

A STUDY ON COMPETITOR ANALYSIS ON KAPITUS STRATEGY SERVICES PVT LTD

Submitted in partial fulfillment of the requirements for the award of
MASTER OF BUSINESS ADMINISTRATION

by

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SCHOOL OF MANAGEMENT STUDIES

SATHYABAMA

INSTITUTE OF SCIENCE AND TECHNOLOGY

(DEEMED TO BE UNIVERSITY)

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SCHOOL OF MANAGEMENT STUDIES

BONAFIDE CERTIFICATE

This is to certify that this Project Report is the bonafide work of **J JASMIN LITRICIA 41410133** who carried out the project entitled "**A Study on the Competitor Analysis in Kapitus Strategy Services**" under my supervision from Jan 2023 to April 2023.

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DECLARATION

I **J. JASMIN LITRICIA (41410133)** hereby declare that the Project Report entitled “**A Study on the Competitor Analysis in Kapitus Strategy Services**” done by me under the guidance of **DR. D. VELUMONI** is submitted in partial fulfillment of the requirements for the award of Master of Business Administration degree.

DATE: 05/05/2023

PLACE: Chennai

A handwritten signature in blue ink, appearing to read 'Jasmin', with a horizontal line above it.

J. JASMIN LITRICIA

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J. JASMIN LITRICIA

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CHAPTER 1

A STUDY ON COMPETITOR ANALYSIS ON KAPITUS STRATEGY SERVICES

1.1 INTRODUCTION

The project titled “A Study on the Competitor Analysis in Kapitus Strategy Services” is to analyze the financial position of the company among its competitors and a method to gain insights on what are the areas the company should improve. 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. The financial statements of a company record important financial data on every aspect of a business's activities. As such they can be evaluated on the basis of past, current, and projected performance. The objective of this project is to find out the efficiency of the company using financial ratios like profitability ratios, turnover ratio & solvency ratio of the company, to find out the liquidity position of the company, to study the performance of Company and to provide suitable suggest improving the financial performance of the company.

The project is pertained to the companies data available for the past two years. The conclusions are drawn from the analysis done with the ratios study. The study elucidates the financial position of the company with respect to the past five years. It helps the company to place itself among various other competitive companies.

Financial performance analysis is the process of determining a company's financial strengths and weaknesses by correctly defining the relationship between balance sheet and profit and loss account components. It also aids in short- and long-term forecasting, as well as the identification of growth through the use of various financial techniques in financial performance analysis. In the development of the Indian economy, the bank plays a critical role. In emerging countries, a sound and efficient

banking sector provides the required financial inputs to the economy. It also assesses an organization's overall financial health over a period of time. The financial performance of an organisation is concerned with the bank's financial strengths and weaknesses, as well as the relationship between the balance sheet and the income statement.

Financial analysts often assess firm's production and productivity performance, profitability performance, liquidity performance, working capital performance, fixed assets performance, fund flow performance and social performance. The financial performance analysis identifies the financial strengths and weaknesses of the firm by properly establishing relationships between the items of the balance sheet and profit and loss account. In this context researcher has undertaken an analysis of financial performance of pharmaceutical companies to understand how management of finance plays a crucial role in the growth.

The study through the analysis reveals the pros and cons of the company's financial status. It enables the reader to understand the various financial aspects of a Company through uncomplicated interpretation and findings for study purpose.

Financial performance can improve the financial strength of Company. The company's liquidity position has to increase and it will solve future problem. The company is maintaining the reserves and surplus better so it can face financial stress in the future. To proper maintain of financial performance to achieve the company goal.

1.2 COMPANY PROFILE

Kapitus Strategy Services Private Limited, commonly known as **Kapitus**, is a financial institution established in 2006 and based in New York. Kapitus acts as a direct lender and a loan marketplace. Formerly known as Strategic funding, the firm provides revenue-based financing, small business loans. SBA loans, equipment financing, Helix healthcare financing, concierge services and purchase order financing services among others.

At Kapitus, our mission is to empower every business to succeed by providing the best financing options – when they need it and how they need it. Whether we are working with a business directly or through a strategic partner, we will work diligently to provide the most convenient, cost- effective and appropriate financing solution for a business's needs. We promise to keep the best interests of our clients at the center of the financing process by operating with transparency, fairness, and integrity. We will continue to empower small businesses by making educated financial decisions

1.3 INDUSTRY PROFILE

A Non-Banking Financial Company (NBFC) is a company registered under the Companies Act, 2013 engaged in the business of loans and advances, acquisition of shares/stocks/bonds/ debentures/securities issued by Government or local authority or other marketable securities of a like nature, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of agriculture activity, industrial activity, purchase or sale of any goods (other than securities) or providing any services and sale/purchase/construction of the immovable property.

According to research and studies, it is proved that NBFCs are outperforming banks. The continued better performance from NBFCs has given rise to an uptick of 15% customer satisfaction as compared to the banking customers. The same is agreed by the RBI according to the recent Financial Stability Report. Banks and Non- Banking Financial Companies (NBFCs) are financial intermediaries and the services offered by them are pretty much the same as banks. India Ratings and Research (Ind-Ra) has maintained a neutral sector outlook and a Stable rating Outlook for non-banking finance companies (NBFCs) for FY23.

1.4 OBJECTIVES OF RATIO ANALYSIS

Interpreting the financial statements and other financial data is essential for all stakeholders of an entity. Ratio Analysis hence becomes a vital tool for financial analysis and financial management. Let us take a look at some objectives that ratio analysis fulfils.

MEASURE OF PROFITABILITY

Profit is the ultimate aim of every organization. So if I say that ABC firm earned a profit of 5 lakhs last year, how will you determine if that is a good or bad figure? Context is required to measure profitability, which is provided by ratio analysis. Gross Profit Ratios, Net Profit Ratio, Expense ratio etc provide a measure of the profitability of a firm. The management can use such ratios to find out problem areas and improve upon them.

EVALUATION OF OPERATIONAL EFFICIENCY

Certain ratios highlight the degree of efficiency of a company in the management of its assets and other resources. It is important that assets and financial resources be allocated and used efficiently to avoid unnecessary expenses. Turnover Ratios and Efficiency Ratios will point out any mismanagement of assets.

ENSURE SUITABLE LIQUIDITY

Every firm has to ensure that some of its assets are liquid, in case it requires cash immediately. So the liquidity of a firm is measured by ratios such as Current ratio and Quick Ratio. These help a firm maintain the required level of short-term solvency.

OVERALL FINANCIAL STRENGTH

There are some ratios that help determine the firm's long-term solvency. They help determine if there is a strain on the assets of a firm or if the firm is over-leveraged. The management will need to quickly rectify the situation to avoid liquidation in the future. Examples of such ratios are Debt-Equity Ratio, Leverage ratios etc.

COMPARISON

The organizations' ratios must be compared to the industry standards to get a better understanding of its financial health and fiscal position. The management can take corrective action if the standards of the market are not met by the company. The ratios can also be compared to the previous years' ratios to see the progress of the company. This is known as trend analysis.

1.5 ADVANTAGES OF RATIO ANALYSIS

When employed correctly, ratio analysis throws light on many problems of the firm and also highlights some positives. Ratios are essentially whistle blowers; they draw the management's attention towards issues needing attention. Let us take a look at some advantages of ratio analysis.

Ratio analysis will help validate or disprove the financing, investment and operating decisions of the firm. They summarize the financial statement into comparative figures, thus helping the management to compare and evaluate the financial position of the firm and the results of their decisions.

It simplifies complex accounting statements and financial data into simple ratios of operating efficiency, financial efficiency, solvency, long-term positions etc.

Ratio analysis help identify problem areas and bring the attention of the management to such areas. Some of the information is lost in the complex accounting statements, and ratios will help pinpoint such problems.

Allows the company to conduct comparisons with other firms, industry standards, intra-firm comparisons etc. This will help the organization better understand its fiscal position in the economy.

1.6 LIMITATIONS OF RATIO ANALYSIS

While ratios are very important tools of financial analysis, they'd have some limitations, such as

The firm can make some year-end changes to their financial statements, to improve their ratios. Then the ratios end up being nothing but window dressing.

Ratios ignore the price level changes due to inflation. Many ratios are calculated using historical costs, and they overlook the changes in price level between the periods. This does not reflect the correct financial situation.

Accounting ratios completely ignore the qualitative aspects of the firm. They only take into consideration the monetary aspects (quantitative)

There are no standard definitions of the ratios. So, firms may be using different formulas for the ratios. One such example is Current Ratio, where some firms take into consideration all current liabilities but others ignore bank overdrafts from current liabilities while calculating current ratio

And finally, accounting ratios do not resolve any financial problems of the company. They are a means to the end, not the actual solution.

1.4 OBJECTIVES OF THE STUDY

Primary Objectives

To find out and compare the financial performance of the competitors of Kapitus Strategic Services.

Secondary Objectives

- To rank the companies according to their financial performance.
- To identify and fill the market gap.
- To suggest the company methods in which it can increase its profits.

1.5 NEED FOR THE STUDY

Competitor analysis is crucial to your business' success, as this kind of in-depth research arms you with the ability to quickly identify market trends and adapt to competitor strategies to gain a stronger foothold or to out-compete them entirely. It will help you recognize how you can enhance your own business strategy, resulting in a competitive edge over others in the same sector.

The financial statements need to evaluate a company's profitability, liquidity, and solvency. The most common methods used for financial statement analysis

are ratio analysis. This method includes calculations and comparisons of the results to historical company data, competitors, or industry averages to determine the relative strength and performance of the company being analyzed.

1.6 SCOPE OF THE STUDY

A competitive analysis should examine your competitors' features, market share, pricing, marketing, differentiators, strengths, weaknesses, geography, culture and customer reviews. The comparative study is targeted within the major competitors of Kapitus which includes Ugro Capital and Navi Groups. The duration in which the project is undertaken is between Jan to Mar 2023, for a period of 3 months.

The study through the analysis reveals the pros and cons of the company's financial status. It enables the reader to understand the various financial aspects of a company through uncomplicated interpretation and findings for study purpose.

CHAPTER 2

2.1 REVIEW OF LITERATURE

- **Rao (2016)**, in his study discussed regarding ‘impact of debt-equity ratio on profitability – an exploratory study of banking industry’. In this study he observed that if the earning ability i.e., profitability, has any impact on the debt-equity ratio in banks. This study was based on the impact of profitability on the debt-equity ratio and has revealed a negative association i.e., high debt equity ratio means low profitability due to large interest payments, whereas low debt equity ratio caused high profitability because of low interest payments.
- **Eljelly(2016)**, in his study empirically examined the relationship between profitability and liquidity, as measured by current ratio and cash gap (cash conversion cycle) on a sample of 929 joint stock companies in Saudi Arabia. Using correlation and regression analysis, Eljelly found significant negative relationship between the firm’s profitability and its liquidity level, as measured by current ratio. This relationship is more pronounced for firms with high current ratios and long cash conversion cycles. At the industry level, however, he found that the cash conversion cycle or the cash gap is of more importance as a measure of liquidity than current ratio that affects profitability. The firm size variables was also found to have significant effect on profitability at the industry level.
- **Lazaridis and Tryfonidis(2016)**, they conducted a cross sectional study by using a sample of 131 firms listed on the Athens Stocks Exchange and found statistically significant relationship between profitability, measured through gross operating profit, and the cash conversion cycle and its components (accounts receivables, account payables, and inventory). Based on the results analysis of annual data by using correlation and regression test, they suggest that managers can create profits for their

companies by correctly handling the cash conversion cycle and by keeping each component of the conversion cycle (accounts receivables, accounts payables, and inventory) at an optimal level.

- **Chakraborty and Bandopadhyay (2017)**, in their research studies strategic working capital management, and its role in corporate strategy development, ultimately ensuring the survival of the firm. They also highlight how strategic current asset decision and strategic current liabilities decisions had multi-dimensional impact on the performance of a company.
- **Raheman and Nasr (2017)**, in their study made an attempt to show the effect of different variables of working capital management including average collection period, inventory turnover in days, average payment periods, cash conversion cycle, and current ratio on the net operating profitability of Pakistani firms. They selected a sample of 94 Pakistani firms listed on Karachi Stock Exchange for a period of six years from 1999-2004 and found a strong negative relationship between variables of working capital management and profitability of the firm. They found that as the cash conversion cycle increases, it leads to decreasing profitability of the firm and managers can create a positive value for the shareholders by reducing the cash conversion cycle to a possible minimum level.
- **Carolyn.J.Henrich (2017)** , in his article, Outcomes-Based Performance Management in the Public Sector: Implications for Government Accountability and Effectiveness, says that in responding to the requirements of Government Performance and Results, federal agencies should choose performance measures that are closely aligned with stated goals, appropriate actual performance as closely as possible and are relatively simple and inexpensive to administer. It is also important that performance standards systems provide timely feedback to state and local program managers such as the Annual Program Performance

Reports. Program managers' desire to get incentives, it will enhance the measured performance. Also, it involves activities and interactions that span multiple levels of organization.

- **Bernard Marr (2017)**, in his article, Business Performance Management: Current State of the Art, A survey report by Bernard Marr, says that Business Performance Management is a term frequently used among senior executives of leading corporations around the globe to describe the management processes and business systems they use to improve performance and accountability. To provide a comprehensive picture of performance, organizations must measure all relevant perspectives on performance. These perspectives will slightly be depending on the industry context of the organization. Benchmarking is a popular tool for strategic management, which enables a company to understand its current performance levels and set future targets.
- **Bernard Marr and Stephen Parry (2017)** in their article, Performance management in call centers: lessons, pitfalls and achievements in Fujitsu Services, found out that Fujitsu introduced a new sense and respond approach for performance management. It is found that this approach is difficult to adopt to since it upset the old power structure. Some have resisted it because they felt unsure about the new performance management approach. Finally, Fujitsu services had the result like increase of customer satisfaction by 20 percent, decrease of staff attrition from 48 percent, increase of employee satisfaction by 40 percent, reduction of operating costs by 48 percent and service upgrades amounted to £200 million.
- **Shollapur M.R** in his article in 'The Indian Journal of Commerce' has reviewed concept of NBFCs. The NBFCs constituted a significant part of financial system and complement the service provide by commercial bank

in India. The efficiency of financial services and flexibilities helped them build a large body of client including small borrower and bigger corporate establishment. The pace of financial liberalization has intensified the competition. As a result, there has been a shift towards strategic perspective marketing process of NBFCs. This perspective enable them to predict the future impact of change and help to move out of weak area and grab new opportunity through continuous monitoring system.

- **R.M Srivastava & Divya Nigam** in their book Management of Indian Financial Institution highlighted that background material for economic growth and financial institution, types of financial institution, recent trend Indian financial market. They put emphasis on the fact that the money market has passed through a phase of substantial adjustment and advancement in recent year.
- **K.C Shekhar & Lakshmy Shekhar** in his book has explained role of indian NBFCs in India has shown rapid development especially in 1990 owing to their high degree of orientation towards consumers and implication of section requirement. The role of NBFCs as effective financial intermediaries arise has been well recognized as they have inherent abilities to take quicker decision, assume risk and customize their services provided by bank and market the components on a conceptual basis.
- **L M Bhole** in his book define the NBFCs perform a diversified range of function and other various financial services to individual, corporate and institutional client. It also play positive role in accessing certain depositor segment and clearing credit requirement of borrowers. It also discusses

the major financial market in India. Along with related financial instrument and services i.e. call money, call loan, other short term interest rate instrument and the recent development in money market.

- **Shashi K. Gupta, Nisha Gupta & Neeti Gupta**: in his book define money market is an opportunity for balancing the short-term surplus fund of the investor with the short term requirement to borrowers. Another feature of money market is that they are liquid with varying degree. It also defines NBFCs play an important role in financial intermediaries because they can take quick decision making assume greater risks and design their product to the need of customer.
- **Gurley and Shaw** developed a financial concept that described the activities of financial intermediaries and the theoretical concept of financial institutions. They basically classified the intermediaries into two categories which are monetary and non-monetary by nature. Monetary institutions like banks which help in generating money and thereon monetary sectors which do not help in generating money.
- **Goldsmith** was the first author who realized and identified the need and role of financial institutions in development process. He has given priority in the role of such financial institutions in the process of mobilizing the funds from the investors as deposit to the borrowers as loan for the productive and operational activities.
- **Shanker** in his study described that the resources should be increased and efficiently allocated in the huge competitive scenario due to the large numbers of competitors and their financial soundness. Levine et. al, pointed out that the growth of economy is very high where the financial institutions were developed. In this study he defined that the Non-banking Financial Companies have increased their investment percentage in

private sectors, and which leads to enhancement real per capita GDP of about 0.6% points every year.

- **Shollapur** realized that the NBFCs are playing a very adequate role in the system of finance and are known as the complimentary sectors of commercial banks of India. The healthy and productive financial services of NBFCs lead to retain large numbers of customers which also includes small borrowers.
- **Balachandran** in his study he defined that the various financial products are available in the financial markets and which offer adequate credit and payment services and also helps in mobilizing the funds of savers to the borrowers as investment of such financial companies and for those reasons NBFCs are playing a very major role in Indian financial markets.
- **Sundaram (2014)** realized that NBFCs have been developed in their financial performance, profitability aspects. The researcher here advised that the RBI should fully regulate the NBFCs like commercial banks because these companies are developing rapidly and expanding their operational activities to the possible extent.
- **Khalil (2015)** described the NBFC's performance in financial aspects which include the services like investment and leasing finance, management of asset, consulting services in case of investment which are not efficiently provided by the Banking sectors.
- **Asschoam** in the article titled "Building the Building the NBFC of the future – scalable and profitable modes". This paper highlights the scrutiny on NBFCs and their operation. In this paper 10 themes that NBFC should take into their thinking around long term, sustainable growth has discussed.

- **Kaushal H.R. (2016)** found that NBFCs has great scope for the improvement in free based business. They play a role of intermediaries between savers and the investors. NBFCs are the perfect alternatives to the conventional banks for meeting various financial requirements of financial enterprise.
- **Kumar** “NBFCs- status paper database” in this research paper Mr. Kumar has shown types of NBFCs, classification, regulation and number of registered NBFCs with RBI. He also analyzed the profile of NBFCs dealing in assets and public deposit in 2008-09. DSIM, DNBS, MCA maintained NBFCs for different purpose.
- **Shanmugham R. And sowahanya R. (2014)** In their research paper titled Analysis of financial performance of NBFCs in India”. They analyzed that there is a prominent difference between profitability ratio, leverage ratio, liquidity ratio and risk indicator ratios of selected NBFCs.
- **Singh Dr Kshetrimayum Ranjan (2014)**: in his research titled “Growth and development of Non-banking Financial Companies in India”, he found that NBFCs have greater reach and flexibility in tapping resources. They are doing more fee-based business than fund based. The paper highlights that NBFCs have become major financial source for people. NBFCs are now focus more on retail sector, housing finance, personal loan etc.
- **Yadav Sunita (2017)** In her paper “A study of performance of NBFCs in India” showed the types of NBFCs. She analyzed in profit ratio of Different non-banking financial companies during 2008-16. Especially HDFC, BAJAJ FINSERY, PFC, INDIABULLS, LIC etc.

- **Basu**, in his paper “Non-Banking Financial Intermediaries and Monetary Policy” explains that in India, the NBFC comprises a variety of institutions, which are defined under section 45 I (a) of the Reserve Bank of India Act, 1934. The author has discussed about the nature of activities of the NBFCs. The paper also describes the types, monetary policies and regulatory measures of NBFC.

- **Kantawala**, in his study “Financial Performance of Non-Banking Finance Companies in India”, examined the performance of non-banking financial companies. Based on secondary data collected from different RBI bulletins regarding financial and investment companies, the study concluded that there was a significant difference in the profitability ratios, leverage ratios, and liquidity ratios of various categories of NBFCs. When two categories were compared, the selected ratios were not statistically different from each other in majority of the cases. When all the companies were taken together, null hypothesis was accepted for only three ratios, indicating thereby that there was no significant difference. From this, it can be inferred that the ratios for all categories of NBFCs were generally different from each other.

- **Bhargavi**, in his study on “A Study on Performance of NBFCs Engaged in Leasing Business with Special Reference to Sundaram Finance Ltd., Chennai” found that all the sample companies had performed well except Tata Finance Ltd. Though these companies had faced recession during the period 2000-01, they had revived their performance in the subsequent period. After that, the companies had recorded better performance because they had diversified their activities. The study showed a decline in the performance of leasing companies. The main reasons that can be held responsible for the downfall of leasing industry was that capital intensive industry which required huge plants and machineries were badly hit by recession during the period 2000-01. The other reason was

that companies had started to organise funds through loan and capital issues for the purpose of procuring assets.

- **Rani**, in his thesis “Impact of Financial Sector Reforms on NonBanking Financial Companies” studied about the comprehensive legislations recommended by Narasimham Committee II which empowered RBI with extensive powers to manage over the performance and existence of NBFCs. The study found that the growth rate of NBFC in respect of deposits continued to rise till the year 1997, but declined after 1998 as the regulatory framework in 1998 came as a source of extreme control to the real and genuine players in the market. However, it has been identified in the study that the main source of NBFCs had always been the acceptance of deposits.
- In the study done by D. Prathma Priya (2019) on the financial performance analysis of HDFC Limited from 2013-14 to 2017-18, financial ratios were considered as the key indicator for the financial performance evaluation. Through her study, she concluded that the financial performance of HDFC Ltd. was satisfactory.
- In another paper by S.V. Satyanarayana and Srilakshmi Ramu (2019) on comparative study between public and private housing finance companies in India, five public and five private HFCs have been selected for comparison. In this study also, financial ratios were taken as the main comparison parameter.
- P.S. Ravindra et al. (2013), in their study on Operational and Financial Performance Evaluation of Housing Finance Companies in India (A Case Study of LIC Housing Finance Limited and HDFC), said that LIC had performed better than HDFC during the research period of 2000-01

to 2011-12. In this study, he considered financial ratios as well as the loan profile of the two companies.

- **Rozina Akter and Sarifull Islam (2018)** used CAMEL model to evaluate the performance of some selected NBFCs of Bangladesh. Through this study, they identified that to utilize the benefits of this model, more accurate data is required, and Bangladesh Government should take some initiative to solve this problem.
- A. Kavitha (2017), in her study, used CAMEL model to analyze the performance of five selected Housing Finance Companies in India. Through her study she concluded that HDFC Ltd. Was the best performer and Can Fin Homes Ltd. was the worst performer among the selected HFCs.
- **Dr.C.Thilakam and M. Saravanan (2014)**, in their study, analyzed the performance of 36 NBFCs of Tamil Nadu. Out of these 36 NBFCs, 4 were Government Companies, 13 were Small Companies and another 13 were Top Companies which had been selected as sample respondents based on multi-stage random sampling. They suggested that RBI may effectively control, supervise, advise and guide NBFCs, especially Government companies, by compulsory inspection.
- **V. Vijayalakshmi and M. Srividya (2014)** in their study stated that the financial health plays a significant role in the successful management of a company. The analysis practically reveals that gross profit ratio, operating ratio, return on equity capital, and earnings per share, have significant effect on the net profit ratio of the selected pharmaceutical companies during the study period. However, profitability of the selected pharmaceutical companies in India during the study period is satisfactory. During the period of study there were a few ups and downs in the profitability but it did not affect the operations of the company to a great extent. If the Pharmaceutical Industry has to perform well, it has to

invest more capital and has to do more sales, only then it will improve its performance level.

- **Mohmad and Dr. Syed (2016)** analysed the liquidity and profitability of selected companies and more specifically it seek the comparison between the liquidity and profitability performance of selected companies. There is significant difference between the performances of pharmaceutical companies on the basis of Quick Ratio. The performance of Cipla is better than that of Dr. Reddy's labs in terms of profitability.
- **Muhammad Haidar** pointed out that the strength of CAMEL's factors would determine the overall strength of the bank. The quality of each component further underlines the inner strength and determines how far it can take care of itself against the market risks.
- **Suresh and Deepak** has made a thorough analysis of the expansion of the non-banking sector in India, including a discussion of the number of operating firms, the nature of the businesses conducted by NBFCs, the size of their assets, the regional distribution of NBFCs, the regulations that govern them, the challenges they face, and the opportunities they have ahead.
- A recent article provides convincing evidence that data items stored in large databases have significant rates of errors. The problem is exemplified by the COMPUSTAT and CRSP Monthly Return Tape which are mistakenly thought to be accurate because they report information for publicly owned companies. However, both databases have significant error rates that distort analysis unless corrected .

- According to the findings of the research, the expansion of NBFCs contributes to the accelerated expansion and increased profitability of the banking industry. The survey found that NBFCs face a number of issues, including difficulty in accepting open assets, customer communication and management, as well as a lack of clarity in RBI control directives and legislation. According to the findings of the research, non-bank financial companies (NBFCs) should be eligible for increased tax breaks.

- **Devendra** has done an This study was conducted at a regional level and consisted of empirical research work on asset and liability management methods at two public sector banks, namely Andhra bank and Bank of India, as well as two private banks, HDFC and AXIS, throughout the period of 2007 to 2016.

- **Yusuf and Hakan**, explained the short-term creditors of a company like suppliers of goods of credit and commercial banks providing short-term loans are primarily interested in knowing the company's ability to meet its current or short-term obligation as and when these become due. The short-term obligation of a firm can be met only when there are sufficient liquid assets. Therefore, a firm must ensure that it doesn't suffer from lack of liquidity or the capacity to pay its current obligation if a firm fails to meet such current obligations due to lack of good liquidity position, its goodwill in the market is likely to be affected beyond repair.

- The assessment of interest rate risk analysis using GAP analysis has been the primary focus of the research, along with the identification of a link between NPA and asset liability structure. In addition to this, he investigated the effect that ALM procedures have on the efficiency of the banking industry.

- According to the findings of the research, to prevent issues caused by a shortage of cash, private banks maintained larger cash reserves than public sector banks. Throughout the whole of the research period, private sector banks were shown to have better returns from their operations than public sector banks. According to the findings of the research, the profitability position of banks in the private sector is much greater than that of banks in the public sector because of the high competency of their employees.

- Beginning with Beaver's expressed that standard financial ratio can predict the financial performance of firms, many subsequent studies have attempted to demonstrate the predictive value of various techniques for estimating actual business performance.

- Foster, reviewed of the literature describing methods and theories for evaluating and predicting financial performance reveals that although methods have become increasingly complex, few researchers adequately address the problems associated with the sample used. For example, most ratio analysis studies use multivariate analysis that assumes of a normal distribution of the financial ratios. Without confirming the approximation of normality of ratio distribution, the researcher is at risk of drawing erroneous inferences. When considering the distribution of financial ratios in any database, the normality of the distribution can be skewed by data recording errors, negative denominators and denominators approaching zero.

- **Malhorta and McLeod**, argued that the only way to assess future financial performance is through the inclusion of subjective measures. Ross et al. implied that the most researchers divide the financial ratios into four groups i.e., profitability, solvency, liquidity, and activity ratios.

Lasher reviewed dept ratios show how effectively the organization uses other people's money and whether it is using a lot of borrowed money. Tarawneh, described the nature of the organization influences the ratios employed. For example, in the case of a bank, the liquidity ratio is used to determine the amount of liquidity that a bank needs in order to meet its liabilities a bank also uses profitability ratios.

- **Brigham and Ehrhardt** stated “financial ratios are designed to help evaluate financial statements”. Financial ratios are used as a planning and control tool. Financial ratios analysis is used to evaluate the performance of an organization, it aims to determine the strong and weak points and it offers solutions by providing appropriate plans.
- **Lermack**, argued the benefits of financial ratios analysis: Financial ratios are an important and well-established technique of financial analysis.
- **Tiwari and Parray (2019)** explained in detail the analysis of financial statements of Ranbaxy Ltd. It provides insights into two widely used financial tools, ratio analysis and common size statements analysis. The objective of this paper is to help the reader understand how these tools should be used to analyze the financial position of a firm.

CHAPTER 3

3.1 RESEARCH METHODOLOGY

Research methodology is a way to systematically solve the research problem. It may be understood as a science of study how research is done scientifically. In this study the various steps that are generally adopted by the researcher in studying his research problem along with the logic behind them.

3.2 RESEARCH DESIGN

The proposed study is of **DESCRPTIVE IN NATURE**. Research design is needed because it facilitates the smooth sailing of the various research operations, thereby making research as efficient as possible. A research design for a particular problem usually involves the consideration of the following factors.

3.3 SOURCE OF INFORMATION

Basically, there are two sources of information. The researcher has collected secondary data for the study.

SECONDARY DATA

The data was collected from sources like magazine, journals, Company reports and industrial magazines (annual reports from the year 2020 to 2022).

3.4 RESEARCH TYPE

Research type is the basic frame work which provides guidelines for the research process. The research design chosen for the study by the researcher was **Analytical in nature**. The researcher has to use facts of information

already available. The researcher has to analyze facts to make critical evaluation of the material.

The choice of the research type depends on the depth and extent of data recording, the cost and benefits of research, the urgency of work, the time availability of completing its research and the blue print of the research project.

3.5 TOOLS USED FOR ANALYSIS

- ✓ Ratio analysis

RATIO ANALYSIS

Ratio analysis is a powerful tool of financial analysis. A ratio is used as benchmark for evaluating the financial position and performance of the firm. The relationship between two accounting figures expressed mathematically is known as financial ratio. Ratios helps to summarize large sums of data and to make qualitative judgement of the firms financial performance. Here we compare the past period of ratios of the firm and thereby make interpretations about the firm.

❖ LIQUIDITY RATIOS

Liquidity refers to how quickly and easily a financial asset or security can be converted into cash without losing significant value. In other words, how long it takes to sell. Liquidity is important because it shows how flexible a company is in meeting its financial obligations and unexpected costs.

CURRENT RATIO

The current ratio measures the short term solvency of the firm. It establishes the relationship between current assets and current liabilities. It is calculated by dividing current assets by current liabilities.

$$\text{Current ratio} = \text{Current assets} / \text{Current liabilities}$$

QUICK RATIO

It has been an important indicator of the firms liquidity position and is used as a complementary ratio to current ratio. It establishes the relationship between quick assets and current liabilities. It is calculated by dividing quick assets by current liabilities.

$$\text{Quick ratio} = \text{Liquid assets} / \text{Current liabilities}$$

ABSOLUTE QUICK RATIO

Super Quick or Absolute Liquid Ratio assets means account cash in hand, cash at bank, and marketable securities or temporary investments. The almost all favorable value of this ratio greater than one. It means absolute quick assets worth one half of the worth of current liabilities are sufficient for satisfactory liquid position of a business.

$$\text{Absolute quick ratio} = \text{Absolute quick assets} / \text{Current liabilities}$$

❖ PROFITABILITY RATIO

The profitability ratios of a firm can be measured by calculating various profitability ratios. Generally, two groups of profitability ratios are calculated:

- Profitability in relation to sales
- Profitability in relation to investments

It is a fact that sufficient profits must be earned to sustain the operation of the business to be able to obtain funds from investors for expansion and growth to contribute towards the responsibility of welfare of the society in business environment and globalization. The profitability ratios are calculated to measure the operating efficiency of the firm.

The following are the ratios used for the analysis:

GROSS PROFIT RATIO:

It measures the relationship between gross profit and sales. It is a useful indication of profitability of the business. This ratio is usually expressed in percentage.

$$\text{Gross profit ratio} = \text{Gross profit} / \text{Net sales} \times 100$$

EARNING PER SHARE

Earnings per share is a small variation of return on equity capital. It provides a view of the comparative earnings when it compares with that of similar other companies. Thus, the earnings per share are a good measure of profitability.

$$\text{Earnings Per Share} = \frac{\text{Net Profit After Preference Dividend}}{\text{No. of Equity Shares}}$$

DIVIDEND PAYOUT RATIO

The Dividend Payout Ratio (DPR) is the number of dividends paid to shareholders in relation to the total amount of net income the company generates. In other words, the dividend payout ratio measures the percentage of net income that is distributed to shareholders in the form of dividends.

$$\text{Dividend Payout Ratio} = \text{Total Dividend} / \text{Total Income}$$

NET PROFIT RATIO

It measures the relationship between net profit and sales of a firm. It indicates managements efficiency in manufacturing, administrating, and selling the products. It is calculated by dividing net profit after tax by sales.

$$\text{Net profit ratio} = \text{Net Profit} / \text{Net sales} \times 100$$

RETURN ON INVESTMENT

Rate of return indicates profitability of the business and is very much in use among financial analysis. It indicates the relation of net profit with capital employed in the business. Net profit will be before interest, tax and dividend. Capital employed means long term funds.

$$\text{ROI} = \frac{\text{EBIT}}{\text{Total assets}} \times 100$$

❖ TURNOVER RATIOS

DEBTOR TURNOVER RATIO

Debtor turnover ratio is the ratio that suggests the no. of times the amount of credit sale is collected during the year. It is found out by dividing Total Sales by Account Receivables.

$$\text{Debtor turnover ratio} = \frac{\text{Total Sales}}{\text{Account Receivables}}$$

FIXED ASSET TURNOVER RATIO

To ascertain the efficiency and profitability of the business the total fixed assets are compared to sales. The more the sales in relation to the amount invested in fixed assets, the more efficient is the use of the fixed assets. It indicates higher efficiency.

$$\text{Fixed assets turnover} = \frac{\text{Sales}}{\text{Net fixed assets}}$$

SOLVENCY RATIOS

The solvency or leverage ratios throws light on the long-term solvency of a firm reflecting its ability to assure the long-term creditors with regard to periodic payment of interest during the period and loan repayment of principal on maturity or in predetermined instalments at due dates. The ratio is based on the relationship between borrowed funds and owners' capital and it is calculated from the balance sheet and profit/loss account.

DEBT-EQUITY RATIO

It indicates the relationship describing the lenders contribution for each rupee of the owners contribution is called debt-equity ratio. Debt equity ratio is directly computed by dividing total debt by net worth. Lower the debt equity ratio, higher the degree of protection.

$$\text{Debt-equity ratio} = \text{Total debt/Net worth}$$

PROPRIETARY RATIO

This ratio is also termed as capital ratio or net worth to total asset ratio. This is one of the variant of debt equity ratio. This shows the relationship between shareholders funds and total assets

$$\text{Proprietary ratio} = \text{Shareholders Fund / Total Assets}$$

DEBT-ASSET RATIO

The debt ratio measures how much of the firm's asset base is financed using debt. You calculate this by dividing a company's debt by its assets. If a firm's debt-to-assets ratio is 0.5, that means, for every 1 unit of debt, there are 2 units worth of assets.

$$\text{Debt ratio} = \text{Total debt /Total assets}$$

DEBT-TO-CAPITAL RATIO

A measurement of a company's financial leverage, calculated as the company's debt divided by its total capital. Debt includes all short-term and long-term obligations. Total capital includes the company's debt and shareholders' equity, which includes common stock, preferred stock, minority interest and net debt.

$$\text{Debt To Capital Ratio} = \frac{\text{Debt}}{\text{Shareholders' Equity} + \text{Debt}}$$

FIXED ASSETS TO NETWORTH RATIO

This ratio is relationship between fixed assets and share capital fund. This ratio is also called fixed assets to net worth ratio. Following is its formula:

$$= \text{Fixed Assets} / \text{Share capital fund}$$

Provision for Credit Losses (PCL) Ratio

The provision for credit losses (PCL) is an amount that a bank sets aside to cover loans they believe will not be collectible. By having such an amount set aside, the bank is more protected from insolvency. The PCL ratio measures the provision for credit losses as a percentage of net loans and acceptances. Looking at it enables investors or regulators to assess the riskiness of loans written by the bank in comparison to their peers. Risky loans lead to a higher PCL and, thus, a higher PCL ratio.

Provision for Credit Losses Ratio = Provision for Credit Losses / Net Loans and Acceptances

NET INTEREST MARGIN

Net interest margin is the difference between the interest income generated and the amount of interest paid out to lenders. It is an industry-specific profitability ratio for banks and other financial institutions that lend out interest-earning assets.

Net Interest Margin = Interest revenue – Interest expense

$$\div \text{Average earning assets}$$

UGRO CAPITAL LIMITED								
BALANCE SHEET AS AT 31 MARCH 2022								
(All amounts are in INR IN Lakhs)								
	Particulars	Note No.	As at 31 March 2022	As at 31 March 2021				
I.	ASSETS							
	Financial Assets							
	Cash and equivalents	3	12,366	875				
	Bank balances other than cash and cash equivalents	4	19,239	14,091				
	Trade receivables	5	358	658				
	Loans	6	127,881	83,238				
	Investments	7	5,523	7,251				
	Other financial assets	8	323	8,328				
			165,689	114,441				
	Non-financial assets							
	Current tax assets (net)	9	-	144				
	Deferred tax (net)	10	4,294	2,156				
	Property, plant and equipment	11	469	587				
	Right of use asset	12	1,094	1,344				
	Intangible assets under development	13	388	94				
	Other intangible assets	14	2,062	1,839				
	Other non-financial assets	15	1,094	641				
			9,401	6,805				
	TOTAL ASSETS		175,089	121,246				
II.	LIABILITY AND EQUITY							
	LIABILITIES							
	Financial liabilities							
	Payables	16						
	(A) Trade payables							
	(I) total outstanding due of micro enterprise and small enterprises		0	10				
	(II) total outstanding dues of creditors other than micro enterprises and small enterprises		736	1,039				
	(B) Other payables							
	(I) total outstanding due of micro enterprise and small enterprises		-	-				
	(II) total outstanding dues of creditors other than micro enterprises and small enterprises		287	371				
	Debts securities	17	29,941	5,009				
	Borrowing (other than debt securities)	18	46,629	20,444				
	Other financial liabilities	19	1,729	1,871				
	Non-financial liabilities							
	Current tax liabilities (net)	9	144	-				
	Provisions	20	242	200				
	Other non-financial Liabilities	21	138	149				
	TOTAL LIABILITIES		79,846	29,094				
	Equity							
	Equity share capital	22	7,053	7,053				
	Other equity	23	88,191	85,100				
	Total Equity		95,244	92,152				
	TOTAL LIABILITIES AND EQUITY		175,089	121,246				

UGRO CAPITAL LIMITED					
PROFIT AND LOSS AS AT 31 MARCH 2022					
(All amounts are in INR IN Lakhs)					
	Particulars	Note No.	As at 31 March 2022	As at 31 March 2021	
	Revenue from operations				
	Interest Income	24	14,813	7,889	
	Dividend Income	25	-	17	
	Net gain on fair value charges	26	35	1,694	
	Other operation income	27	134	69	
	Total revenue from operations		14,981	9,669	
	Other Income	28	353	845	
	Total Income		15,334	10,514	
	Expense				
	Finance cost	29	4,456	1,367	
	Impairment on financial instruments	30	1,962	1,023	
	Employee benefits expense	31	4,533	4,715	
	Depreciation	32	1,174	739	
	Other expenses	33	1,996	2,338	
	Total expense		14,121	10,183	
	Profit before exceptional items and tax		1,213	332	
	Exceptional items	34	-	-	
	Profit before tax		1,213	332	
	Tax expense:				
	(1) Current tax				
	Tax for current year as per minimum alternative tax		483	296	
	(2) Deferred tax benefit (Net)		(2,143)	(1,916)	
	Total tax expense		(1,660)	(1,620)	
	Profit for the year (A)		2,873	1,952	
	Other comprehensive income				
	Items that will not be reclassified to profit and loss				
	Remeasurements of the defined benefit obligations		19	0	
	Income tax relating to items that will not reclassified to profit and loss		(6)	(0)	
	Subtotal (A)		14	0	
	Other comprehensive income for the year (net of tax) (B)		14	0	
	Total comprehensive income for the year (C) = (A+B)		2,886	1,952	
	Earnings per equity share of face value of Rs. 10 each	35			
	Basic		4	3	
	Diluted		4	3	

Navi Finserve Private Limited				
BALANCE SHEET AS AT 31 MARCH 2022				
(All amounts are in INR IN Lakhs)				
	Particulars	As at 31 March 2022	As at 31 March 2021	
I.	ASSETS			
	Financial Assets			
	Cash and equivalents	16,679.83	2,528.95	
	Bank balances other than cash and cash equivalents	8,087.56	1,432.65	
	Trade receivables	4.85	-	
	Loans	166,129.00	93,784.82	
	Investments	241,981.22	338,170.01	
	Other financial assets	1,943.35	341.94	
		434,825.81	436,258.37	
	Non-financial assets			
	Current tax assets (net)	-	-	
	Deferred tax (net)	4,078.48	1,617.34	
	Property, plant and equipment	325.93	319.63	
	Right to use assets	163.44	25.62	
	Other Intangible asset	226.12	148.87	
	Other non-financial assets	487.28	236.44	
		5,281.25	2,347.90	
	TOTAL ASSETS	440,107.06	438,606.27	
II.	LIABILITY AND EQUITY			
	LIABILITIES			
	Financial liabilities			
	Payables			
	(A) Trade payables			
	total outstanding due of micro enterprises and small enterprises	-	-	
	total outstanding dues of creditors other than micro enterprises and small enterprises	237.31	118.65	
	Other Payables			
	total outstanding due of micro enterprises and small enterprises	11.60		
	total outstanding dues of creditors other than micro enterprises and small enterprises	362.72	47.47	
	Debts securities	196,839.76	260,905.15	
	Borrowing (other than debt securities)	107,677.84	62,160.52	
	Subordinated Liabilities	4,976.96	4,969.61	
	Other financial liabilities	9,332.78	2,533.74	
	Total current Liability	319,438.97	330,735.14	
	Non-financial liabilities			
	Current Tax net	227.05	579.42	
	Provisions	2,156.21	1,003.12	
	Other non-financial Liabilities	675.86	300.15	
	Total Non current Liability	3,059.12	1,882.69	
	TOTAL LIABILITIES	322,498.09	332,617.83	
	Equity			
	Equity share capital	16,524.04	15,132.99	
	Other equity	101,084.93	90,855.44	
	Total Equity	117,608.97	105,988.43	
	TOTAL LIABILITIES AND EQUITY	440,107.06	438,606.26	

Navi Finserve Private Limited				
PROFIT AND LOSS AS AT 31 MARCH 2022				
(All amounts are in INR IN Lakhs)				
	Particulars	As at 31 March 2022	As at 31 March 2021	
	Revenue from operations			
	Interest Income	40,154.71	23,212.56	
	Fee Income	362.06	495.15	
	Net gain on fair value charges	14,094.96	188.87	
	Net gain on derecognition of financial instruments	1,898.13	332.34	
	Total revenue from operations	56,509.86	24,228.92	
	Other Income	13.68	0.89	
	Total Income	56,523.54	24,229.81	
	Expense			
	Finance cost	8,714.94	7,963.00	
	Fees and commission expense	143.54	220.84	
	Net loss on fair value	-	2,323.11	
	Impairment on financial instruments	18,361.45	2,785.13	
	Employee benefits expense	7,446.98	5,682.54	
	Depreciation and Amortization	180.92	178.19	
	Other expenses	6,020.92	2,819.02	
	Total expense	40,868.75	21,971.83	
	Profit before tax	15,654.79	2,257.98	
	Tax expense:			
	Current tax	6,370.09	1,802.10	
	Deferred tax benefit (Net)	(2,531.97)	(1,022.75)	
	Total tax expense	3,838.12	779.35	
	Profit for the year	11,816.67	1,478.63	
	Other comprehensive income			
	Items that will not be reclassified to profit and loss			
	Remeasurements of the defined benefit obligations	0.20	(65.54)	
	Income tax relating to items that will not reclassified to profit and loss	(0.03)	16.50	
	Other comprehensive income for the year	0.17	(49.04)	
	Debt instruments through other comprehensive income	281.20	-	
	Income tax relating to items that will be reclassified to profit and loss	(70.78)	-	
		210.42	-	
	Other comprehensive loss / Income	210.59	(49.04)	
	Other comprehensive income for the year (net of tax)	12,027.26	1,429.59	

Kapitus

BALANCE SHEET AS AT 31 MARCH 2022

	Particulars	As at 31 March 2022	As at 31 March 2021
I. ASSETS			
Current Assets			
Receivables - Financing Activity		891,271,601	952,717,512
Cash and equivalents		438,978,686	91,136,914
Trade Receivables		836,758	2,950,000
Short Term Loans & Advances		13,307,944	14,730,635
Other Current Asset		92,087,209	73,102,107
		1,436,482,198	1,134,637,168
Non Current Assets			
Goodwill		77,034,870	77,034,870
Deferred tax (net)		30,816,478	7,803,549
Property, plant and equipment		135,072,213	94,323,984
Long Term Loans & Advances		105,754,229	89,129,207
Other Non Current Asset		39,883,676	15,208,711
Receivables - Financing Activity		1,966,706,390	2,032,064,231
		2,355,267,856	2,315,564,552
TOTAL ASSETS		3,791,750,054	3,450,201,720
II. LIABILITY AND EQUITY			
NON CURRENT LIABILITIES			
Long Term Borrowings		537,343,135	533,642,039
Long Term Provisions		21,767,592	14,523,459
Other Long Term Liabilities		2,189,474	2,189,474
Total current Liability		561,300,201	550,354,972
CURRENT LIABILITIES			
Short Term Borrowings		198,177,667	-
Trade Payables		21,844,932	37,676,233
Other Current Liabilities		1,295,722,402	1,142,223,949
Short Term Provisions		58,651,114	10,316,212
Total Non current Liability		1,574,396,115	1,190,216,394
Equity			
Equity share capital		23,527,740	23,527,740
Other equity		1,592,010,189	1,643,602,885
Minority Shareholders		40,515,809	42,499,729
Total Equity		1,656,053,738	1,709,630,354
TOTAL LIABILITIES AND EQUITY		3,791,750,054	3,450,201,720

Kapitus					
PROFIT AND LOSS AS AT 31 MARCH 2022					
(All amounts are in INR IN Lakhs)					
	Particulars	As at 31 March 2021	As at 31 March 2022		
	Revenue from operations				
	Interest Income	559,808,643	523,414,694		
	Total revenue from operations	559,808,643	523,414,694		
	Other Income	21,152,443	21,196,937		
	Total Income	580,961,086	544,611,631		
	Expense				
	Finance cost	271,716,895	257,170,150		
	Loan Losses & Provision	89,327,117	19,689,707		
	Employee benefits expense	64,833,508	79,348,949		
	Depreciation and Amortization	13,576,671	8,712,651		
	Other expenses	140,550,797	180,506,934		
	Total expense	580,004,988	545,428,391		
	Profit before tax	956,098	(816,760)		
	Exceptional items	(79,113,355)	-		
		(78,157,257)	(816,760)		
	Tax expense:				
	Current tax		2,255,000		
	Prior PerioTax	433,844	40,782		
	MAT		(1,067,087)		
	Deferred tax benefit (Net)	(23,012,929)	(2,649,743)		
	Total tax expense	(22,579,085)	(1,421,048)		
	Profit after tax for the year	(55,578,172)	604,288		
	Less: Minority	1,983,920	599,872		
	Other comprehensive income for the year	(1,983,920)	599,872		
	Other comprehensive income for the year (net of tax)	(53,594,252)	4,416		

CHAPTER 4- DATA ANALYSIS AND INTERPRETATION

4.1.1 CURRENT RATIO

Table 4.1.1 showing current ratio March 2021-2022

Company	Current Ratio 2021	Current Ratio 2022
Navi	1.31	1.36
Kapitus	2.06	2.55
Ugro	3.9	2.07

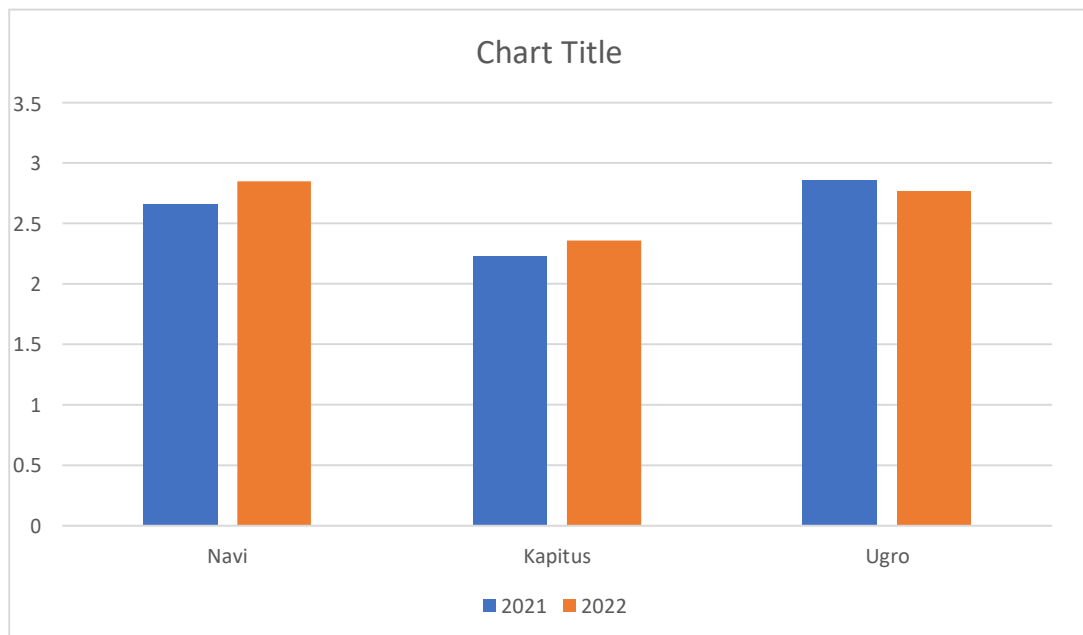


CHART 4.1.1 BAR CHART SHOWING CURRENT RATIO

INFERENCE

It shows that current ratio was high in the year 2022 at Ugro and low in the year 2021 in Kapitus. The current year (2022) current ratio is found to be the lowest in Kapitus due to the increase in the liabilities. From the above table and chart the current ratio of the company is fluctuating in manner. Although the companies has an increasing current asset the current liabilities is also fluctuating. .

4.1.2 EFFICIENCY RATIO

Table 4.1.2 showing efficiency ratio from 2021 - 2022

Company	2021	2022
Navi	135.2%	63.1%
Kapitus	52.9%	53.1%
Ugro	74.2%	102%

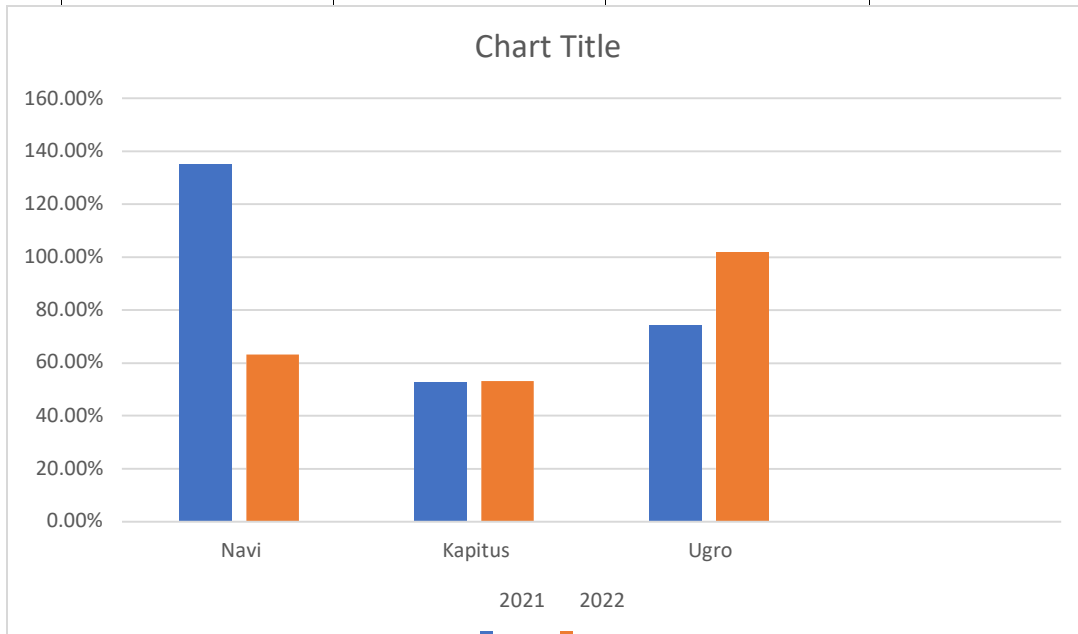


CHART 4.1.2 BAR CHART SHOWING EFFICIENCY RATIO

INFERENCE

From the above table it is observed that the ratio is has been increasing in Kapitus, since 50% is the ideal efficiency ratio the company is in a good position whereas Navi Capital has brought the ratio to control but Ugro' s ratio is in a increasing trend, this shows that its revenue is in a decreasing trend.

4.1.3 OPERATING LEVERAGE

Table 4.1.3 showing operating leverage from 2021 - 2022

Company	2021	2022
Navi	76.6%	85.3%
Kapitus	63.3%	60.4%
Ugro	71.9%	73.9%

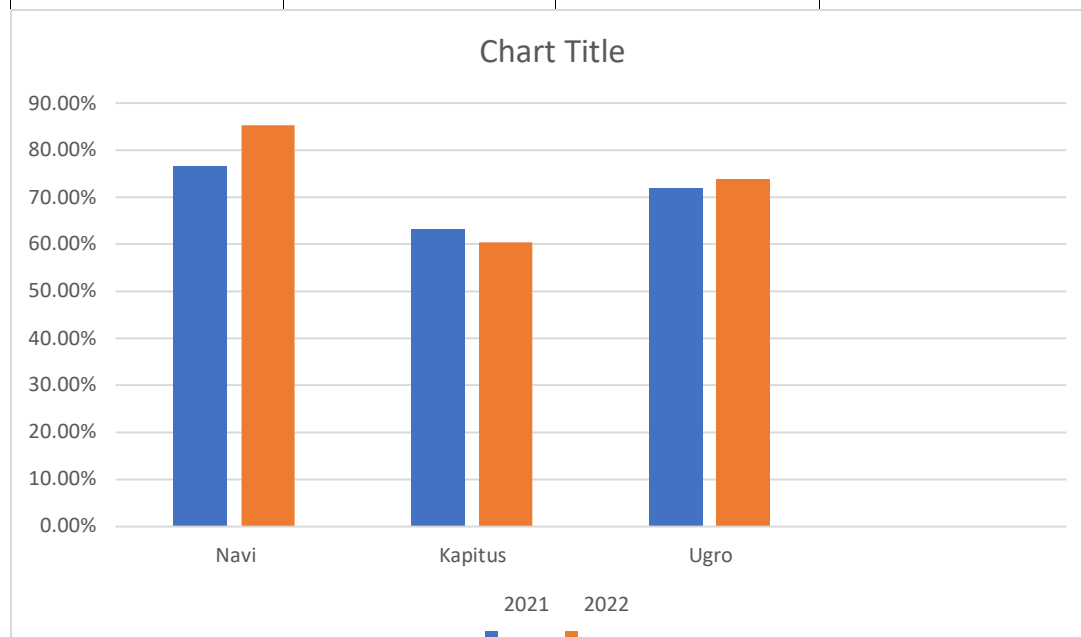


CHART 4.1.3 BAR CHART SHOWING OPERATING RATIO

INFERENCE

From the above table it is observed that the ratio is has been increasing in Navi and Ugro and a decreasing trend in Kapitus from 2021 – 2022.

4.1.4 LEVERAGE RATIO

Company	2021	2022
Navi	24.2%	26.7%
Kapitus	76%	43.7%
Ugro	76%	54.4%

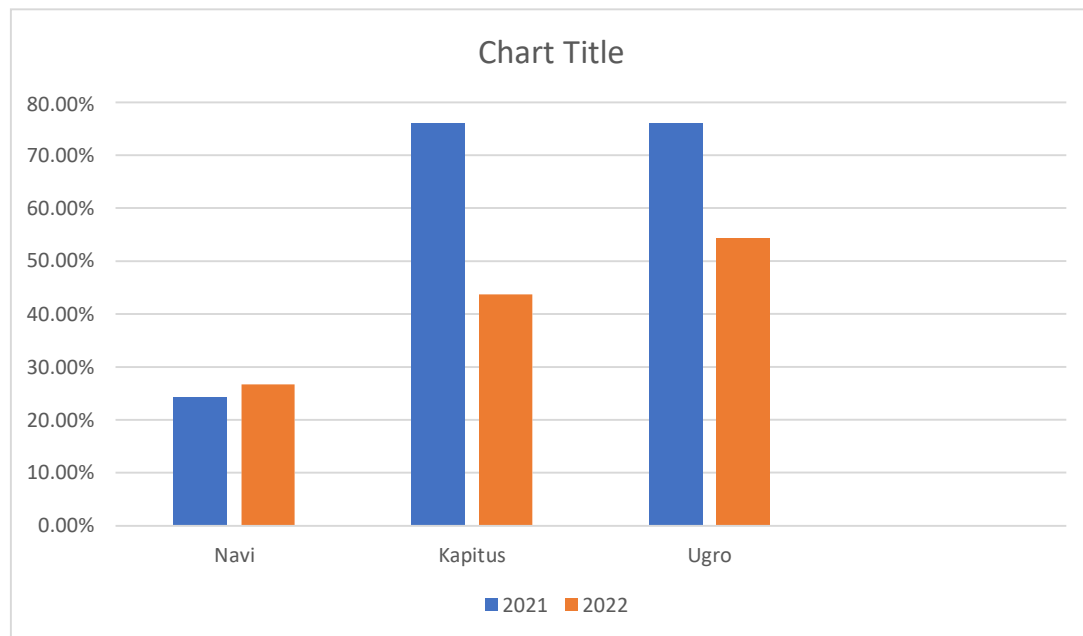


CHART 4.1.4 BAR CHART SHOWING LEVERAGE RATIO

INFERENCE

From the above table it is observed that the ratio is has been maintained steadily by Navi and a drastic decreasing trend can be found in Kapitus and Ugro from 2021 – 2022 showing higher potential risk.

4.1.5 PROVISION FOR CREDIT LOSSES RATIO

Company	2021	2022
Navi	0.0%	0.0%
Kapitus	1.1%	0.0%
Ugro	1.1%	1.5%

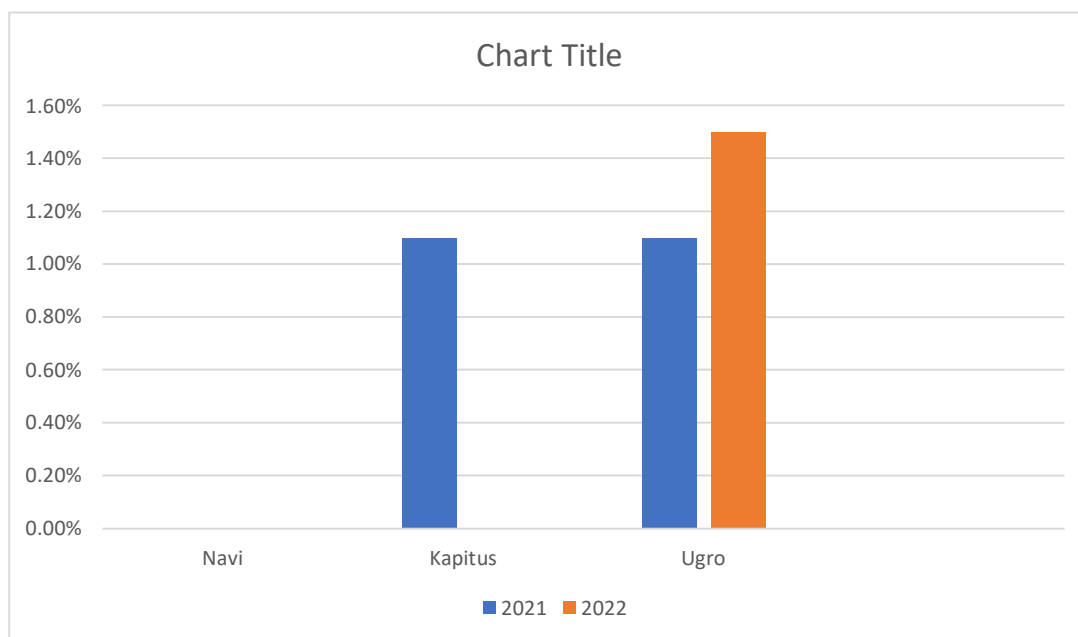


CHART 4.1.5 BAR CHART SHOWING CREDIT LOSSES RATIO

INFERENCE

From the above table it is observed that the ratio has been in a unique trend in all the three companies, it shows that there can be no potential losses due to credit risk in Navi and Kapitus also has a decreasing ratio for its credit losses. Meanwhile, Ugro has an increasing trend from 2021 – 2022, showing relatively higher risk.

4.1.6 DEBT TO EQUITY RATIO

Company	2021	2022
Navi	309.7%	263.7%
Kapitus	100.4%	124.1%
Ugro	27.6%	80.4%

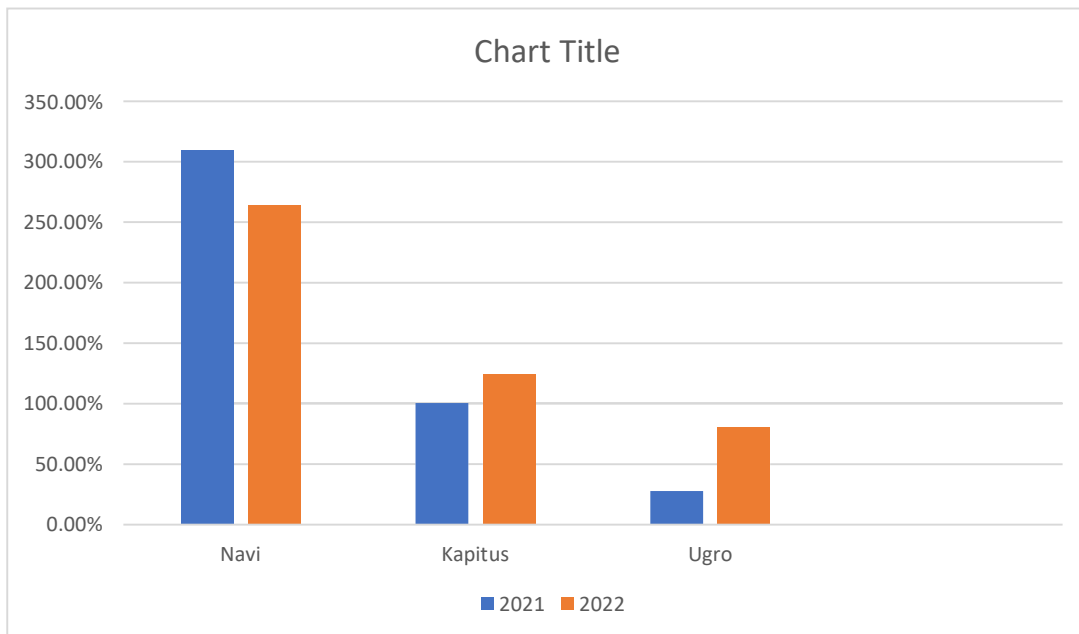


CHART 4.1.6 BAR CHART SHOWING DEBT TO EQUITY RATIO

INFERENCE

From the above table it is observed that the ratio is has been in a unique trend in all the three companies, it shows that even though Navi's ratios has been decreased to a certain level it still means that the company will have a harder time covering its liabilities. Kapitus and Ugro have an increasing trend in their ratios which means that they also have a high time covering their liabilities.

4.1.7 QUICK RATIO

Table 4.1.7 showing quick ratio from 2021 - 2022

Year	2021	Ratio (Times) 2022
Navi	1.31	1.36
Ugro	3.36	2.36
Kapitus	1.33	1.26

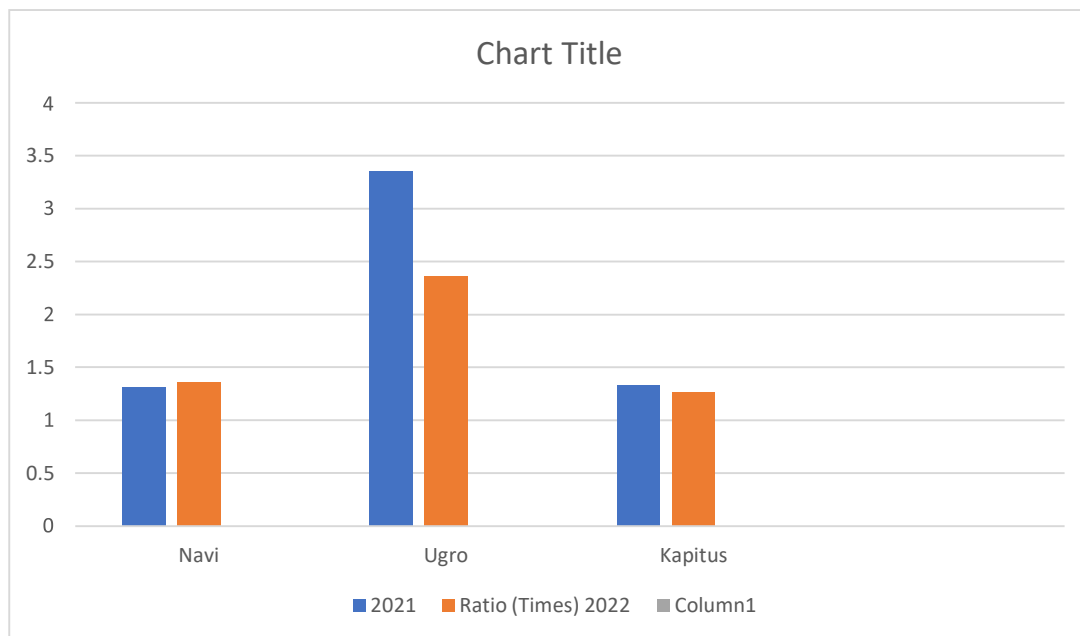


CHART 4.1.7 BAR CHART SHOWING QUICK RATIO

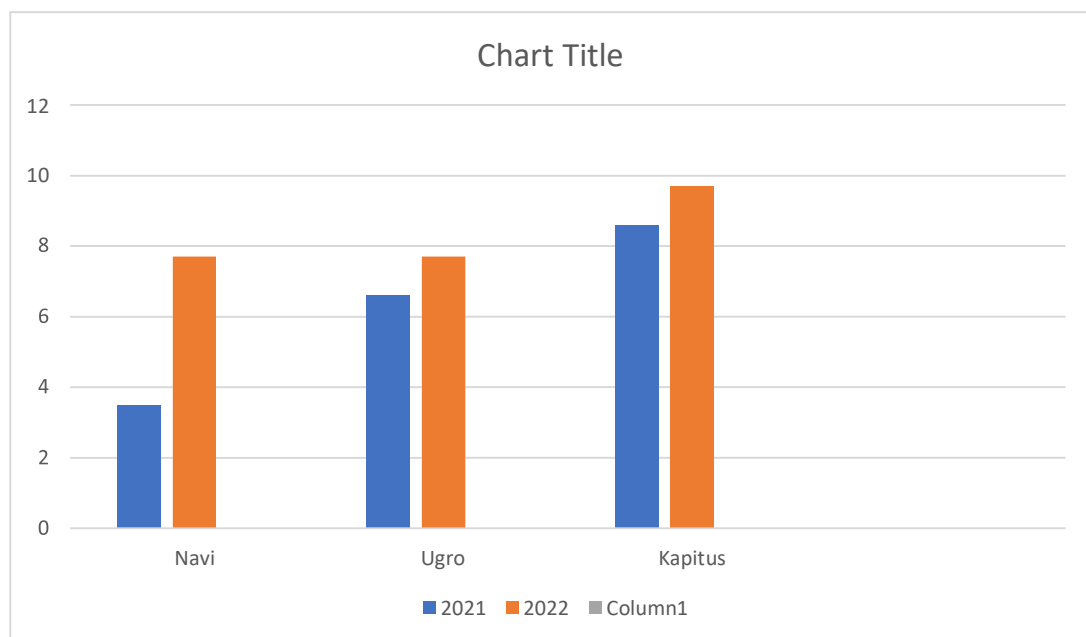
INFERENCE

The standard form of quick ratio is 1.1. The quick ratio has increased in Navi and decreased in Kapitus and Ugro in the recent years, however the ratio is more than a standard norm, so it is satisfactory. All three companies are in a good position to generate cash in case of emergency.

4.1.8 NET INTEREST MARGIN

Net Interest Margin = (Interest Income – Interest Expense) / Interest Earning Assets

Year	2021	Ratio (Times) 2022
Navi	3.5	7.7
Ugro	6.6	7.7
Kapitus	8.6	9.7



**CHART 4.1.8 BAR CHART SHOWING NET INTEREST MARGIN RATIO
INFERENCE**

The Net Interest Margin of all three companies have relatively increased from the year 2021 – 2022, indicating that the NBFCs are effectively investing and getting better return on its assets.

4.1.9 ABSOLUTE LIQUID RATIO

Absolute liquid ratio = Absolute liquid assets / Current liabilities

Year	2021	Ratio (Times) 2022
Navi	0.007	0.05
Ugro	0.03	0.15
Kapitus	0.16	0.78

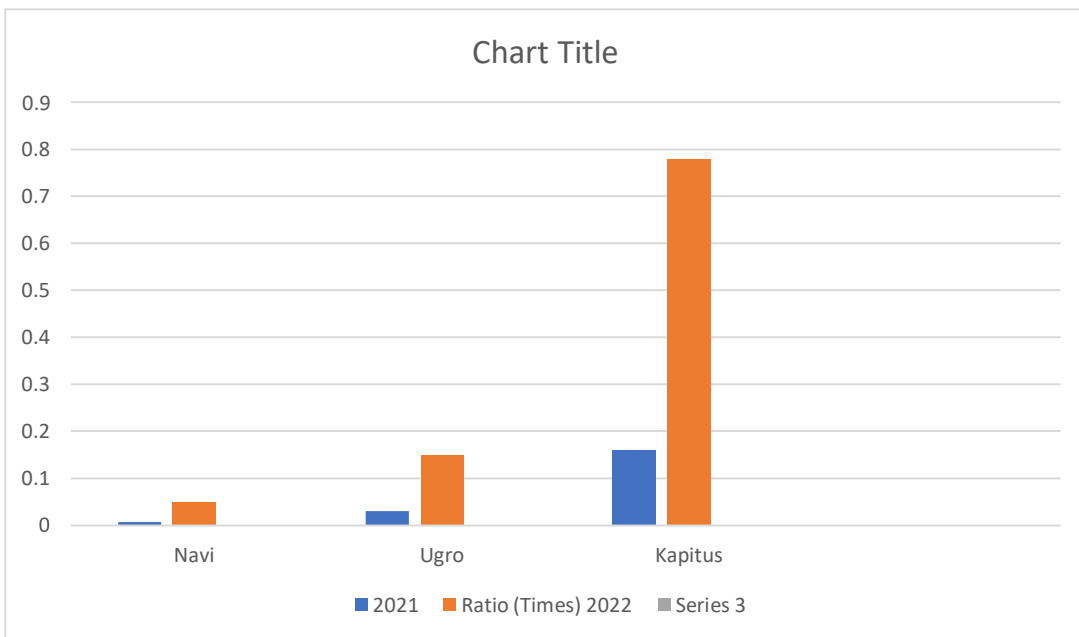


CHART 4.1.9 BAR CHART SHOWING ABSOLUTE LIQUID RATIO

INFERENCE

The Absolute Liquid Ratio has been in an increasing trend in all three companies from its previous years, but Kapitus has shown relatively higher improvement which shows that the business is growing at an extremely higher rate.

4.1.10 Proprietary ratio of competitors from 2021-2022

Table 4.1.10 showing quick ratio from 2021 - 2022

Year	2021	Ratio (Times) 2022
Navi	1.31	1.36
Ugro	3.36	2.36
Kapitus	1.33	1.26

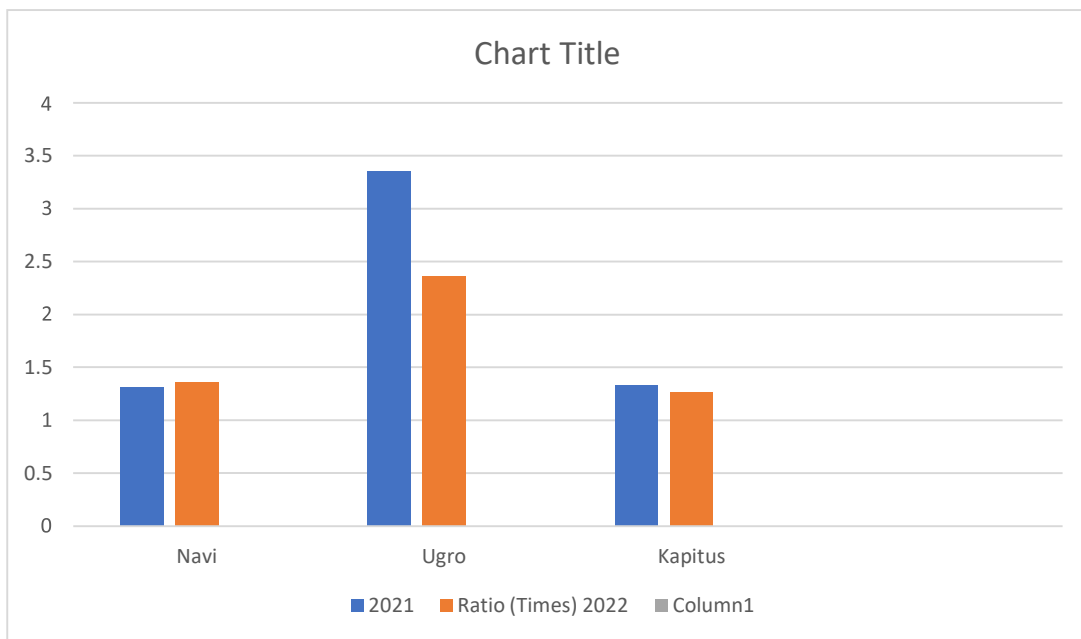


CHART 4.1.10 BAR CHART SHOWING Proprietary RATIO

INFERENCE

The standard form of quick ratio is 1.1. The quick ratio has increased in Navi and decreased in Kapitus and Ugro in the recent years, however the ratio is more than a standard norm, so it is satisfactory. All three companies are in a good position to generate cash in case of emergency

CHAPTER 5

5.1 FINDINGS

Analysis and interpretation of financial statement is an important tool in assessing company's performance. It reveals the strength and weaknesses of a firm. It helps the clients to decide in which firm the risk is less or in which one they should invest so that maximum benefit can be earned. It is known that investing in any company involves a lot of risk. So before putting up money in any company one must have thorough knowledge about its past records and performances. Based on the data available the trend of the company can be predicted in near future.

This project of competitor analysis in the production concern is not merely a work of the project but a brief knowledge and experience of that how to analyse the financial performance of the firm. The firm should focus on getting of profits in the coming years by taking care internal as well as external factors. It also shows on how the company and its competitors have a growing trend in its profitability ratios and how it manages its assets and how its business operations are financed and with regard to resources, the firm is taking utilization if the assets properly. And also, the firm has a maintained low inventory. This project mainly focuses on the basics of different types of financial statements. Balance Sheet and Profit & Loss statements of Kapitus and its competitors have been studied.

5.2 SUGGESTIONS

As from the analysis we come up with following suggestions:

- ❖ As the high values for the Liquidity Ratios indicates that a firm may have very low difficulty in meeting current obligations than its competitors which are in a very low percentage compared to Kapitus. Thus, it is better for the firm to maintain in a similar manner to continue with the increasing trend.
- ❖ A profitability Ratio is a measure of profitability, which is a way to measure a company's performance. Profitability is simply the capacity to make a profit. The firms can improve their profits by improving customers demand and minimizing costs help increase in profitability ratio.

- ❖ The companies can make Solvency Ratios more secure either by paying off debt or increasing the amount of earnings retained in the business unit after balance sheet date. As the higher ratio indicates a possible overuse of leverage, and it may indicate potential problems meeting the debt payments.
- ❖ The company should concentrate on the current ratio by utilizing current asset for productive purpose in order to achieve better results in matching the standard ratio. It should make necessary steps to make use of the quick asset for the development of the company and should balance with the standard ratio.
- ❖ The Provision for credit losses of the firm is in a relatively higher position than its competitors which shows it has a higher earnings from interest received from its advances, the company should maintain this ratio to continue to be in a higher level.

5.3 CONCLUSION

The efficient and smooth functioning of all the activities of the company depends upon the financial performance of the company. The financial performance analysis thus is a forward-looking exercise as it is helpful in future financial planning decision making. It determine to analysis forecasting future financial position. Through financial statement analysis, the present position and operating efficiency of the firm as a whole and its different departments can be identified. Further, the reasons for change in the profitability financial position of the firm can be found and necessary measures can be taken.

Financial performance can improve the financial strength of Company. The company's liquidity position has to increase and it will solve future problem. The company is maintaining the reserves and surplus better so it can face financial stress in the future. To proper maintain of financial performance to achieve the company goal.

By analyzing the financial performance of the company of the company it is inferred that the company's financial position is found to be good than its competitors. The ratios of the company are satisfactory. The profitability of the company is satisfactory

but does not show a higher change in the profit when compared with the previous years.

The company has increasing liabilities over years. The company has also raised its investments and reserves for future purpose.

This clearly shows that the company is in the developing nature and their position in the society is satisfactory.

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