

Title: A Study On Financial Statement Analysis Using Common Size Statement With Special Reference To Integra Software Services Pvt. Ltd., Puducherry

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Abstract- Financial statement analysis is an essential tool for evaluating the financial performance, stability, and operational efficiency of an organization. The present study focuses on the financial statement analysis of Integra Software Services Pvt. Ltd., Puducherry, using common size statements, ratio analysis, and trend analysis. The study aims to assess the company's profitability, solvency, operational efficiency, and financial position over a period of five years. Secondary data were collected from audited financial statements, annual reports, and company records. Various analytical tools such as Operating Profit Margin, Earnings Per Share, Trend Analysis, and Common Size Balance Sheet Analysis were used to interpret the financial performance of the company. The findings reveal that the company recovered from earlier losses and achieved positive reserves in recent years. However, declining profitability, increasing borrowings, and rising operational liabilities indicate the need for effective financial management. The study concludes that proper cost control, efficient resource utilization, and strategic financial planning are necessary for ensuring sustainable growth and long-term financial stability. The research concludes that organizations that invest in strengthening their EVP are more likely to develop a strong employer brand and maintain a competitive advantage in attracting and retaining skilled employees.

Keywords: Financial Statement Analysis, Common Size Statement, Ratio Analysis, Trend Analysis, Profitability, Solvency, Integra Software Services.

I. INTRODUCTION

Financial statement analysis is an essential process used to evaluate the financial performance and overall position of an organization. Financial statements such as the Balance Sheet, Profit and Loss Account, and Cash Flow Statement provide valuable information regarding the financial activities of a business. However, these statements require systematic analysis and interpretation to understand the company's actual performance.

Financial Statement Analysis refers to the examination and evaluation of financial information to determine the profitability, liquidity, solvency, and operational efficiency of an organization. It assists management, investors, creditors, and other stakeholders in making informed decisions.

The present study focuses on Integra Software Services Pvt. Ltd., a leading IT and digital publishing service company located in Puducherry. The study analyses the financial statements of the company using Common Size Statements, Ratio Analysis, and Trend Analysis to evaluate its financial performance and stability over a five-year period.

II. NEED FOR THE STUDY

- To understand the financial health of the company.
- To identify the percentage contribution of various financial statement items.
- To evaluate profitability, solvency, and operational efficiency.
- To understand the strengths and weaknesses of the company's financial position.
- To assist management and stakeholders in effective decision-making.
- To assess the company's long-term financial sustainability.
- To provide suggestions for improving financial performance.

III. SCOPE OF THE STUDY

- The study focuses on the financial performance of Integra Software Services Pvt. Ltd.
- The study uses Common Size Statement Analysis, Ratio Analysis, and Trend Analysis.
- The analysis covers a period of five financial years.
- The study evaluates profitability, liquidity, solvency, and operational efficiency.

- The findings may help management improve financial performance.
- The study provides useful information for investors, creditors, and researchers.
- The study supports future financial planning and decision-making.

IV. REVIEW OF LITERATURE

Sharma (2025) in the *Journal of Financial Management* stated that financial statement analysis helps evaluate profitability and operational efficiency in IT companies.

Srinivasan (2024) in the *Indian Journal of Financial Research* emphasized that profitability and solvency ratios are important indicators of long-term financial stability.

Mehta (2023) in the *Journal of Accounting and Taxation* explained that comparative financial statement analysis helps identify year-to-year changes in financial performance.

Singh (2022) in the *Indian Journal of Accounting* concluded that common size analysis is highly useful for comparing financial performance and identifying cost structure changes.

Aravind and Kumar (2022) in the *Journal of Business and Management* found that liquidity and profitability ratios play a major role in evaluating financial health.

Reddy (2021) in the *International Journal of Finance* stated that ratio analysis is an effective tool for measuring profitability, liquidity, and solvency.

Gupta (2021) in the *International Journal of Financial Studies* highlighted the importance of financial statement analysis in managerial decision-making.

Kumar and Rao (2020) in the *Journal of Commerce and Management* revealed that trend analysis helps identify growth patterns and future financial performance.

Patel (2019) in the *Asian Journal of Research in Banking and Finance* concluded that financial statement analysis supports investors and management in economic decision-making.

Joseph (2018) in the *International Journal of Business Studies* identified a strong relationship between

liquidity management and profitability in service organizations.

V. RESEARCH DESIGN

The study adopts an **Analytical Research Design**. The research aims to analyze and evaluate the financial performance of Integra Software Services Pvt. Ltd. using financial statement analysis techniques.

Sources of Data

Secondary Data

The study is based on secondary data collected from

- Annual Reports
- Profit and Loss Accounts
- Balance Sheets
- Cash Flow Statements
- Company Websites
- Financial Databases

Sampling Technique

Purposive Sampling Technique was used since the study focuses specifically on the financial statements of Integra Software Services Pvt. Ltd.

Sample Size

The study covers **five years of audited financial statements (2019–2023)**.

1. Tools Used for Analysis
 - Ratio Analysis
 - Trend Analysis
 - Common Size Statement Analysis
 - Bar Charts and Graphical Representation

RATIO ANALYSIS

Operating Profit Margin

The Operating Profit Margin showed significant fluctuations during the study period. The company reported severe losses in 2019, followed by an exceptional recovery in 2021 with an Operating Profit Margin of 82.19%. However, profitability declined gradually to 42.86% in 2023, indicating rising operating costs and decreasing operational efficiency.

Earnings Per Share (EPS)

EPS improved from negative values in 2019 and 2020 to ₹1.27 in 2021, reflecting improved profitability. However, EPS declined to ₹0.23 in 2023, indicating reduced returns available to shareholders.

TREND ANALYSIS

Reserves

Reserves improved significantly from -₹1.86 crore in 2019 to +₹0.23 crore in 2023. This indicates recovery from accumulated losses and improved retained earnings.

Borrowings

Borrowings increased gradually from ₹0.11 crore in 2020 to ₹0.61 crore in 2023. Although the debt level remains low, the increasing trend requires careful monitoring.

Total Assets

Total Assets increased from ₹8.70 crore in 2019 to ₹11.88 crore in 2023. The company experienced significant asset growth, particularly in 2021.

COMMON SIZE ANALYSIS

The Common Size Balance Sheet indicates that shareholder funds remained the primary source of financing throughout the study period. Equity Capital accounted for a major portion of total liabilities, although its percentage contribution declined over time.

The company maintained strong net worth levels while gradually increasing external funding through borrowings and other liabilities. The asset structure reveals an asset-light business model with most assets categorized under Other Assets.

VI. FINDINGS AND IMPACT OF THE STUDY

The analysis provided several important insights regarding the financial performance of Integra Software Services Pvt. Ltd. The company experienced financial losses during the initial years but showed a remarkable recovery in 2021 through improved sales revenue and profitability. The Operating Profit Margin and Earnings Per Share reached their highest levels in 2021, indicating strong operational performance and effective utilization of resources.

The study also revealed that profitability declined gradually after 2021, reflecting increasing operating costs and

reduced earnings growth. Reserves improved significantly and became positive by 2023, demonstrating recovery from accumulated losses. Borrowings and other liabilities increased steadily over the study period, indicating a growing reliance on external funds, although the overall debt level remained under control.

The common size analysis showed that shareholders' funds continued to be the primary source of financing, highlighting the company's financial stability. Overall, the findings suggest that while the company has successfully strengthened its financial position, greater focus on revenue growth, cost control, and operational efficiency is necessary to achieve sustainable long-term performance.

VII. SUGGESTIONS

Based on the findings of the study, the following suggestions are recommended:

- The company should focus on increasing sales revenue through market expansion.
- Management should implement effective cost-control measures.
- Innovative services and technology solutions should be introduced to attract new customers.
- Customer relationship management should be strengthened.
- The company should improve profitability through efficient resource utilization.
- Reserves and retained earnings should be increased further.
- Asset utilization efficiency should be improved.
- Regular financial performance monitoring should be conducted.
- Controlled borrowing policies should be maintained.
- Long-term strategic financial planning should be adopted.
- Cash flow management should be strengthened.
- Employee training and development programs should be enhanced.

VIII. CONCLUSION

The study reveals that Integra Software Services Pvt. Ltd. experienced fluctuations in financial performance during the study period. The company successfully recovered from earlier losses and improved its reserve position. However, declining profitability, increasing liabilities, and reduced earnings per share indicate challenges that require managerial attention.

The analysis concludes that effective cost control, improved operational efficiency, strategic financial planning, and revenue diversification are essential for maintaining financial stability and achieving sustainable long-term growth. Financial Statement Analysis proved to be a valuable tool in evaluating the company's profitability, solvency, and overall financial performance

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