended to attract new assets and shareholders.

Thus, we conclude that Infosys has been showing an increasing tendency towards increasing financial assets, intangibles, debt, and interest incomes since 2005–2010. Further, the strategic decision making indicates a tendency to increase financialization. However, more data and a more detailed analysis of the trends in assets and incomes is required to understand the exact flow of funds, relation of intangibles to financialization, and debt-related activities of the firm.

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