



# A STUDY ON FINANCIAL PERFORMANCE OF TITAN COMPANY WITH SPECIAL REFERENCE TO PROFITABILITY AND LIQUIDITY POSITION

Ms. DEVALOSINI S S, B.Com (A&F) Department of Commerce, Rathinam College of Arts and Science,

Ms. MAHA M, B.Com (A&F) Department of Commerce, Rathinam College of Arts and Science,

Mrs. P GIRIJA M.Com., M.Phil., Assistant professor, Department of commerce, Rathinam College of Arts and Science, Coimbatore.

## ABSTRACT

Financial performance analysis is a vital tool for evaluating the efficiency, profitability, and liquidity of a business organization. This study examines the financial performance of Titan Company Limited with special reference to profitability and liquidity. The research is based on secondary data collected from annual reports over a period of five years (2021–2025). Ratio analysis is used as the primary tool, including Gross Profit Ratio, Net Profit Ratio, Operating Profit Ratio, Return on Assets, Return on Equity, Current Ratio, and Quick Ratio. The findings indicate that the company has maintained strong profitability and a stable liquidity position, though a slight decline in profitability is observed after 2023. The study concludes that Titan Company Limited is financially sound with good growth prospects.

## KEYWORDS

Financial Performance -Profitability Analysis - Liquidity Position -Ratio Analysis

## INTRODUCTION

Financial performance analysis plays a crucial role in understanding the overall health of a business organization. It helps stakeholders such as investors, creditors, and management to evaluate how effectively a company utilizes its resources. Profitability and liquidity are two key aspects of financial performance.

This study focuses on Titan Company Limited, one of India's leading lifestyle companies operating in jewellery, watches, and eyewear segments. The company has built a strong brand image and market leadership over the years. Analyzing its financial performance helps in understanding its growth, efficiency, and sustainability.

Financial performance analysis not only helps in evaluating past performance but also assists in predicting future growth and sustainability of a company. It provides a strong base for strategic planning and decision-making.

In the modern competitive business environment, companies must continuously monitor their financial performance to remain efficient and profitable. Regular analysis helps in identifying strengths and weakness

## **OBJECTIVES OF THE STUDY**

- To analyze the overall financial performance of the company
- To evaluate profitability using financial ratios
- To assess liquidity position
- To study the relationship between profitability and liquidity
- To examine management efficiency in resource utilization

## **STATEMENT OF THE PROBLEM**

Titan Company Limited operates in a highly competitive and dynamic business environment. Despite its strong brand image and market leadership, the company faces several challenges such as fluctuations in gold prices, changing consumer preferences, economic uncertainties, and increasing competition.

These factors may have a significant impact on the company's profitability and liquidity position. A company may generate high profits but still face liquidity issues, or it may have sufficient liquidity but low profitability.

Therefore, the main problem of this study is to analyze whether Titan Company Limited is maintaining a proper balance between profitability and liquidity. The study also aims to identify any financial weaknesses and evaluate the company's ability to meet its short-term and long-term obligations.

## **SCOPE OF THE STUDY**

The scope of the study is confined to analyzing the financial performance of Titan Company Limited with special reference to its profitability and liquidity position. The study is based on secondary data collected from the company's published annual reports and financial statements for a period of five years. It focuses on evaluating key financial ratios such as Gross Profit Ratio, Net Profit Ratio, Operating Profit Ratio, Return on Assets (ROA), Return on Equity (ROE), Current Ratio, and Quick Ratio to assess the company's earning capacity and short-term financial stability. The study aims to understand how effectively the company utilizes its resources, manages its finances, and maintains a balance between profitability and

liquidity. However, the analysis is limited only to financial aspects and does not cover other areas such as marketing, operations, or human resource management.

## LIMITATIONS OF THE STUDY

- The study is based only on secondary data collected from annual reports and published financial statements.
- The accuracy of the study depends on the reliability of available data sources.
- The analysis is limited to a specific period of five years, which may not reflect long-term performance.
- The study focuses only on profitability and liquidity and does not cover other aspects like solvency and efficiency.
- External factors such as economic conditions, inflation, government policies, and competition are not considered in detail.
- Differences in accounting policies and practices may affect the comparability of financial data.

## RESEARCH METHODOLOGY

The present study adopts a systematic approach to analyze the financial performance of Titan Company Limited with special reference to profitability and liquidity. The study is based on secondary data collected from reliable sources such as the company's annual reports, audited financial statements, official website, financial journals, and other relevant publications. A non-probability sampling method, specifically judgmental sampling, is used to select the data based on its relevance to the objectives of the study. The analysis covers a period of five years, which is considered sufficient to identify trends and evaluate the company's performance over time. Various financial and statistical tools, mainly ratio analysis, are used to interpret the data. Profitability ratios such as Gross Profit Ratio, Net Profit Ratio, Operating Profit Ratio, Return on Assets, and Return on Equity are applied to measure the earning capacity of the company, while liquidity ratios such as Current Ratio and Quick Ratio are used to assess its short-term financial position. This methodology helps in providing a clear understanding of the company's financial efficiency and stability.

## ANALYSIS AND INTERPRETATION

Ratio	Highest Value	Year	Interpretation
Gross Profit Ratio	94.93%	2022	Indicates strong cost control and high profit from sales.
Net Profit Ratio	8.70%	2023	Shows maximum overall profitability.
Operating Profit Ratio	12.46%	2023	Reflects best operational efficiency.
Return on Assets (ROA)	13.28%	2023	Shows efficient use of total assets.
Return on Equity (ROE)	3982.02%	2024	Indicates very high return to shareholders.
Current Ratio	Highest in study period	—	Shows good ability to meet short-term liabilities.
Quick Ratio	Highest in study period	—	Indicates strong immediate liquidity position.
Cash Ratio	Highest in study period	—	Reflects strong availability of cash to meet immediate obligations.

## FINDINGS OF THE STUDY

- The Gross Profit Ratio remained high throughout the study period, indicating strong cost control and efficient production.
- The Net Profit Ratio increased up to 2023 and declined slightly afterwards, showing fluctuations in overall profitability.
- The Operating Profit Ratio showed improvement initially but decreased in later years due to rising operating expenses.
- Return on Assets (ROA) increased up to 2023, indicating better asset utilization, but declined later.
- Return on Equity (ROE) showed a strong increasing trend, reflecting efficient use of shareholders' funds.
- The company maintained a satisfactory liquidity position, ensuring its ability to meet short-term obligations.

- The balance between profitability and liquidity was maintained, though minor fluctuations were observed.
- The company's overall financial performance is strong with consistent growth trends.

## SUGGESTIONS

- The company should focus on reducing operating expenses to improve net profit margins.
- It should adopt better cost control measures to maintain consistent profitability.
- Efficient asset utilization strategies should be implemented to improve ROA.
- The company should maintain an optimal balance between liquidity and profitability.
- More attention should be given to working capital management to improve liquidity ratios.
- The company should adopt advanced financial planning and forecasting techniques.

## CONCLUSION

The study concludes that Titan Company Limited has maintained a strong financial positions in terms of profitability and liquidity during the study period. The company has shown consistent growth and efficient utilization of its resources, especially up to the year 2023. Although there are slight fluctuations in recent years, the overall performance remains satisfactory. The company has successfully balanced profitability and liquidity, ensuring smooth business operations and financial stability. With effective management strategies and continuous improvement, the company has strong potential for future growth and sustainability.

## REFERENCES

- Abakpa, A. (2025). Impact of digitalization on firm performance and operational efficiency. *Journal of Business and Technology*, 12(2), 45–58.
- Dvouletý, O. (2025). Innovation, digital transformation, and profitability in modern firms. *International Journal of Innovation and Economic Development*, 11(1), 22–37.
- Nowicki, J. (2024). Macroeconomic factors and their impact on liquidity and firm performance. *Journal of Financial Economics*, 98(3), 110–125.
- Yao, H. (2024). Liquidity management and firm performance analysis. *International Journal of Finance and Accounting*, 15(2), 60–74.
- Fatima, H. (2024). Liquidity and financial stability in corporate firms. *Journal of Corporate Finance*, 20(4), 89–102.
- Haris, M. (2024). Liquidity risk and its impact on profitability. *Journal of Risk and Financial Management*, 17(1), 33–47.
- Albulescu, C. (2020). Profitability and investment relationship in firms. *Economic Modelling*, 44(2), 120–135.
- Kaur, H. (2016). Financial performance analysis using ratio techniques. *Indian Journal of Finance*, 10(6), 40–52.
- Bansal, R. (2015). Working capital management and firm profitability. *International Journal of Management Studies*, 8(1), 25–39.
- Sharma, A. (2013). Liquidity and profitability relationship in firms. *Global Journal of Finance and Management*, 5(4), 375–382.