

A STUDY ON FINANCIAL STATEMENTS ANALYSIS IN IIFL LTD, HYDERABAD,

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ABSTRACT

This study focuses on the financial statement analysis of IIFL Ltd (India Infoline Finance Limited) to evaluate its financial health, operational efficiency, and profitability over a defined period. Financial statements are vital tools that reflect the economic condition of a company, enabling stakeholders to make informed decisions. The objective of this research is to critically analyze IIFL's balance sheet, profit and loss account, and cash flow statements to understand trends in revenue generation, expense management, asset utilization, and financial stability. By applying key financial ratios and comparative analysis, this study aims to uncover strengths, weaknesses, and potential areas for improvement.

KEY WORDS: Financial statements, Ratio analysis, Financial performance.

INTRODUCTION

Financial performance is an important aspect which influences the long term stability, profitability and liquidity of an organization. The Evaluation of financial performance using Comparative Balance Sheet Analysis, Common Size Balance Sheet Analysis, Trend Analysis and Ratio Analysis had been taken up for the study with "IIFL Ltd" as the project. Analysis of Financial performance is of greater assistance in locating the weak spots at the IIFL Ltd even though the overall performance may be satisfactory. Finance is the life-blood of business. It is rightly termed as the science of money. Finance is very essential for the smooth running of the business. Finance controls the policies, activities and decision of every business.

1.2 NEED OF THE STUDY

A financial statement contains sales, revenue, tax, expenses, etc, on one side and the other side shows the liabilities and assets position in the year. There are various reasons, which contribute to profits such as operational costs, marketing efficiencies, reduced interests and many more. The essence of the financial soundness of a company lies in balancing its goals, commercial strategy and resultant financial needs. The Company should have financial needs. The company should have financial capability and flexibility to pursue its commercial strategy.

1.3 REVIEW OF LITERATURE

Financial statement analysis (Khan, Jain, 1993) involves a study of the relationships between income statement and balance sheet accounts, how these relationships change over time (Trend Analysis), and how a particular firm compares with other firms in industry (Comparative Ratio Analysis).

A firm's annual report (Lawence, Daniel, W Bruce, 2004) to shareholders presents two types of information. The first is a verbal statement of the company's recent operations and its expectations for the coming year. The second is a set of quantitative financial statements that report what actually happened to the firm's financial position, earnings, and dividend over the past few years.

The income statement (Larson, Miller Paul, 1993) summarizes the firm's revenues and expenses during the accounting period. It's important to note that not all the amounts shown in the income statement represent cash flows.

The balance sheet (Larson, Miller Paul, 1993) lists the firm's assets and the claims against those assets. It portrays the firm's financial position at a specific point of time. Assets are

typically shown by the order of their liquidity, or the length of time it typically takes to convert them to cash.

1.4 SCOPE OF THE STUDY

Financial performance analysis is a well-researched area and innumerable studies have proved the utility and usefulness of this analytical technique. This research seeks to investigate and constructively contribute to help:

- The company in finding out the gray areas for improvement in performance.
- The company to understand its own position over time.
- The managers to understand the contribution to the performance of the company.

1.5 OBJECTIVES OF THE STUDY

Based on the information furnished in the financial statements, the various objectives of the project are:

- To analyse the firm's relative strength and weakness.
- To determine the financial condition and financial performance of the firm.
- To involve comparison for a useful interpretation of the financial statements.
- To find out the solution to the unfavorable financial conditions and financial performance.

1.6 RESEARCH METHODOLOGY

Achieving accuracy in any research requires in depth study regarding the subject. As the prime objective of the project is compare various Investment products available in the market with the existing players in the market and the impact of entry of private players in the market, the research methodology adopted was basically based on primary data via which the most recent and accurate piece of first hand information that could be collected from all possible source. Secondary data was used to support primary data wherever needed.

Data Collection:

There are two types of data collection

1. Primary data
2. Secondary data

Primary Data:

- Primary data is personally developed data and it gives latest information and offers much greater accuracy and reliability.
- There are various sources for obtaining primary data i.e., Mail survey, personal interview.

Secondary Data:

Secondary data is the published data. It is already available for using and it saves time. The main source of secondary data are published market surveys, government publications advertising research report and internal source such as annual reports and other business record etc.

1.7 TECHNIQUES OF FINANCIAL

- Comparative Statements
- Common-size Statements
- Trend Analysis
- Ratio Analysis
- Fund Flow Statements
- Cash Flow Statements
- Cost-Volume-Profit Analysis

1.9 LIMITATIONS OF THE STUDY

Lack of adequate standards: There are no well-accepted standards or rules of thumb for all ratios, which can be accepted as norms. It renders interpretation of the ratios difficult.

Inherent limitation of accounting: Like financial statements, ratios also suffer from the inherent weakness of accounting records such as their historical nature.

Absolute Figures Distortive: Ratios devoid of absolute figures may prove distortive, as ratio analysis is primarily a quantitative analysis and not a qualitative analysis.

Price Level Changes: While making ratio analysis, no consideration is made to the changes in price levels and this makes the interpretation of ratios invalid.

DATA ANALYSIS & INTERPRETATIONS

TABLE 4.1 COMPARATIVE BALANCE SHEETS – IIFL Ltd

Equities & Liabilities	Mar-25	Mar-24	Mar-23	Mar-22	Mar-21
Share Capital	75.92	75.77	75.67	63.84	63.8
Reserves & Surplus	4350.98	3,744.96	3,532.14	3,466.79	1,413.28
Non Current Liabilities	6580.64	7,196.02	7,325.65	8,199.22	12.74
Current Liabilities	12182.72	11,193.97	8,428.62	6,053.64	5.7
Total Liabilities	23136.26	22,210.73	19,362.08	17,795.21	1,501.15
Assets					
Fixed Assets	728.15	646.42	556.01	359.59	2.66
Non Current Assets	1447.39	1,410.13	1,106.83	790.47	48.32
Current Assets	21688.88	20,800.59	18,255.25	17,004.74	1,452.82
Total Assets	23136.26	22,210.73	19,362.08	17,795.21	1,501.15

TABLE 4.2 COMMONSIZE ANALYSIS OF INCOME STATEMENTS

	2025	2024	2023	2022	2021
Total Income	100.00%	100.00%	100.00%	100.00%	100.00%
	0.00%	0.00%	0.00%	0.00%	0.00%
	0.00%	0.00%	0.00%	0.00%	0.00%
	0.00%	0.00%	0.00%	0.00%	0.00%
	0.00%	0.00%	0.00%	0.00%	0.00%

Expenditure					
Total Expenditure	76.3 4%	76.5 3%	112. 65 %	82.8 6%	8.80 %
EBIT	23.6 6%	69.7 8%	93.3 5%	21.0 3%	91.2 0%
Interest	5.43 %	2.47 %	1.89 %	5.81 %	11.7 0%
Tax	0.00 %	0.00 %	- 1.45 %	0.00 %	0.00 %
Net Profit	18.2 3%	9.97 %	5.66 %	15.2 2%	79.5 0%

TABLE4.3 TREND ANALYSIS OF INCOME STATEMENTS

Year	2025	2024	2023	2022	2021
Total Income	1514. 20%	1272.3 9%	973.8 1%	1097. 01%	100. 00%
Total Expenditure	1313 3.70 %	12880. 77%	10087 .72%	1032 7.72 %	100. 00%
PBIT	392.7 8%	173.58 %	96.08 %	252.9 6%	100. 00%
Tax	702.1 8%	268.73 %	157.3 4%	544.2 7%	100. 00%
Other Items	0.00 %	0.00%	0.00%	0.00 %	100. 00%
Net Profit	347.2 4%	159.57 %	69.31 %	210.0 8%	100. 00%

Profitability Ratios

Table 4.4 Profitability Ratios					
Year	2020	2021	2022	2023	2024
Return On Capital Employed(%)	16.80	15.95	13.50	17.51	23.46
Return On Net Worth(%)	8.96	12.77	4.12	8.96	16.83

Source: Secondary Data

Interpretation:

The Return on capital employed has increased to 23.46% in 2025 compared to 17.51% in 2024. The return on Net Worth also followed the trend reporting RONW of 16.83% in 2025 compared to 8.96% in 2024.

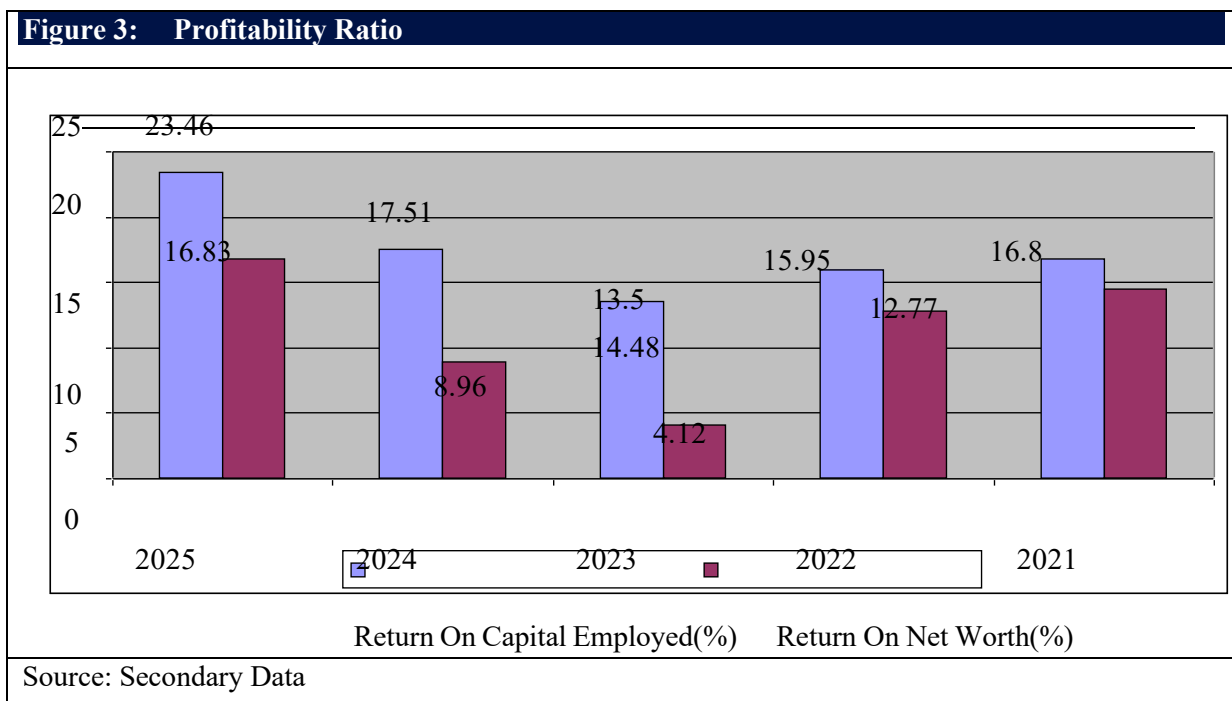
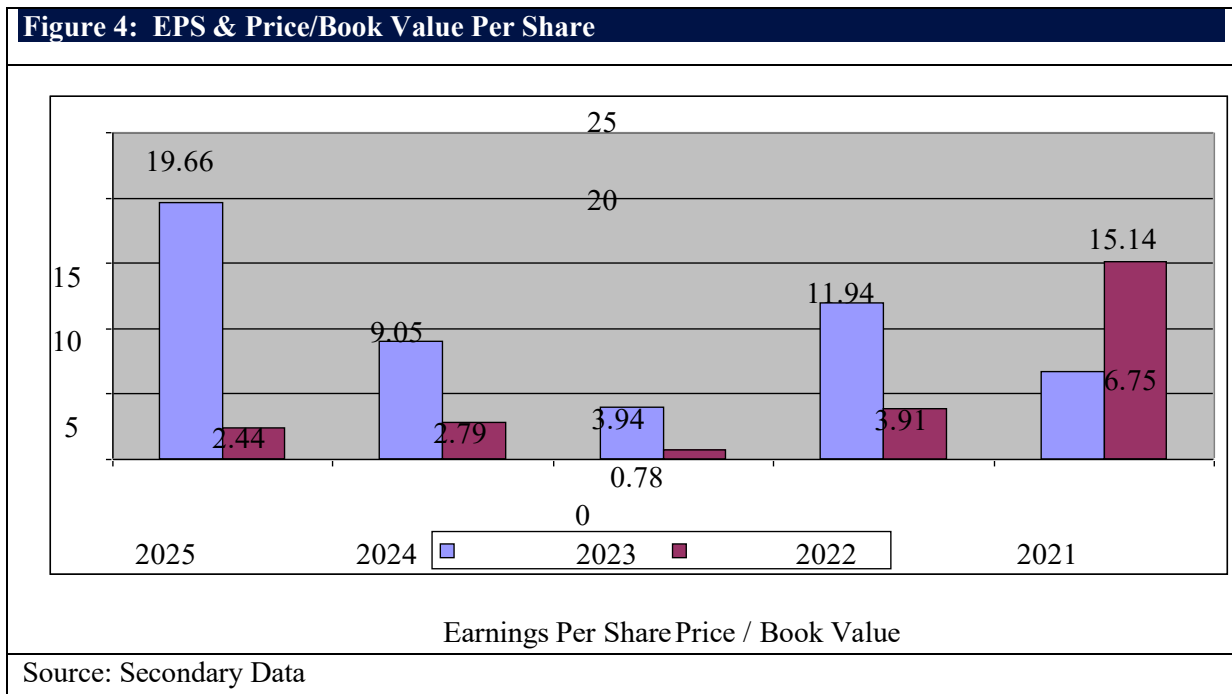


Table 4.5: EPS & Price/Book Value Per Share					
	2025	2024	2023	2022	2021
Earnings Per Share	19.66	9.05	3.94	11.94	6.75
Price / Book Value	2.44	2.79	0.78	3.91	15.14

Source: Secondary Data

Interpretation:

The company has reported a price/book value ratio of 2.44 in 2025 compared to 2.79 in 2022. YoY EPS increased from 9.05 in 2024 to 19.66 in 2025.



FINDINGS, SUGGESTIONS & CONCLUSION

5.1 FINDINGS

- Total income of the company has increased from Rs.3,436 crores in 2024 to Rs.4,089 crores in 2025
- The company has reported an operating profit of Rs.3,121 crores in 2024

compared to an operating profit of Rs.3,061 crores in 2023.

- The company has reported a net profit of Rs.745 crores in 2023 compared to Rs.342 crores in 2024.

5.2 SUGGESTIONS

- The operating income of the company has increased reasonably in the latest year, which the company should focus on to improve.
- The company operating profit has also increased in the year ending March 2023 and has remained consistent over the last few years. The company should try to keep up the same.
- The free reserves of the company have been shown an increasing trend and these free reserves must be utilized efficiently before raising debt.

5.3 CONCLUSION

Financial statement analysis is the process of analyzing a company's financial statements for decision-making purposes. External stakeholders use it to understand the overall health of an organization as well as to evaluate financial performance and business value. Internal constituents use it as a monitoring tool for managing the finances. There are three main financial statements that every company creates and monitors: the balance sheet, income statement, and cash flow statement. *The analysis gives an optimistic view about the company and industry and its growth which recommends the investors to keep a good watch on the major players to benefit in terms of returns on their investments.*

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