



A STUDY ON FINANCIAL STATEMENT ANALYSIS OF TITAN COMPANY LIMITED

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ABSTRACT

Finance is the management of money and includes activities like investing, borrowing, lending, budgeting, saving, and forecasting. Account is that business action which is worried about the obtaining and preservation of capital assets in gathering the monetary requirements and generally targets of business endeavor. Finance deals with how the corporation obtains the funds and how it uses them. Finance is the application of the planning and control functions of the finance functions, financial management involves the application of general management principles to a particular financial operations. CMIE PROWESS IQ was used as Data mining tool for collection of data. we will evaluate the performance of the titan company limited along with the help of tables and charts depending upon datasets and we will compare the performance of the financial standard and statement for five years.

INDEX TERMS - *Finance, financial statement, CMIE process IQ, Assets, Liabilities, financial performance, Titan company.*

I. INTRODUCTION

Finance or Money is a field that is worried about the assignment of resources and liabilities throughout reality, frequently under states of hazard or vulnerability. Account can likewise be characterized as the craft of cash the executives Participants in the market mean to value resources dependent on their danger level, major worth, and their normal pace of return. Account can be part into three sub classes: public money, corporate money and individual budget. At the present level, finance is concerned with individuals decisions about how much of their earning they spend, how much they save, how much they invest and saves. In a business context, finance involves the same types of decisions how firms raise money from investors, how firm invest money in an attempt to earn a profit, and Account can be said as the science

and craft of overseeing cash how they conclude whether to reinvest benefits in the business or appropriate them back to financial backers.

Statement of problem

Financial performance is established as an important part of an organizations position and status. It is a major determinant of the organizations profitability and liquidity levels. Many businesses are working hard to improve their level of performance on this competitive world, where average level of the them fails due to lack of proper and effective profitability and liquidity management strategies. The overall problem discussed here is the lack of profitability and growth among organization because of poor management of the net profit and liabilities of organization, The study aims at assessing the ratios. This study gives an exposure to the researcher as well as to general public on the overall efficiency at which



the lifestyle company is serving the public. The study will throw on the different aspects where TITAN COMPANY Ltd exceeds and where lacks and will provide an opportunity to lifestyle companies in balancing the activities as to achieve the best performance.

Objectives of the study

To study the financial statement analysis and also the profitability position of the bank. To analyze the liquidity and solvency position of the company. To know the management of assets of the company. To offer findings and suggestions for further improvements.

II. LITERATURE SURVEY

Toby, Adolphus J (2008) [1] The investigation on 'Liquidity execution relationship in Nigerian Manufacturing Companies (1990-2002) tracked down that the relapse results showed genuinely huge connection between proportions of liquidity and chose proportions of productivity, effectiveness and obligation in Nigerian cited fabricating.

Das P. K. (2008)^[2] The study on "Liquidity management in Ranbaxy Laboratories Ltd;" that from the view point of conventional standards of current ratio and acid-test ratio, the short-term liquidity position of the company might be said to be satisfactory. From the viewpoint of industry norms also, the position was satisfactory. Although the level of cash maintained by the concern was not sufficient for meeting its current liabilities, it might be the policy of the company to maintain level of money and bank equilibrium and more usage of money resource Further he stated that the debtors' turnover ratio or the position of debtors as compared to the sales in the selected company was much lower than the standard set by the CMIE. He argued that the rank correlation between liquidity and profitability showed that these two were mildly or lightly related to each other. In other words, it reflected a lower degree of positive association between the liquidity and profitability of the company.

Dinesh M., (2008) ^[3] The article entitled, "Working Capital Management: Challenges and Strategies" providing an insight into concept of working capital, the different challenges being faced by the business firms in managing working capital and the strategies to be adopted for its prudent management, concluded that most of the businesses fail not for want of profit but for lack of cash.

The fast growth in production and sales may cause the business to utilize all the financial resources

seeking growth and making the working capital works for you. Preserving the optimal cash balance, investment of surplus funds in marketable securities that give the best possible return, proper management of accounts receivables, better inventory management system, maintaining desired level of short-term financing in the cheaper and flexible manner are the characteristics of prudent working capital management. The working capital management is not an end itself but it is part of the firm's management. The needs of it must be considered with regard to the aspects of financial and non-financial performance of the business. Efficient working capital management is the key to the success of any business and the way to prevent the failure."

Santanu Kumar Ghosh (2004) ^[4] A study of the Indian Cement Industry and its working capital management efficiency. He found that the industry as a whole did not perform remarkably well during the period from 1992-93 to 2001-02.

Singh (2004) ^[5] An in-depth study on Working Capital in Lupin Laboratories Ltd. endeavored to evaluate the meaning of the board of working capital through working capital proportions and working cycle. Having examined seven years information (1995-2002), he reasoned that the liquidity position of the organization was acceptable, mean level of current resources was high when contrasted with the level of net fixed resources and the working cycle showed declining pattern. The component savvy examination of working capital additionally uncovered that exchange indebted individuals established the most noteworthy level of current resources followed by credits and advances, inventories and money and bank adjusts. The investigation drew out the requirement for productive administration of debt holders, the level of which was the most elevated.

III INTRODUCTION OF THE COMPANY

Titan Industries Ltd. is the fashion of Lifestyle industry on stock exchanges, which is engaged in time keeping business. Titan has nearly 24 years standing in Indian market and celebrating year 2009-2010 as Silver Jubilee year. Titan Industries Limited, a Tata Group Company, fused on 26th July 1984 at Chennai has been fabricating simple electronic watches with a decision of more than 150 plans.



Titan, Sonata, Raga, Spectra, Aqura, Tanishq, Insignia, Classique, are some of the popular brands of watches produced in steel and gold plated forms. The company has expanded its operation throughout India and abroad particularly in North and South Asian countries. Apart from time-keeping business, Titan has stretched its legs in life-style and fashion industry as well. It has succeeded in jewellery and sun goggles business. Tanishq (In Hindi „Tan“ means the body and Ishq means the love) is its world famous brand of jewellery and Fastracks is of sungoggles.

The company has been producing a wide range of jewellery and sungoggles (Fatrack), which is changing the looks and lifestyles of Indian youth. The product range of Titan is targeted at the consumers belonging to all income brackets and as such becoming the home brands. Presently, the company is operating with the fully paid up capital of Rs.82.28 crores and turnover of Rs.3098.20 crores as on 31st March 2008. The book value of its equity shares stands Rs.98.26 as on 31 March 2008.

Titan Company Limited was introduced on 26 July 1984 under the name Titan Watches Limited in Chennai. A plant was set up to fabricate quartz simple electronic watches in the State Industries Promotion Corporation of Tamil Nadu, Ltd. Modern zone at Hosur. In November 1986, Titan Company and Casio marked a MoU proposing to make 2 million advanced and simple computerized watches. In 1989, a satellite case plant was set up in Dehradun Uttar Pradesh, Uttarakhand at present with an assembling limit of 500,000 watch cases every year.

In September 1993, the organization changed its name to Titan Industries Ltd. as it wandered into other scope of items other than watches. In 1994, Titan dispatched its gems image Tanishq. In 1998, the organization dispatched its watch and frill brand, Fastrack, directed at a more youthful crowd in an offer to rival Timex. Fastrack was situated as a free extra brand focusing on the metropolitan youth.

In 2016, Titan opened prescription lens manufacturing facilities in Noida, Kolkata, and Mumbai to improve its order processing time 2018, Titan blended its adornments image, Gold Plus focused at clients in South India with Tanishq to build up the brand's essence in South.

PRODUCTS

Watches

The watches division includes brands Fastrack, Sonata, Raga, Octane and Xyls. In 2011, the organization got permit for advertising and dispersion of Tommy Hilfiger and Hugo Boss watches.. Favre Leuba was incorporated in 2012. In 2018, the division accounted for ₹2,126 crore in revenue which was 10% of the total of the company.

Eyewear

In 2007, Titan Industries forayed into the style extras industry with the dispatch of shades, a Rs 330-crore market. It introduced Titan Eye+ that has a wide range of frames, contact lenses, prescription eyewear, and sunglasses. The division represented ₹415 crore in FY 2016-17 keeping a steady development of 8%.

Jewellery

Xerxes Desai started the brand Tanishq in 1995. Zoya was dispatched in the extravagance portion, while Mia, a sub-brand was under Tanishq for work-wear gems. Titan's all out income became 20.44% in 2017-18 to ₹15,656 crore, of which gems deals got ₹13,036 crore. In 2016, Titan put resources into Carat and who announced a turnover of ₹290 crore in FY 2017-18.

Perfume

In 2013, Titan dispatched six variations of fragrance in the Indian scent market under the brand name Skinn. They worked together with incredibly famous perfumers including Alberto Morillas and Olivier Pescheux.

Profile of the company:

Type	Public industry lifestyle
Founded	1984
Founded	Xerxes desai
Headquarters	Bangalore, Karnataka, India
Key people	Mr. N. Muruganandam (chairman) C K Venkataraman (MD) C K Venkataraman, CEO
Products	watch, jewellery, precision engineering, bags, perfumes, belts, wallets and eyewear
Brands	Fastrack • tanishq • Titan Eyeplus • Sonata
No of employees	7,500 (2020)
Website	Titancompany.in



SENIOR MANAGEMENT TEAM OF TITAN

Mr. C K Venkataraman - Managing Director.

Mr. SaumenBhaumik - Chief Executive Officer- Eyewear.

Mr. AjoyChawla -Chief Executive Officer- Jewellery.

Mr. S Subramaniam - Chief Financial Officer & Head Of IT Function.

Mr. Rajnarayan - Chief Human Resource Officer. Mr. Dinesh Shetty General Counsel & Company Secretary.

Ms. SuparnaMitra - Chief Executive Officer - Watches and Wearables division.

IV. RATIO ANALYSIS

Techniques and tools of financial analysis (methods)

The analysis of financial statements consists of a study of relationships and trend to determine whether the financial position of the concern have efficiency been satisfactory. In the process of this analysis various tools or methods are used by the financial statement analysis.

- 1.Ratio Analysis
- 2.Trend Analysis
- 3.Comparative Balance Sheet

Ratio analysis

Ratio analysis is a quantitative method of gaining insight into a company liquidity, operating efficiency and profitability by studying its financial statements such as the balance sheet.

Trend ratio

Trend analysis is a technique used in technical analysis that attempts to predict the future stock price movements based on recently observed trend data.

Trend or Pattern examination depends on the possibility that what has occurred in the past gives merchants a thought of what will occur later on. Pattern investigation is the far reaching practice of gathering data and endeavoring to detect an example. In certain fields of study, the expression "pattern examination" has all the more officially characterized implications.

Comparative Statements

It is a document used to compare a particular financial statement with prior period of statement. Comparative statements can be of two types:

- 1.Comparative balance sheet
- 2.Comparative income statements

Accounting ratios can be expressed in any of the following forms:

1.Pure (or)proportion: It is expresses as a quotient.

Example: 2 (or) 2:1

2.Percentage: It is expressed in percentage. Example: 25%

3.Times: I t is expressed as certain number of times of a particular figure. Example: 4 times.

Solvency ratio

Solvency ratios are highly classified into two types. They are short term solvency ratio and long-term solvency ratio.

Short Term Solvency Ratio

1.Current ratio

The year 2015-2016 to 2019-2020 shows the low current ratio and liability is lower than the current assets and also the current ratio is below the standard norm 2:1. This shows that the company does not have enough ability to pay their liabilities.

2.Quick ratio

The year 2015-2016 to 2019-2020 shows the low liquid ratio and current liability is lower than the liquid asset . The liquid ratio is also below the standard norm 1:1. This shows that the company does not have enough ability to pay their current liabilities.

3.Absolute quick ratio

The year 2015-2016 to 2019-2020 shows the low absolute liquid ratio, indicating that the firm is liquid and does not have the ability to pay its current liabilities.

Long term solvency ratio

1.Debt equity ratio

The year 2017-2018 shows the high debt equity ratio indicating that the firms external liability to owner recorded claims are proportional whereas the financial year 2016-2017 shows lowest debt equity ratio indicating that the firms external liabilities to owner recorded claims are not proportionate.

2.Proprietary ratio

The all years are stable at same ratio in each and every year. So the company has a stable and secure ratio for the concern.



3.Fixed assets ratio

The year 2019-2020 shows high fixed ratio indicating that working capital requirement is met out for the long term of firms whereas the financial year 2016-2017 shows the lowest fixed assets ratio, indicating that working capital requirement is not able to meet out of the long term funds of firms.

4.Current assets to net worth

The year 2016-2017 shows the high current assets to net worth and the year 2017-2018 shows the lowest current assets net worth by the company.

Profitability Analysis

1.Gross profit ratio

The year 2016-2017 shows high gross profit ratio indicating that a high investment is made by the proprietor whereas the financial year 2015-2016 shows lowest gross profit ratio indicating that a low investment is made by the proprietor

2.Net profit ratio

The year 2019-2020 shows high net profit ratio indicating that the firm has efficient management affairs towards whereas the financial year indicating that the firm has inefficient management affairs towards.

3.Operating profit ratio

The year 2017-2018 shows high operating profit ratio indicates that the less percentage is required for the payment of tax, interest, dividend and retention of profit as reserves for that particular year whereas the financial year 2019-2020 shows lowest operating profit ratio.

4.Operating ratio

The year 2017-2018 shows high operating ratio indicating that the firm has the high operating ability towards whereas the financial year 2018-2019 shows lowest expense ratio indicating that the firm has effective operating ability .

5.Return on shareholder fund

The year 2017-2018 shows high return on shareholders fund indicates that the percentage of return for shareholders is high in the firm whereas for the financial year 2016-2017 shows that the return on shareholders fund is low that is return for shareholders is less during the year.

6.Return on total assets

The year 2017-2018 shows that high return on total assets indicating that the percentage of total assets is high during the year whereas during the financial year 2015-2016 shows that the return on total assets is low that is return on total assets is low.

7.Expenses ratio

The year 2017-2018 shows high expense ratio indicating that the firm has the high expenses affairs towards whereas the financial year 2015-2016 shows lowest expense ratio indicating that the firm has effective management affairs .

Turnover ratio

1.Fixed assets turnover ratio

The year 2014-2015 shows that high fixed assets turnover ratio indicating that the value of turnover is high for fixed assets during the period whereas the financial year 2015-2016 shows the low fixed assets turnover ratio that is the turnover on fixed assets is low during that period.

2. Stock turnover ratio

The year 2016-2017 shows high stock turnover ratio indicates that the level of stock is higher during that period whereas the financial year 2015-2016 shows the low stock turnover ratio that is the stock turnover for that period is lowest during the study period.

3. Capital turnover ratio

The year 2017-2018 shows high capital turnover ratio indicates that the capital turnover by the firm is high and at the same time during the year 2015-2016 the capital turnover by the firm is comparatively during the study period .

4. Working capital turnover ratio

The year 2015-2016 shows high working capital ratio indicates that the capital requirement for the working of the firm is high and during the year 2019-2020 the working capital ratio is low that is it indicates that the capital required for the running of the firm is low.

5. Debtor turnover ratio

The year 2016-2017 shows high debtor turnover ratio indicates that the debtors turnover is higher during the period and during the financial year



2018-2019 shows that the debtors turnover ratio is lowest.

Trend Analysis

1. Current ratio

Current ratio shows the relationship between the current assets and current liabilities. Trend percentage gradually decreases year by year.

2. Net sales

It is the operating revenues earned by a company by selling its products or rendering its services. The trend percentage increases in initial stage and decreases in upcoming years.

3. Net fixed assets

It is the purchase price of all fixed assets less accumulated depreciation. Trend percentage decreases.

4. Operating profit

Operating profit ratio establishes the relationship between operational profit and sales. The trend percentage decreasing gradually year by year.

5. Net profit

The net profit percentage is the ratio of after tax profits to net sales. The trend percentage remains unstable and decreasing during the study period.

WORKING CAPITAL ANALYSIS

Working Capital (WC) is the distinction between current resources versus Current Liabilities. Current Assets are those resources that will be transformed into money inside one year, while Current Liabilities are those liabilities due inside one year.

This count addresses the liquidity that an organization has to meet its commitments coming due in the following a year. Despite the fact that the sum ought to be positive, it very well may be a negative sum in the midst of misery.

Working capital = current assets – current liabilities.

Working capital analysis from the year 2015-2016 to 2019-2020

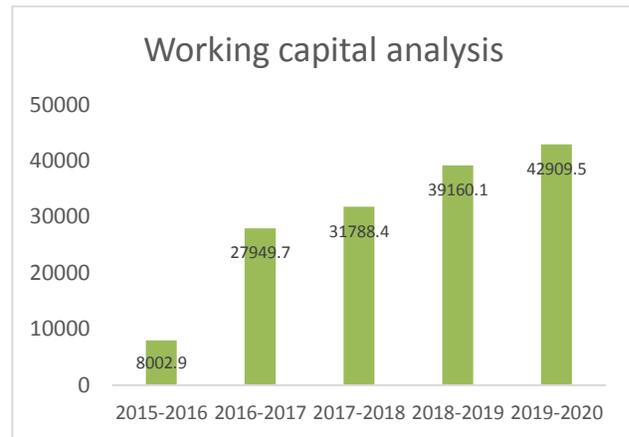
Year	Current assets	Current liabilities	Working capital
2015-2016	51814.80	43811.90	8002.9
2016-2017	66961.70	39012.00	27949.7
2017-2018	72855.60	41067.20	31788.4
2018-2019	92345.60	53185.50	39160.1
2019-2020	96862.10	53952.60	42909.5

Source: Annual reports

Interpretation:

The tables shows that during the study period the working capital increases during the years 2015-2016 to 2019-2020. The increase in working capital indicates that current assets is higher than the current liability.

Chart showing working capital analysis



Comparative Analysis

2015 – 2016

The table shows that total assets of the company have been increased by (37%) in 2016 as compared to the year 2015. The liability was increased by (37%) during 2016 as compared to 2015. This indicates that the financial position of the company has increased. The overall financial position of the company was satisfactory for the year 2015-2016.

2016 – 2017

The table shows that total assets of the company have been increased by (4%) in 2017 as compared to the year 2016. The liability was increased



by (4%) during 2017 as compared to 2016. This indicates that the financial position of the company has increased. The overall financial position of the company was satisfactory for the year 2016-2017.

2017 – 2018

The table shows that total assets of the company have been increased by (13%) in 2018 as compared to the year 2017. The liability was increased by (13%) during 2018 as compared to 2017. This indicates that the financial position of the company has increased. The overall financial position of the company was satisfactory for the year 2017-2018.

2018 – 2019

The table shows that total assets of the company have been increased by (24%) in 2019 as compared to the year 2018. The liability was increased by (24%) during 2019 as compared to 2018. This indicates that the financial position of the company has increased. The overall financial position of the company was satisfactory for the year 2018-2019.

2019 – 2020

The table shows that total assets of the company have been increased by (15%) in 2020 as compared to the year 2019. The liability was increased by (15%) during 2020 as compared to 2019. This indicates that the financial position of the company has increased. The overall financial position of the company was satisfactory for the year 2019-2020.

V. FINDINGS AND SUGGESTIONS

The company should improve its liquidity position by raising the absolute liquid assets such as cash in hand, bank balance and marketable securities. To increase its production capacity and minimize mistakes while performing the tasks, also more safety precaution need to implement to the company. Not better liquidity position in over the five years. So I suggested that the firm maintain proper liquid funds like cash and bank balance. The firm high stock so I proposed that the firm should lessen the stock by increment deals. The organizations ought to have legitimate mind the assembling cycle of the plant. The organizations have high current proportion so it is steady its present proportion. Liquidity proportion of the firm isn't better liquidity position in ludicrous years. So I proposed that the firm keep up legitimate fluid

supports like money and bank balance. The firm high stock so I proposed that the firm should decrease the stock by increment deals.

The direct material cost of the firm is very high so its my advice to the firm that to decrease the direct material cost by purchasing raw material from the other suppliers. The firms should have proper check on the manufacturing process of the finished goods. By increasing the operating profit the firm can increase its return on investment. The gross profit ratio can be improved by increasing the gross profit and the factors decreasing the gross profit ratio should be thoroughly checked whether they are operating factors or any misleading factors from time to time. The working capital management system of the company more effective for its successful survival in the competitive business world.

The company must adopt and use various scientific methods of working capital management so that the current assets are to be maintained at optimum level.

VI CONCLUSION

This study was conducted to find out the financial position and profitability of TITAN COMPANY LTD. On studying the financial performance of TITAN COMPANY for the period of 2015-2016 to 2019-2020, the study reveals that the financial performance of TITAN COMPANY is stable in its financial status.

TITAN COMPANY have to maintain optimal cost positioning. It is evident from the study that the company is not making as much profit as it expected over the years and hence the company internal operations has to be improved to gain better net profit. The company was unable to meet their entire requirements for capital expenditure and higher level of working capital commitments with higher volume of operations and from its operations cash flow. The company is more dependable on the public investments than their own contribution to improve their financial position the company must raise the capital to depend on the owners fund.

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