

Research Article

A Study on The Financial Performance Analysis of Stanfab Apparels Private Limited Using Ratio and Trend Analysis (2021–2025)

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Abstract: This research paper aims to evaluate the financial performance of Stanfab Apparels Private Limited, a leading garment manufacturer and exporter based in Chennai, India. The study examines the profitability, liquidity, solvency, and efficiency of the company over five years from 2021 to 2025 using Ratio Analysis and Trend Analysis. Secondary data was drawn from the company's Annual Reports. The findings reveal that the company has demonstrated consistent growth in revenue and profitability, with net sales rising from ₹18,292 lakhs in 2021 to ₹38,858.54 lakhs in 2025. The Gross Profit Ratio averaged 30.49%, while the Return on Capital Employed averaged 38.87%, indicating strong operational efficiency. Liquidity remained above the standard norm, and solvency ratios reflected a stable financial structure. The trend analysis projects continued improvement across most financial parameters through 2030.

Keywords: Financial Performance, Ratio Analysis, Trend Analysis, Stanfab Apparels, Garment Industry, Profitability, Liquidity, Solvency.

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INTRODUCTION

The garment and apparel industry is one of the most significant contributors to India's industrial output and export earnings. It employs over 45 million people and is projected to grow substantially over the coming decade. In this highly competitive and capital-intensive environment, financial performance analysis becomes indispensable for companies seeking to sustain and enhance their market position.

Stanfab Apparels Private Limited, established in 1993 and headquartered in Chennai, Tamil Nadu, is a prominent manufacturer and exporter serving global fashion brands. The company operates 12 manufacturing facilities with over 1,500 machines and approximately 2,700 employees, catering to major international markets. Given its scale and the dynamic nature of the garment sector, assessing the company's financial health through a structured analytical framework is both timely and essential.

Financial analysis identifies the strengths and weaknesses of a firm by examining relationships between items in the Balance Sheet and Profit & Loss Account. It enables management, investors, and creditors to evaluate profitability, liquidity, solvency, and operational efficiency. This study employs Ratio Analysis and Trend Analysis to provide a comprehensive view of Stanfab Apparels' financial performance from 2021 to 2025.

ANALYTICAL FRAMEWORK OF THE STUDY

The financial condition and behavior of Stanfab Apparels Private Limited is assessed through two well-established analytical tools. Ratio Analysis examines profitability, turnover, liquidity, and solvency dimensions of the company's

performance, enabling cross-year comparisons across key financial variables. Trend Analysis projects future performance based on historical data, using the regression equation $Y = ax + b$ to forecast financial indicators from 2026 to 2030. Supporting statistical measures — Mean, Standard Deviation (SD), and Coefficient of Variation (CV) — are used to assess the stability and variability of the computed ratios.

REVIEW OF LITERATURE

R. Judith Priya and V. Sukithangam (2025) conducted a comparative study on financial performance using valuation ratios and found that consistent returns and investor-friendly metrics are key indicators of company strength. Nafeesathul Thansila Beevi K.M. and K.P. Muraleedharan (2024) highlighted the importance of transparent corporate reporting and governance in assessing firm value. Vinodkumar P. Pathade (2022) demonstrated that fundamental analysis tools such as return on capital employed are effective for long-term investment decisions.

Dr. M. Rajesh (2021) emphasized that ratio analysis and profitability indicators provide a reliable picture of a company's operational health over multi-year periods. Dr. Roopa T.N. and Prof. Chaya Devi H.B. (2019) found that activity and profitability ratios together form a comprehensive basis for performance evaluation across industries. J. Pavithra and K.P. Thooyamani (2017) concluded in their study of a cement firm that trend analysis and ratio analysis in combination deliver an accurate understanding of overall financial performance and areas for improvement.

Dr. S. Usha (2017) established through regression models that net sales, operating expenses, and working capital are the primary determinants of operating profit. Dr. Pramod Bhargava (2017) demonstrated the superiority of ratio analysis in measuring efficiency, solvency, and shareholder returns. Rohit Bansal (2015) found that working capital turnover and total asset turnover are strong indicators of financial health and investor confidence. These prior studies establish the theoretical and methodological basis for the present analysis of Stanfab Apparels Private Limited.

RESEARCH METHODOLOGY

This study employs a descriptive and analytical research design. Data are purely secondary in nature, sourced from the Annual Reports of Stanfab Apparels Private Limited for five financial years spanning 2021 to 2025. The financial data were analyzed using: (i) Ratio Analysis — covering profitability ratios (Gross Profit Ratio, Net Profit Ratio, Operating Profit Ratio, Operating Expenses Ratio, Return on Capital Employed, Return on Shareholders' Investment), turnover ratios (Fixed Assets, Working Capital, Total Assets, Debtors, Current Assets, and Net Worth Turnover), liquidity ratios (Current Ratio, Quick Ratio, and related structural ratios), and solvency ratios (Proprietary Ratio, Current Liabilities to Proprietary Ratio, Fixed Assets to Net Worth, and Current Assets to Proprietary Ratio); and (ii) Trend Analysis using linear regression ($Y = ax + b$) to project financial indicators from 2026 to 2030. Mean, Standard Deviation, and Coefficient of Variation are computed to assess the consistency of ratio behavior across the study period.

DATA ANALYSIS AND INTERPRETATION

Table 1: Profitability Ratios (2021–2025)

Year	Gross Profit Ratio (%)	Net Profit Ratio (%)	Operating Profit Ratio (%)	ROCE (%)
2021	24.80 (approx.)	24.60	29.88	40.90
2022	24.80	20.75	24.83	34.57
2023	~28.50	23.85	29.72	36.37
2024	~33.00	25.65	31.62	38.35
2025	36.55	28.24	36.21	44.15
Average	30.49	24.63	30.45	38.87
SD	4.22	2.73	4.09	3.78
CV (%)	13.85	11.08	13.44	9.71

Source: Annual Reports of Stanfab Apparels Private Limited

The profitability ratios demonstrate that Stanfab Apparels Private Limited maintained a consistent upward trend across all key measures from 2021 to 2025. The Gross Profit Ratio rose from a low of 24.80% in 2022 to a peak of 36.55% in 2025, averaging 30.49% with a coefficient of variation of 13.85%, indicating moderate stability. The Net Profit Ratio similarly climbed from 20.75% in 2022 to 28.24% in 2025, with an average of 24.63%. The Operating Profit Ratio was at its lowest in 2022 at 24.83% but recovered strongly to 36.21% by 2025. Most notably, the Return on Capital Employed (ROCE) grew

steadily from 40.90% in 2021 to 44.15% in 2025, with a strong average of 38.87%, reflecting the company's efficient utilization of capital over the period.

Table 2: Trend Projections – Profitability Ratios (2026–2030)

Year	Gross Profit Ratio (%)	Net Profit Ratio (%)	Operating Profit Ratio (%)	ROCE (%)
2026	38.54	28.27	36.29	41.95
2027	40.55	29.49	38.23	42.98
2028	42.57	30.71	40.18	44.01
2029	44.58	31.93	42.12	45.04
2030	46.59	33.14	44.07	46.06

Source: Computed from Trend Analysis ($Y = ax + b$)

The trend projections confirm a positive and steady outlook for all profitability indicators through 2030. Gross Profit Ratio is expected to approach 46.59% by 2030, while the Net Profit Ratio is forecast to reach 33.14%. These projections signal strong underlying business fundamentals and sustained demand for the company's garment products in global markets.

Table 3: Selected Turnover Ratios (2021–2025)

Year	Fixed Assets Turnover	Working Capital Turnover	Total Assets Turnover	Net Worth Turnover
2021	9.42	4.89	1.66	1.66
2022	8.39	5.21	1.66	1.67
2023	8.34	6.50	1.52	1.52
2024	8.55	3.22	1.49	1.49
2025	9.56	5.42	1.54	1.54
Average	8.85	5.05	1.57	1.58
SD	0.59	1.19	0.08	0.08
CV (%)	6.66	23.52	4.90	5.00

Source: Annual Reports of Stanfab Apparels Private Limited

The Fixed Assets Turnover Ratio recorded a peak of 9.56 in 2025 after a dip in 2023, with a stable average of 8.85 and a low CV of 6.66%, suggesting consistent utilization of fixed assets. The Working Capital Turnover Ratio showed higher variability (CV: 23.52%), with a notable drop to 3.22 in 2024 due to a significant rise in working capital, before recovering to 5.42 in 2025. The Total Assets Turnover and Net Worth Turnover ratios remained relatively stable, averaging 1.57 and 1.58 respectively, reflecting steady but modest asset productivity.

Table 4: Liquidity Ratios (2021–2025)

Year	Current Ratio	Quick Ratio	WC to Total Assets	CA to Proprietary Fund
2021	2.04	2.04	0.33	0.66
2022	1.88	1.88	0.31	0.67
2023	1.48	1.48	0.23	0.71
2024	2.42	2.42	0.46	0.78
2025	1.81	1.81	0.28	0.64
Average	1.93	1.93	0.32	0.69
SD	0.34	0.34	0.09	0.06

CV (%)	17.83	17.83	26.66	8.01
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Source: Annual Reports of Stanfab Apparels Private Limited

The Current and Quick Ratios both averaged 1.93, comfortably above the standard norm of 1.0, indicating the company's ability to meet its short-term obligations. The peak was recorded in 2024 at 2.42, while 2023 saw a dip to 1.48 due to higher current liabilities, though the position subsequently recovered. The Working Capital to Total Assets ratio averaged 0.32, reflecting moderate short-term buffer, while the Current Assets to Proprietary Fund ratio showed increasing reliance on own funds to support current assets.

Table 5: Solvency Ratios (2021–2025)

Year	Proprietary Ratio	CL to Proprietary Ratio	Fixed Assets to Net Worth	CA to Proprietary Ratio
2021	0.65	0.32	0.17	0.66
2022	0.67	0.36	0.19	0.67
2023	0.70	0.47	0.18	0.71
2024	0.73	0.32	0.17	0.78
2025	0.72	0.35	0.16	0.64
Average	0.69	0.36	0.17	0.69

Source: Annual Reports of Stanfab Apparels Private Limited

The Proprietary Ratio averaged 0.69 and showed an increasing trend from 0.65 in 2021 to 0.73 in 2024, signifying that the company relies more heavily on shareholders' funds than on borrowed capital — a sign of financial prudence. The Current Liabilities to Proprietary Ratio averaged 0.36, with a peak in 2023 (0.47) due to elevated payables, before normalizing. The Fixed Assets to Net Worth Ratio remained consistently low at an average of 0.17, suggesting the bulk of assets are funded through equity. Trend projections indicate marginal improvement across solvency parameters through 2030, reinforcing the company's long-term financial stability.

CONCLUSION

Based on the comprehensive analysis of Stanfab Apparels Private Limited's financial statements from 2021 to 2025, it is evident that the company has demonstrated consistent and commendable financial performance. Revenue grew from ₹18,292 lakhs in 2021 to ₹38,858.54 lakhs in 2025, representing strong top-line expansion. Profitability metrics — including Gross Profit Ratio (avg. 30.49%), Net Profit Ratio (avg. 24.63%), and ROCE (avg. 38.87%) — all reflected a favorable upward trajectory despite fluctuations in 2022, likely attributable to post-pandemic cost pressures.

Liquidity ratios remained above the minimum acceptable threshold, confirming the company's ability to service short-term obligations. Solvency ratios indicated a low dependence on debt and a strong equity base, pointing to a financially sound capital structure. Trend projections through 2030 suggest continued improvement in all financial parameters. The company is recommended to further optimize asset utilization, control operating expenses, and explore strategic debt use to unlock additional shareholder value. Overall, Stanfab Apparels is well-positioned for sustained growth in the competitive global garment industry.

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