



A Study on Financial Statement Analysis with Reference to Indian Terrain Fashions Limited

Shree Paviuthra. S

Sathyabama institute of science and technology, Chennai

ABSTRACT

This study aims to conduct a financial statement analysis of INDIAN TERRAIN FASHIONS LIMITED company. INDIAN TERRAIN is one of the leading clothing companies in India, specializing in men's garment manufacturing. The analysis includes the use of various financial ratios and tools to evaluate the company's financial performance and health over a five-year period. The study examines INDIAN TERRAIN's profitability, liquidity, solvency, efficiency, and market valuation ratios to provide insights into the company's financial strengths and weaknesses. The findings of this study can assist investors, stakeholders, and analysts in making informed decisions regarding INDIAN TERRAIN financial performance and future prospects. This project is about the financial statement analysis on INDIAN TERRAIN FASHIONS LIMITED. By calculating the important key ratios of the company with the help of the financial statement for the 5 years, researchers analyse where the company is standing in the market in order to predict the future, the project deals with the competitors in the market. Finally, from the analysis and interpretation of the study, it has been concluded that the company's performance as it is improving by increasing its capital. Ratios are dynamic for every year.

INTRODUCTION

FINANCIAL STATEMENT ANALYSIS:

Financial statement analysis is a critical process used by investors, creditors, and other stakeholders to evaluate the financial health and performance of a company. It involves examining a company's financial statements, including the balance sheet, income statement, and cash flow statement, to gain insights into its profitability, liquidity, solvency, and overall financial strength.

The primary goal of financial statement analysis is to assess the company's past performance, current position, and future prospects. By analyzing key financial ratios, trends, and other metrics, analysts can make informed decisions about investing in or lending to a company. This analysis helps stakeholders understand the company's ability to generate profits, manage its resources effectively, meet its financial obligations, and create value for shareholders.

There are several methods and techniques used in financial statement analysis, including ratio analysis, trend analysis, common-size analysis, and benchmarking against industry peers. These methods help analysts identify strengths, weaknesses, opportunities, and threats facing the company, enabling them to make informed investment or credit decisions.

Analysis means establishing a meaningful relationship between various items of the two financial statements with each other in such a way that a conclusion is being

drawn. By financial statements by means of two statements.

- Profit and loss account or Income Statement
- Balance Sheet or Position Statement

These are prepared at the end of a given period of time. They are the indicators of profitability and financial soundness of the business concern.

The term financial analysis is also known as analysis and interpretation of financial statements. It refers to the establishing meaningful relationship between various items of the two financial statements i.e. Income statement and Position statement. It determines financial strength and weakness of the firm. Thus, the analysis and

interpretation of financial statements is very essential to measure the efficiency, profitability, financial soundness and future prospects of the business units. Financial analysis serves the following purposes.

The main objective of a business is to earn a satisfactory return on the funds invested in it. Financial analysis helps in ascertaining whether adequate profits are being earned on the capital invested in the business or not. It also helps in knowing the capacity to pay the interest.

Financial statements of the previous years can be compared and the trend regarding various expenses, purchases, sales, gross profits and net profit etc can be ascertained. Value of assets and liabilities can be compared and the future prospects of the business can be envisaged.

The trend and other analysis of the business provides information indicating the growth potential of the business.

OBJECTIVES OF THE STUDY

- To identify the financial strengths and weaknesses of the organization.
- To calculate the important financial ratios of the organisation.
- To study about utilization of current assets and current liabilities.
- To analyse the financial statement requirements.

REVIEW OF LITERATURE

Myskovia. R (2017)

In a financial performance, especially financial ratio analysis have become important financial decision support information used by firm, management and other stakeholders to assess financial stability and growth potential.

Chnar abdullah rashid (2018)

Ratio analysis can be seen as useful tools to serve companies and investors for the process of analysing and comparing relationships between difference pieces of financial information across the companies history. Liquidity can be seen as a financial concept which means the amount of money is has to be available for investment.

Saigeetha. S (2017)

For financial analysis , ratio analysis is the widely-useful tool. quantitative are numerical relationship between 2 variables is the reference of the firm. ratio. Ratio analysis systematic use of ratio which is used to determine current financial condition of the firm.

Kapil khatter (2018) Financial performance refers to the degree to which financial objective being or has been accomplished. It is the process of measuring the result of a firm policies and operations in monetary terms.

R.malini (2019)

Financial is considered to be the lifeblood of every business organization. Financial is a anch of economics considered with providing funds to individuals, business governments.

K. indhira (2017)

Ratio analysis is the process of determining and interpreting numerical relationship based on financial statement. Ratio analysis is a powerful tool of financial analysis.

Bismark Maka (2018)

Financial performance often used by shareholders or investors to proxy company performance, in the general sense, signifies the extent to which firm's financial goals are being met or have been achieved.

J. pavithra (2017)

Finance is rightly termed as the science of money, as it is the lifeblood of business. financial is vital for the even running of the business. the process of recognizing the financial strengths and weakness of the firm by properly-establish relationship between the items of the balance sheet and profit and loss account.

Cathy J Cole, Christopher L Jones:Journal of Accounting Literature 24, 135,

2005While research provides evidence that corporations' general level of disclosures is positively associated with better market outcomes, little research has examined the nature and role of specific non-financial-statement disclosures that are included in Management's Discussion and Analysis (MD&A) and elsewhere in the Form 10- K3. This paper reviews existing research on MD&A disclosures. Existing research finds that MD&A information is value relevant, predicts future accounting outcomes and explains going-concern opinions. Research also provides evidence that some MD&A disclosures are not efficiently incorporated into share prices

James M Wahlen, Stephen P Baginski, Mark T Bradshaw

Cengage learning, 2018

This book provides a complete, balanced approach as the authors teach you how to integrate concepts from economics, finance, business strategy, accounting, and other business disciplines through the book's unique six-step process. Quick checks after each section help you ensure you have grasped key insights, while integrative and continuing cases highlight familiar companies, including Starbucks and PepsiCo.

RESEARCH METHODOLOGY

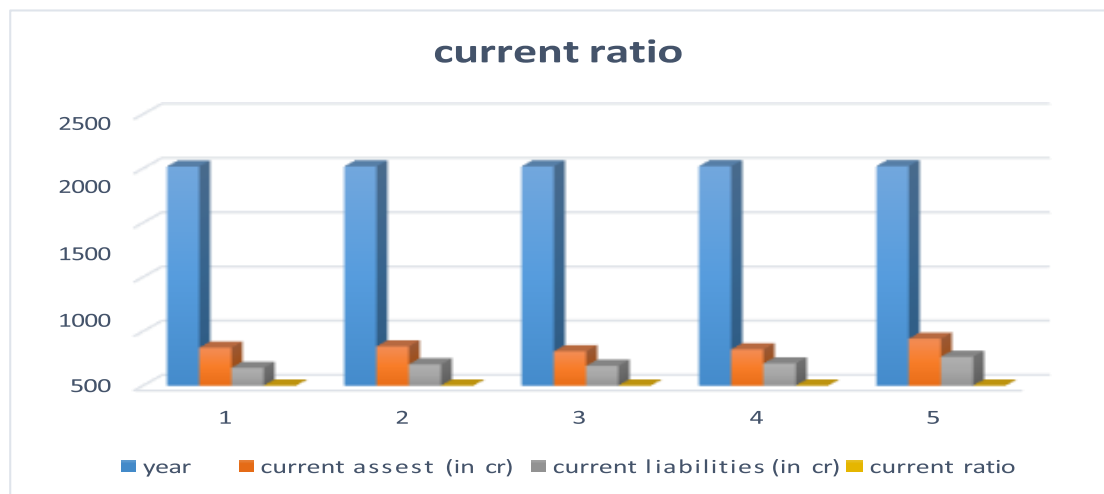
Research methodology is the specific procedures or techniques used to identify, select, process, and analyse information about a topic. In a research paper, the methodology section allows the reader to critically evaluate a study's overall validity and reliability. The process used to collect information and data for the purpose of making business decisions. The methodology may include publication research,

interviews, surveys and other research techniques, and could include both present and historical information.

CURRENT RATIO

year	current asset (in Cr)	current liability (in Cr)	current ratio
2019	350.6	165.4	211.97
2020	362.5	197.2	183.82
2021	317.3	183.4	173.01
2022	335.3	205.1	163.48
2023	432.9	266.6	162.38

Chart



INTERPRETATION: From the balance sheet the past 5 years of the current ratio was 2019- 211.97, 2020- 183.82, 2021- 173.01, 2022- 163.48, 2023- 162.38. The minimum ratio was registered as 162.38 in the year 2023 and the maximum ratio was registered as 211.97 in the year 2019.

COMPARATIVE BALANCE SHEET OF 2022-2023(IN CRS)



INDIAN TERRAIN FASHIONS LIMITED

BALANCE SHEET AS AT 31 st MARCH, 2023			
		(₹ in crores)	
	Notes	As at 31 st March 2023	As at 31 st March 2022
Assets			
Non-current assets			
Property, plant and equipment	2	24.39	42.29
Right-of-use assets	2A	48.35	50.93
Intangible assets	2	0.07	0.47
Financial assets			
i) Other financial assets	3	13.69	15.10
Deferred tax assets (Net)	4	26.82	28.42
Other non-current assets	5	0.17	0.17
Total non-current assets		113.49	137.38
Current assets			
Inventories	6	126.59	82.66
Financial assets			
i) Investments	7	16.71	18.52
ii) Trade receivables	8	257.65	223.92
iii) Cash and cash equivalents	9	0.35	2.86
iv) Bank balances other than cash and cash equivalents	10	22.27	1.27
v) Other financial assets	11	1.64	2.13
Current tax assets (Net)		-	0.22
Other current assets	12	7.56	3.72
Total current assets		432.77	335.30
Total Assets		546.26	472.68
Equity and liabilities			
Equity			
Equity share capital	13	8.86	8.22
Other Equity	14	202.68	188.31
Total equity		211.54	196.53
Liabilities			
Non-current liabilities			
Financial liabilities			
i) Borrowings	15	5.79	8.81
ii) Lease liabilities	16	36.65	40.05
iii) Other financial liabilities	17	23.96	22.27
Total non-current liabilities		66.40	71.13
Current liabilities			
Financial liabilities			
i) Borrowings	15	46.61	41.16
ii) Lease liabilities	16	20.23	19.30
iii) Trade payables	18		
(a) Total outstanding dues to micro and small enterprises		38.84	40.55
(b) Total outstanding dues other than micro and small enterprises		124.96	60.12
iv) Other financial liabilities	19	31.15	39.44
Customer Loyalty Program	20	2.02	1.48
Current Tax Liabilities		1.73	-
Provisions	21	2.21	1.93
Other current liabilities	22	0.57	0.84
Total current liabilities		268.32	205.02
Total liabilities		334.72	276.15
Total equity and liabilities		546.26	472.68

The above balance sheet should be read in conjunction with the accompanying notes.
Summary of Significant Accounting Policies

1

As per our report of even date
For SRSV & Associates
Chartered Accountants
ICAI Firm Reg No.0150415

sd/-
V. Rajeswaran
Partner
Membership No.020881

Chennai, 19th May, 2023

sd/-
E.Elamugilan
Company Secretary
Membership No.A33396

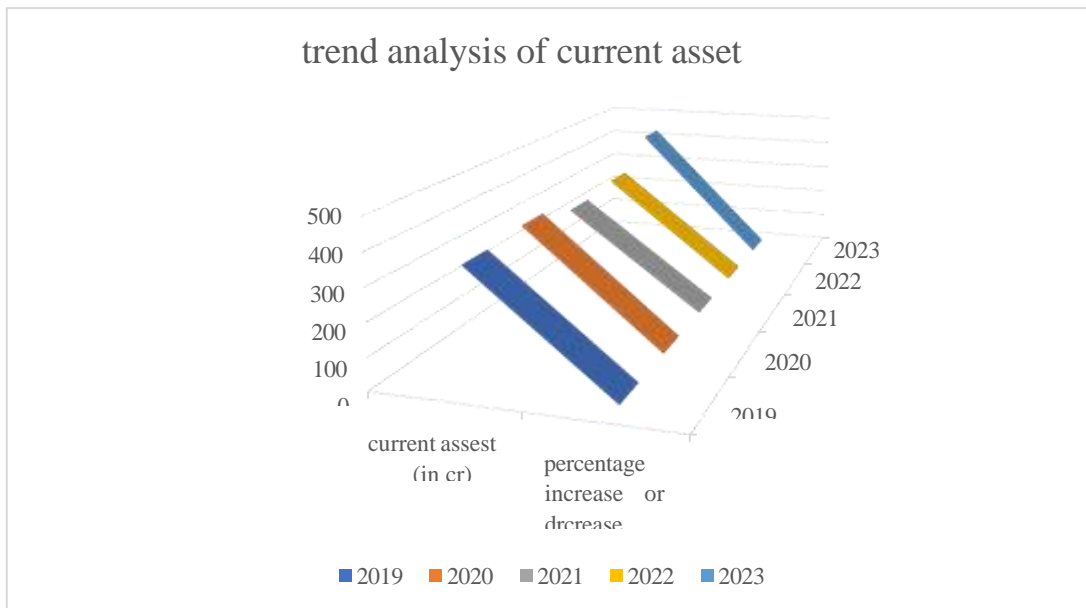
sd/-
M.Thiyagarajan
Chief Financial Officer

For and on behalf of Board of Directors
sd/-
V. Rajagopal
Chairman & Whole Time Director
(DIN: 00003625)

sd/-
Charath Ram Narsimhan
Managing Director & CEO
(DIN: 06497859)

TREND ANALYSIS OF CURRENT ASSET:

year	current asset (in Cr)	percentage increase or decrease
2019	350.6	100%
2020	362.5	103.39%
2021	317.3	90.50%
2022	335.3	95.64%
2023	432.9	123.47%

CHART NO**INTERPRETATION:**

From the balance sheet the past 5 years of the return on equity was 2019- 100%, 2020- 103.39%, 2021- 90.50%, 2022- 95.64%, 2023- 123.47%. The minimum ratio

was registered as 90.50% in the year 2021, and the maximum ratio was registered as 123.47% in the year 2023.

FINDINGS:

The research work provides the key findings according to the data analysis.

- The company has made its current ratio good in the year 2019 with 211.97 which indicates that the rate at which the company restock items is well balanced with their sales, comparing with the previous years which is below the ideal ratio.
- gross profit ratio good in the year 2021 with 105.33 which indicates that the rate at which the company restock items is well balanced with their sales.
- Return on Asset good in the year 2019 with 1.02 which indicates that the rate at which the company restock items is well balanced with their sales, comparing with the previous years.
- Return on equity good in the year 2023 with 2.39 which indicates that the rate at which the company restock items is well balanced with their sales, comparing with the previous years which is below the ideal ratio.
- Debt to equity ratio good in the year 2023 with 1.58 which indicates that the rate at which the company restock items is well balanced with their sales.
- By comparing all the five years, 2019 has the lowest inventory holding period, which indicates the demand has been increased for company's products.
- By comparing all the 5 years, there has been a fluctuation and decrease in the ratio of, from 2019(100) to 2023(123.47), which indicates that the company is not working in consistent improvement of its policies.

- By comparing all the 5 years, there has been an increase in cash to current asset ratio, which indicates a positive sign showing, the company's most liquid assets represent a larger portion of its total current assets.

SUGGESTIONS:

- The Company may look into maintain the balanced Inventory turnover ratio. A low inventory turnover ratio might be a sign of weak sales or excessive inventory.
- The company may look into measure how to wisely use the Equity. It indicates that the company did not use the capital efficiently invested by the shareholders.
- The company has better inventory holding period this indicates good efficiency since it indicates that less time is required for the stock to be realised as sales income. Company makes more sales in a shorter period.
- Company may look into measures how to increase in cash turnover. The fall in cash

turnover indicates that company is not efficient, and it takes too long before it makes a complete cycle of cash flow in the economy.

- Company may look to maintain the cash. Thus low cash to current asset signifies that there isn't enough money in the business for paying off debts when they become due.

CONCLUSION:

Based on the financial performance analysis of INDIAN TERRAIN, the following conclusions can be drawn:

This study on financial statement analysis in INDIAN TERRAIN Company has provided valuable insights into the financial health and performance of the company. The study employed ratio analysis, trend analysis, and common size analysis to analyse the financial statements of the company for the last five years. The results of the study suggest that the company's financial performance has improved in recent years, with an increase in revenue, net profit, and return on equity.

However, the study also revealed some areas of concern, such as declining gross profit margins and increasing debt levels. It is recommended that the company take steps to address these issues and improve its financial position further. The study also highlighted the importance of financial statement analysis as a tool for evaluating the financial performance of companies. Overall, this study provides useful information for stakeholders, including investors, creditors, and managers, to make informed decisions regarding the company's financial position and future prospects. It is hoped that the study will inspire further research into financial statement analysis in other companies and industries.

REFERENCE

- Suhadak, Sri Mangesti Rahayu, Siti Ragil Handayani (2019). GCG, financial architecture on stock return, financial performance and corporate value International Journal of Productivity and Performance Management, Volume 69, Issue 9, Published Date 17 May 2019, ISSN: 1741- 0401, pp. 1813-1831.
- Agus Wahyudin, Badingatus Solikhah (2017) ,Corporate governance implementation rating in Indonesia and its effects on financial performance. Corporate Governance, Volume 17, Issue 2, Published Date 3 April 2017, ISSN:1472-0701. pp. 250-265.
- Suhadak, Kurniaty, Siti Ragil Handayani, Sri Mangesti Rahayu (2019) Stock return and financial performance as moderation variable in influence of good corporate governance towards corporate value 20 Journal Name: Asian Journal of Accounting Research, Volume 4, Issue 1, Published Date 5 August 2019, ISSN: 2443-4175. pp.18-34.
- Redhwan Aldhamari, Mohamad Naimi Mohamad Nor, Mourad Boudiab, Abdulsalam Masoud (2020)The impact of political connection and risk committee on corporate financial performance evidence from financial firms in Malaysia., Corporate Governance, Volume 20, Issue 7, Published Date 13 October 2020, ISSN: 1472-0701. pp. 1281-1305
- Carmen-Pilar Martí-BallesterSocially (2015)Responsible Investment: The Financial Performance of Spanish Equity Pension Plans., Journal Name: The UN Global Compact: Fair Competition and Environmental and Labour Justice in International Markets, Volume 16, Published Date 28 Jan 2015, ISSN: 2051-5030, pp. 103-121
- Zhe Zhang, Zhi Ye Koh (2020), Florence Ling Benchmarking contractors' financial performance case study of Singapore. Journal Name: Journal of Financial Management of Property and Construction, Volume 25, Issue 2, Published Date 16 March 2020, ISSN: 1366-4387. pp. 183- 199.
- A.A. Ousama, Helmi Hammami (2019), Mustafa Abdulkarim The association between intellectual capital and financial performance in the Islamic banking industry: An analysis of the GCC banks. International Journal of Islamic and Middle Eastern 41 Finance and Management, Volume 13, Issue 1, Published Date 21November 2019, ISSN: 1753-8394. pp. 75-93.



Date: 12th February 2024

To,
Ms. PAVIUTHRA,
M.B.A
Sathyabama Institute of Science & Technology,
Chennai

Sub: **Regarding your internship confirmation in Finance & Accounts Function at Indian Terrain.**

Dear Pavi,

We would like to confirm that your application for an internship in the **Finance & Accounts Department** has been accepted. Here are the terms of internship while working with the Company:

1. Duration of internship will be starting from **12th February 2024** to **30th April 2024**.
2. You will be designated as an **"Intern"**.
3. You will not be entitled for any other benefits from the company during this tenure.
4. Your performance will be evaluated as per the agreed terms.
5. During internship, you are expected to abide by the Code of Conduct prescribed by the Company for all the employees.

You are requested to submit your acceptance to the terms mentioned above as confirmation of your internship.

Please feel free to contact us in case of any further details.

Wishing you good luck for your future endeavors.

for **M/s. Indian Terrain Fashions Limited.,**


Sivalingam
Manager - HR & Admin



INDIAN TERRAIN FASHIONS LIMITED
Approved Office & Address for Communication
Survey No. 549/2 & 232 Plot No. 4 Thorakkacher & Sengandram Industrial Area
Sengapattur Kal Post, Chengalpattu, Tamil Nadu - 601 204
Email ID : response.iff@indianterrain.com

INDIAN TERRAIN