



A Financial Statement Analysis of LTIMINDTREE: A Comprehensive Review of “Company’s Financial Performance”

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ABSTRACT

Financial Statement Analysis is a method of reviewing and analysing a company’s accounting reports in order to judge its past, present or projected future performance. Understanding and diagnosing the data in financial statements in order to assess the firm’s profitability and financial soundness is the primary benefit of financial statement analysis, and to forecast the company’s prospects for the future. The study made an effort to evaluate the financial statements and assess the performance in terms of profitability and asset usage.

In detail the research methodology used for the study that has focused on the past and present performance of LTIMINDTREE. The study purely relies on secondary data, which were collected for a period of five years from 2020 to 2024 from the audited annual reports of the company and maintained and made available by organization. The company’s performance is assessed through tools and techniques such as trend analysis and common size analysis to understand its financial strengths and weaknesses over a period of study. The analysis of financial statements confirms that the company is financially stable and has shown robust business growth in India. Revenue has been increasing rapidly in recent years, and the company has successfully met its key objectives despite facing various challenges.

INTRODUCTION

Financial Statements: A Snapshot of Business Health

Financial statements, comprising the income statement, balance sheet, and cash flow statement, provide a comprehensive overview of a business’s financial performance. They help assess profitability, liquidity, solvency, and overall financial health. Investors, creditors, and management use these statements to make informed decisions about a company’s future.

Financial analysis involves examining these statements to evaluate a company’s past performance, current financial position, and future prospects. By calculating ratios and analyzing trends, analysts can assess a company’s ability to generate revenue, manage expenses, and meet financial obligations. This information is crucial for decision-making, such as investment, lending, and operational planning.

To ensure accurate and reliable financial statements, businesses must maintain meticulous records and adhere to accounting standards. Regular financial analysis is essential for identifying potential risks, opportunities, and areas for improvement, ultimately contributing to a company’s long-term success.

COMPANY PROFILE :

LTIMindtree is a global technology consulting and digital solutions company, created by the merger of Larsen & Toubro Infotech (LTI) and Mindtree in 2022. It offers a wide range of services, including cloud computing, data analytics, artificial intelligence, cybersecurity, and enterprise application integration. With a presence across industries like banking, insurance, manufacturing, healthcare, and retail, LTIMindtree helps clients accelerate their digital transformation. The company focuses on innovation and customer-centric solutions to drive business value. Headquartered in Mumbai, India, LTIMindtree operates in over 30 countries, serving clients with cutting-edge technologies and deep industry expertise.

OBJECTIVES

The study has the following objectives :

1. To provide theoretical framework for analyzing financial statements.
2. To study the financial position of the company and current status of Cipla Limited

3. To understand the financial soundness of the company

SCOPE

The primary focus of the study is to examine the financial performance of the chosen company. This analysis can be utilized by financial professionals to assess future performance, aiding in the proper allocation of resources for company development and employee growth. Additionally, forecasting can be conducted to evaluate the overall future performance of Cipla Limited.

LITERATURE REVIEW

Dr. M. H. Dashti (2014) focused on the importance of financial statements in capital-intensive industries like mining. The study analyzed financial statements of coal and non-coal mining companies to assess their liquidity, profitability, and long-term viability. The analysis proved beneficial for investors to gauge financial stability before making investment decisions. Results indicated that most mining companies had positive profitability and growth prospects.

Dr. Ayad Shaker Sultan (2014) analyzed the performance of the Baghdad Soft-Drink Industry over a ten-year period using various financial ratios, such as Profit Margin (PM), Return on Assets (ROA), Return on Equity (ROE), and Capital Turnover Ratio. The study found that the company's profitability declined from June 2007 to June 2009, revealing weaknesses during that period. ROE was highlighted as the most comprehensive measure of profitability.

Dr. Ashok Kumar Rath (2016) examined the Indian steel industry, particularly Tata Steel, highlighting how globalization has helped Indian steel companies expand. The report analyzed Tata Steel's financial health and suggested financing options for its Greenfield Steel Projects. The study utilized financial statement analysis from 2010-2015 and identified strengths and weaknesses in Tata Steel's financial strategies.

K.T. Srinivas (2012) conducted a study on Karnataka Power Corporation Limited (KPCL), which is responsible for power generation in Karnataka. The research analyzed KPCL's financial performance using ratios, concluding that the company had strong financial health as it focused on increasing production and net profit over the years.

Deepika S (2017) focused on the importance of finance in businesses, using ratio analysis and correlation to study profitability and solvency over five years (2012-2016). The study aimed to understand the financial stability of a company during periods of price fluctuation and provided suggestions for managing price changes and maintaining financial solvency.

TOOLS AND TECHNIQUES

TREND ANALYSIS :

Trend analysis is a financial technique used to evaluate the past performance of a company by analyzing its financial statements over a specific period. It helps identify patterns, trends, and changes in key financial metrics such as revenue, expenses, profits, and other performance indicators. By comparing data from multiple periods, trend analysis allows businesses and investors to forecast future performance, spot growth opportunities, and address potential risks. It can be applied to various financial aspects, including income, cash flow, and balance sheet components, making it an essential tool for strategic planning and decision-making.

TREND ANALYSIS OF BALANCE SHEET:

PARTICULARS	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
EQUITIES & LIABILITIES					
SHAREHOLDER'S FUND					
EQUITY SHARE CAPITAL	100.00%	100.57%	100.57%	170.11%	170.11%
TOTAL SHARE CAPITAL	100.00%	100.57%	100.57%	170.11%	170.11%
RESERVES & SURPLUS	100.00%	133.07%	166.60%	304.50%	369.36%
TOTAL RESERVES & SURPLUS	100.00%	133.07%	166.60%	304.50%	369.36%
TOTAL SHAREHOLDER FUND	100.00%	135.15%	163.11%	307.03%	370.41%
MINORITY INTEREST	100.00%	336.36%	518.18%	645.45%	836.36%

NON-CURRENT LIABILITIES					
LONG TERM BORROWING					
DEFERRED TAX LIABILITIES	100.00%	34.65%	103.96%	145.54%	185.15%
OTHER LONG TERM LIABILITIES	100.00%	69.81%	5.04%	130.52%	168.24%
LONG TEM PROVISIONS	100.00%	110.00%	0.00%	106.06%	47.58%
TOTAL NON CURRENT LIABILITIES	100.00%	70.71%	67.12%	129.92%	164.74%

CURRENT LIABILITIES					
SHOTR TEM BORROWINGS	100.00%	129.38%	525.00%	391.56%	127.19%
TRADE PAYABLES	100.00%	119.09%	115.51%	186.16%	214.95%
OTHER CURRENT LIABILITIES	100.00%	104.73%	115.96%	241.57%	249.74%
SHORT TERM PROVISIONS	100.00%	136.86%	149.69%	314.30%	327.90%
TOTAL CURRENT LIABILITIES	100.00%	112.92%	125.18%	235.18%	246.36%
TOTAL CAPITAL & LIABILITIES	100.00%	121.35%	141.30%	266.25%	312.33%
ASSETS					
NON CURRENT ASSETS					
TANGIBLE ASSETS	100.00%	85.99%	96.92%	189.73%	303.48%
INTANGIBLE ASSETS	100.00%	217.72%	245.75%	240.78%	209.13%
CAPITAL WIP	100.00%	105.50%	1145.03%	2127.23%	1222.25%
FIXED ASSETS	100.00%	97.97%	140.75%	252.75%	323.28%
NON CURRENT INVESTMENT	100.00%	50650.00%	172700.00%	358250.00%	995100.00%
DEFERREDTAX ASSETS	100.00%	24.57%	24.71%	171.42%	101.26%
LONG TERM LOAN & ADVANCES	100.00%	81.61%	0.00%	0.00%	0.00%
OTHER NON CURRENT ASSETS	100.00%	169.32%	261.69%	264.67%	406.50%

TOTAL NON CURRENT ASSETS					
	100.00%	103.28%	144.38%	252.83%	349.24%
CURRENT ASSETS					
CURRENT INVESTMENT	100.00%	163.54%	141.38%	213.73%	304.40%
INVENTORIES					
TRADE RECEIVABLES	100.00%	90.11%	122.55%	243.22%	246.79%
CASH & CASH EQUIVALENTS	100.00%	144.59%	148.00%	558.26%	536.18%
SHORT TERM LOAN & ADVANCES	100.00%	232.56%	0.00%	0.00%	0.00%
OTHER CURRENT ASSETS	100.00%	129.36%	168.08%	308.28%	306.94%
TOTAL CURRENT ASSETS	100.00%	128.48%	140.08%	271.54%	297.78%
TOTAL ASSETS	100.00%	121.36%	141.31%	264.01%	312.36%
CONTINGENT LIABILITIES					
	100.00%	91.60%	204.59%	149.51%	351.73%

INTERPRETATIONS:

- In 2023 the amount transferred to reserves and surplus is more as compared to previous year figures because due to excess profit earned by company.
- Other long term liabilities is decreased till year2022 & then continuously increase in next two years.
- There is an increase in total assets of the company from year 2020 to year 2024 which show the company is growing continuously.
- Over the period of 5 years company's current assets is increases.
- The company's total liabilities are on an upward trend.

TREND ANALYSIS OF INCOME STATEMENT :

PARTICULARS	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
INCOME					
REVENUE FROM OPERATION[<i>gross</i>]	100.00%	113.71%	144.03%	305.03%	326.49%
REVENUE FROM OPERATION[<i>net</i>]	100.00%	113.71%	144.03%	305.03%	326.49%
TOTAL OPERATING REVENUE	100.00%	113.71%	144.03%	305.03%	326.49%
OTHER INCOME	100.00%	83.35%	141.77%	169.17%	213.21%
TOTAL REVENUE	100.00%	112.82%	143.97%	301.03%	323.16%
EXPENSES					
OPERATING & DIRECT EXPENSES	100.00%	93.90%	123.52%	184.50%	194.32%
EMPLOYEE BENEFIT EXPENSES	100.00%	114.00%	148.86%	320.41%	348.83%
FINANCE COST	100.00%	95.40%	88.14%	182.08%	268.40%

DEPRECIATION & AMORTISATION	100.00%	121.79%	130.00%	264.73%	299.96%
OTHER EXPENSES	100.00%	107.85%	138.99%	1223.23%	1217.90%
TOTAL EXPENSES	100.00%	109.25%	141.64%	298.74%	327.76%

EBIT	100.00%	129.22%	154.65%	289.16%	302.00%
TAX EXPENSES					
CURRENT TAX	100.00%	161.36%	209.07%	367.77%	373.12%
DEFERRED TAX	100.00%	20.42%	-21.08%	-63.56%	4.50%
TOTAL TAX EXPENSES	100.00%	134.74%	165.61%	286.32%	303.50%
PROFIT/LOSS FOR THE PERIOD	100.00%	127.47%	151.17%	290.06%	301.52%
MINORITY INTEREST	100.00%	525.00%	425.00%	500.00%	625.00%
NET PROFIT	100.00%	127.37%	151.10%	290.00%	301.43%

INTERPRETATION:

- Above statement shows Revenue growth has largely been driven due to strong performance of the company.
- In recent years, increased capital investment and acquisitions have led to a rise in depreciation and amortization costs.
- The Company's net profit is continuously increasing which shows company carried out its business in an effective manner.
- The Company spends enough amount of money on the employee benefit expenses which is to be shown from its income statements.

TREND ANALYSIS OF CASH FLOW STATEMENT :

PARTICULARS	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
NET PROFIT BEFORE EXTRAORDINARY ITEM	100.00%	127.47%	151.17%	290.06%	301.52%
NET CASH FLOW FROM OPERATING ACTIVITIES	100.00%	146.01%	100.52%	188.29%	344.97%
NET CASH USED IN INVESTING ACTIVITIES	100.00%	253.99%	147.15%	50.75%	600.02%
NET CASH USED FINANCING ACTIVITIES	100.00%	57.17%	117.51%	217.04%	254.92%
FOREIGN EXCHANGE GAINS / LOSSES	100.00%	-6.90%	-129.89%	683.91%	-72.41%
NET INCOME IN CASH	100.00%	212.52%	330.76%	808.98%	-469.78%

INTERPRETATION:

- Net Profit/Loss before Extraordinary Items and Tax shows increasing trend from F.Y. 2019- 2020 to F.Y. 2023-2024.
- Percentage of Net Cash Flow from Operating Activities was increasing in every year except in F.Y.2022.
- Company is used cash in investing activities which is to be increasing year by year.
- Company's net income in cash is increasing till F.Y.2023 & it becomes in negative in F.Y.2024.

FINDINGS

- The highest current ratio of the LTIMINDTREE is 3.28 in the year 2024 and the lowest was 2.71 in the year 2020.
- Highest liquid ratio of LTIMINDTREE is 3.28 in the year 2024 and lowest was 2.71 in the year 2020.

- Return on equity of LTIMINDTREE is high in the year 2020 (28.13%) and was low in 2024 (22.89%).
- Debt equity ratio of LTIMINDTREE is low in the last five years and it was 0.082 in the year 2022. Lower debt equity ratio shows a good performance of a company.
- The proprietary ratio of LTIMINDTREE is higher in the year 2024 (0.73) and lower in the year 2020 (0.61) and 0.49 in the year 2020.

SUGGESTION

- Company should more invest in its funds to reserve and surplus for expansion of new project in order to increase business.
- Company should have to focus on their expenses and trying to reduce it in order to increase profit margin.
- Company should also have to focus on their ROE because their ROE is decreasing as compared to previous years.

CONCLUSION

- There are altogether four types of financial statement. These tools are utilized by companies to assess their performance.
 - The LTIMINDTREE had given tremendous performance over the period of five years from 2020-2024.
 - Each year, the total capital utilized by the company rises, indicating that the company is meeting its growth objectives.
 - Effective financial management is crucial for the achievement of a business. The concept of financial performance is quite fluid. The aspects surrounding financial performance have been evolving quickly.
 - Currently, more emphasis is placed on financial performance.. So, here an attempt is made by me to analyze the financial performance of LTIMINDTREE.
 - While analyzing the financial performance it can be concluded that LTIMINDTREE is performing good in terms of quick assets, better inventory management, management of fixed assets, gross profit, return on capital employed and dividend payout ratio.
 - Continuous efforts must be undertaken to enhance the financial status to reach the next performance level for benchmarking. This will lead to increased efficiencies and boost investor satisfaction.
 - Overall financial position of company is good.

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