

Financial Performance and Ratio Analysis of Titan Company Limited

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Abstract

This paper evaluates the financial performance of Titan Company Limited by considering their financial statements and ratios for five years. The primary objective of this study is to assess the financial stability and other aspects such as solvability, profitability, and efficiency of Titan Company Limited, and it is based on secondary data, which is collected from their annual reports and other authentic financial resources. The tools used in this assessment are ratio analysis, such as Liquidity Ratios, Profitability Ratios, Return on Assets, and Debt/Equity Ratio, and Comparative Financial Statement Analysis. Results indicate that Titan Company Limited has been making good progress in terms of revenue and total asset base. The company has an adequate liquidity position as per its stable current ratio; however, its reliance on inventory to liquidate its current liabilities has been evident from its constant quick ratio. The profitability measures have been good in the first years but have been gradually decreasing in the later years due to an increase in operating and input costs. Return on asset indicates good asset management, whereas a gradually rising debt/equity ratio in the final year suggests increased leverage. Conclusion drawn from this analysis indicates that Titan Company Limited is a finance highly stable firm with room for improvement in liquidity management as well as operational costs for optimal future performance.

Keywords: Financial performance, ratio analysis, liquidity, profitability, trend analysis, Titan Company Limited.

1.1 INTRODUCTION

Titan Company Limited is one of India's leading consumer goods companies. As the company expands its products and reaches more global markets, it is important for investors and others to understand its financial performance. This study looks at Titan's financial health using easy to-understand financial ratios such as profitability, liquidity, and solvency. It also studies trends in the income statement, balance sheet, and cash flow statement to clearly understand how the company is performing over time.

1.1 STATEMENT OF THE PROBLEM

The Titan Company Limited operates in a constantly fluctuating economic environment with varying customer needs, fast-paced innovation in technology, and intense competition, though it has shown robustness and stability for almost three decades. These factors make it imperative to analyse the financial condition of the Titan Company Limited to understand the impact of internal

strategies and threats on the performance of the business.

1.3 OBJECTIVES OF THE STUDY

- To understand how Titan Company Limited's revenue and profits have grown over the last five years.
- To assess the overall financial position of the company using financial ratios.
- To identify the challenges and risks Titan faces in maintaining its competitive position.
- To analyse the possible risks that may affect the company's future growth.

1.4 SIGNIFICANCE OF THE STUDY

- The study gives clear and useful insights into Titan Company Limited's liquidity, solvency, profitability, and operational efficiency. By using financial ratio analysis, it becomes easier to understand how well the company uses its resources to earn profits.

- This study also helps investors, creditors, and management make better decisions related to investment, lending, and future planning. In addition, it helps management identify areas where improvement is needed for better financial control and long-term growth.
- The analysis of this study would help stakeholders of the Titan Company Limited understand the robustness and sustainability of the business. The paper aims to help the parties understand the issue clearly by analysing financial factors of the business

1.5 RESEARCH METHODOLOGY

Data: This study is based on secondary data collected from Titan Company Ltd.'s published annual reports, financial statements, and reliable financial websites. The data covers a five-year period, which helps in understanding the company's financial performance over time.

Tools: The methodology mainly uses financial statement analysis.

Ratio analysis:

- Profitability ratio
- Liquidity ratio
- Return on assets
- Solvency ratio

Financial statement analysis: Comparative statements

2. REVIEW OF LITERATURE

Earlier studies on Titan Company Limited show that the company has steady growth in revenue and a strong position in the market.

Kumar and Singh (2018) studied the financial performance of Titan Company Limited by using its financial statements and ratio analysis. Their study showed that Titan's revenue increased steadily because of its strong brand name and variety of products. They also found that the company's profits improved, which means Titan controlled its costs well and worked efficiently. The study showed that Titan had a good liquidity position, meaning it could easily pay its short-term debts. Overall, the study concluded that Titan Company Limited was financially stable and suggested that proper financial planning would help the company continue its growth in the future.

Sharma (2019) studied the financial performance of Titan Company Limited by using financial ratios. The study used information from Titan's annual reports to analyze liquidity, profitability, and solvency.

The results showed that Titan had a good liquidity position and earned strong profits, which means the company was managed efficiently. Overall, the study concluded that Titan Company Limited was financially stable and advised regular checking of financial ratios to maintain good performance in the future.

Reddy and Rao (2020) studied how changes in the economy affect the financial performance of Titan Ltd. They looked at factors like inflation, economic growth, and how much people spend. The study showed that economic changes directly affect Titan's sales and profits. When the economy was doing well, Titan performed better, but when the economy slowed down, the company's performance also decreased.

Verma (2021) studied how Titan Company competes in the Indian market. The study compared Titan with other companies in the same industry.

The study showed that Titan was able to keep a strong position in the market because of new and attractive products and good marketing. The company's strong brand name and customer trust helped it stay ahead of competitors.

Overall, the study concluded that Titan's focus on innovation and marketing helped the company maintain its competitive advantage in the Indian market.

Mr. S. Aswath and Dr. D. Santhanakrishnan (2025) wrote that "Titan Company Limited has been selected for the sake of understanding the outcome of the mentioned company's financial performance. The financial statements and ratios of Titan Company Limited have been used to analyse the profits as well as financial position of the mentioned company." They said that there was an increase in the sale of Titan every year, and good profits are being generated by the company annually. They also said that Titan had enough funds to look after its short-term needs, which exposed that it was taking care of its finances.

Based on the above, in summary, they were able to find Titan Company Limited strong and stable in terms of finance. Based on this, they recommended that a proper review and plan will be of much benefit

to the company in terms of growing and overcoming the challenges facing the company. Overall, the study concluded that economic factors are important for a company's financial performance. It suggested that Titan should watch economic changes closely and plan its business strategies carefully to reduce negative effects.

3. COMPANY PROFILE

About Titan Company Limited

Titan Company Limited is a well-known company under the Tata Group. It is a leading brand in India for watches, jewellery, and eyewear.

Establishment

The company was established in 1984. It was started as a joint venture between the Tata Group and TIDCO.

Growth and Brand Image

Titan focuses on innovation and modern designs. The company has built a strong and trusted brand over the years.

Customer Trust

Titan's success shows high customer trust and efficient working. The company easily adapts to changing customer needs.

4. ANALYSIS AND INTERPRETATION

4.1 Liquidity Ratios Current Ratio

Formula: Current Ratio = Current Assets ÷ Current Liabilities

Year	Current Assets (₹ Cr)	Current Liabilities (₹ Cr)	Current Ratio
2020-21	12501	7193	1.74
2021-22	16379	8454	1.94
2022-23	20186	10331	1.95
2023-24	22753	10692	2.13
2024-25	30444	14162	2.15

Quick Ratio

Formula: Quick Ratio = (Current Assets – Inventories) ÷ Current Liabilities

Year	Current Assets	Inventories	Current Liabilities	Quick Ratio
2020-21	12501	7984	7193	0.63
2021-22	16379	12787	8454	0.42
2022-23	20186	14952	10331	0.51
2023-24	22753	16874	10692	0.55
2024-25	30444	24517	14162	0.42

Source: Secondary data

Data Interpretation:

The current ratio of the company remained above 1.4:1 over the years, clearly establishing the fact that the company was able to pay off its short-term debts quite comfortably with the help of its current assets. Thus ratio kept improving until 2023-24 but reduced in the last year of 2024-25.

The quick ratio, however, remained lower than the ideal ratio measure of 1:1 for the period. This shows that it depends highly on its inventory in meeting the short-term funds requirements. The drop witnessed in 2024-25 also portrays that it depends highly on stock and has poor liquidity. On an overall basis, the liquidity situation appears satisfactory but requires improvement in cash and accounts receivable management.

4.2 Profitability Ratios

Gross Profit Margin

Formula: Gross Profit Margin = (Revenue – Expenses) ÷ Revenue × 100

Year	Revenue Cr)	Expenses Cr)	Gross Profit Cr)	Gross Profit Margin (%)
2020-21	20602	18901	1701	8.26
2021-22	27210	23931	3279	12.05
2022-23	38270	33500	4770	12.46
2023-24	47114	42090	5024	10.66
2024-25	54842	49550	5292	9.65

Net Profit Margin

Formula: Net Profit Margin = Net Profit ÷ Revenue × 100

Year	Net Profit (₹ Cr)	Revenue (₹ Cr)	Net Profit Margin (%)
2020-21	877	20602	4.26
2021-22	2180	27210	8.01
2022-23	3333	38270	8.71
2023-24	3544	47114	7.52
2024-25	3335	54842	6.08

Source: Secondary data

Data Interpretation:

The gross profit margin escalated substantially from 2020-21 to 2022-23, reflecting better management of costs and efficiency. But the slight decline in the past couple of years may be attributed to an escalation in costs of input, thereby impacting profitability.

Net profit margin performance also saw good improvement until the year 2022-23. However, the decline in the subsequent years of 2023-24 and 2024-25 shows the impact of an increase in operational costs, interest costs, or taxes.

Nevertheless, it can be concluded that presently this company is still making a profit, though its margins appear under pressure.

4.3 Return on Assets

Year	Net Profit (₹ Cr)	Total Assets (₹ Cr)	ROA (%)
2020-21	877	15,860	5.53
2021-22	2,180	20,137	10.82
2022-23	3,333	25,088	13.28
2023-24	3,544	32,862	10.79
2024-25	3,335	41,075	8.12

Source: Secondary data

ROA = Net profit ÷ Total assets × 100

Data Interpretation:

Return on Assets became better over the years and reached its peak in 2022-23, which indicates that the company was able to make effective use of its total assets to generate profit. The decrease in ROA in the period of 2023-24 to 2024-25 indicates an increase in the growth of assets vis-à-vis profit. Despite this decrease, the ROA is still at a reasonable level, indicating efficiency in resource use, though there is room for enhancement.

4.4 Debt–Equity Ratio

Year	Total Debt (₹ Cr)	Shareholders' Equity (₹ Cr)	Debt–Equity Ratio
2020-21	5,114	7,553	0.68 : 1
2021-22	6,605	9,373	0.70 : 1

2022–23	6,676	11,994	0.56 : 1
2023–24	9,660	14,457	0.67 : 1
2024–25	17,188	16,811	1.02 : 1

Source: Secondary data

$$\text{Debt-equity ratio} = \frac{\text{Total debt}}{\text{Shareholder's equity}}$$

Data Interpretation:

The debt equity ratio was lower than 1:1 until 2023-24, which means that the company maintained a conservative capital structure with lower financial risk. In 2024-25, the ratio was higher than 1:1, and that indicates that the company is relying on external finances to a certain extent. Such an increase will signal an increase in the use of financial leverage. The use of financial leverage may lead to higher gains but at the expense of higher financial risk.

4.5 Comparative Statement

Particulars	2020–21(%)	2021–22 (%)	2022–23 (%)	2023–24 (%)	2024–25 (%)
Current Assets	100	127.95	121.41	114.12	134.17
Non- Current Assets	100	122.85	138.42	195.47	104.55
Total Assets	100	126.97	124.58	131.00	125.00
Current Liabilities	100	129.69	119.20	120.13	162.00
Non-Current Liabilities	100	108.17	130.54	220.47	-148.05
Total Liabilities	100	126.80	120.51	144.97	131.83

Source: Secondary data

$$\text{Percentage change} = \frac{\text{Absolute change}}{\text{Previous year value}}$$

Data Interpretation

The comparative statement shows that Titan Company Limited's total assets increased steadily over the five years, which indicates continuous business growth. The increase in current assets, especially in 2024–25, shows that the company expanded its operations and held more inventory.

Non-current assets increased sharply in 2023–24, showing that the company invested more in long-term assets. On the liabilities side, current liabilities increased every year, with a major rise in 2024–25, indicating higher short-term payments.

Non-current liabilities increased significantly in 2023–24 but reduced in 2024–25, which suggests that the company repaid or restructured some of its long-term debt. Overall, the financial position of the company is stable, but the rise in liabilities shows the need for careful financial management.

5.1 Findings

Titan Company Limited has shown steady growth in revenue and assets over the past five years, indicating strong market performance and effective business strategies.

- **Current ratio:** The company maintains a satisfactory current ratio, which shows it is capable of meeting its short-term financial obligations.
- **Quick ratio:** The quick ratio is low, indicating a heavy dependence on inventory to meet short term liquidity needs.
- **Profitability:** Profit has improved continuously until 2022, reflecting good cost management and operational efficiency. In recent years, profit margins declined slightly due to an increase in operating and input costs.
- **Asset management:** The company showed efficient use of assets in earlier years, suggesting strong asset management. Recent trends indicate

that there is scope for better utilization of the expanding asset base.

- **Debt-equity ratio:** The increase in the debt–equity ratio in the latest year shows higher reliance on borrowed funds, which increases financial risk.

5.2 Suggestions

Titan should improve its cash handling and collect money from customers faster so it does not depend too much on inventory. It should also control its costs and run its operations better to keep its profits safe from rising expenses. The company should use debt carefully to avoid too much financial risk. Using its assets better and selling more high-profit products will help the company earn steady profits in the future.

5.3 CONCLUSION

From the financial analysis of Titan Company Limited, it is clear that it has exhibited a healthy and stable financial position during the five years of analysis. The consistent increase in revenue and total assets of the company reveals that it has expanded its operations. This is a clear indication of its good brand and community image in the market. Based on the profitability analysis, it could be noticed that the company is making decent profits in the past few years, although the profit margin has slightly decreased in recent years as a result of increasing operating and input costs. However, the company remained profitable despite the pressure of increasing costs.

The liquidity situation for the company is good, and it was able to finance its current obligations. Although there is a deterioration in the quick ratio, which denotes a greater reliance on the inventory, there is a need to incorporate efficient management of cash and receivables. The solvency position depicts that the company had an optimal capital structure, although the use of debt in recent years indicates a need for efficient financial management.

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